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# Economic and Social Development

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## Book of Proceedings

Editors:

**Marina Vinogradova, Natalia Pochinok, Olga Bakhtina, Nicholas Recker**



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## **CONTENTS**

### **CHANGES TO SOCIAL PATTERNS OF BEHAVIOUR STIMULATED BY THE DEVELOPMENT OF ICT AND DIGITAL TRANSFORMATION ..... 1**

Samanta Kocijan, Ana Globocnik Zunac, Petra Ercegovac

### **ART INSPIRED HOTELS – COMPETITIVENESS CONTEXT AND MARKET POSITIONING..... 10**

Tamara Floricic

### **EFFECT OF VISUAL MERCHANDISING ON CROATIAN CONSUMER IMPULSE BUYING BEHAVIOUR – SEM APPROACH..... 26**

Rea Flegar, Damir Dobrinic, Iva Gregurec

### **THE IMPACT OF FISCAL AUTONOMY ON REGIONAL DEVELOPMENT IN THE REPUBLIC OF CROATIA..... 39**

David Krmpotic, Marija Iles, Dina Bicvic

### **THE TAX ASPECT IN EARNINGS OF SOLE PROPRIETORS..... 49**

Domagoj Cavric, Maja Buljat, Dario Lesic

### **BANKING SECTOR OF AZERBAIJAN: TRENDS, PROBLEMS, PROSPECTS ..... 59**

Zahid Farrux Mamedov, Mustafa A. Abbasbeyli, Elkhan N. Valiev, Emin N. Veysov

### **NEW STRATEGY FOR HIGHER EDUCATION FOR 2021-2030 IN BULGARIA AND CHALLENGES FOR ITS IMPLEMENTATION ..... 67**

Venelin Terziev

### **INDONESIAN PERSPECTIVE ON HAGIA SOPHIA ..... 76**

Mohammad Suryadi Syarif, Abdul Rahman A. Ghani, Jeanne Francoise

### **THE DIZZYING FREEDOM OF THE CAGELESS PRE-PARADIGM..... 84**

Zoltan Baracska, Andras Nemeth

### **STUDYING THE PERCEPTION OF THE EU MEMBERSHIP IMPLICATIONS ON CROATIA: A COMPARATIVE ANALYSIS..... 92**

Petar Kurecic, Igor Klopotan, Damira Dukec

### **UNIVERSITY DEVELOPMENT STRATEGIES: COMMERCIALIZATION AND RESPONSES TO NEW CHALLENGES ..... 101**

Zahid Farrux Mamedov, Khalide Bayramova

### **THE PROMOTION OF DIGITAL COMMUNICATION CHANNELS BY THE TOURIST BOARD OF THE CITY OF ZAGREB ..... 109**

Diana Plantic Tadic, Hrvoje Ratkic, Lea Prevendar

### **THE ROLE OF FOREIGN DIRECT INVESTMENT IN TECHNOLOGY TRANSFER PROCESS AND ECONOMIC GROWTH: A THEORETICAL OVERVIEW ..... 120**

Petra Karanikic

<b>MEDICAL BUSINESS: PROBLEMS AND SOLUTIONS .....</b>	<b>127</b>
Sevda Mamedova	
<b>SOFTWARE AND HARDWARE FORENSIC TOOLS - AN OVERVIEW OF THE ACCOUNTING AND TAX FRAMEWORK IN PORTUGUESE NON-STATE INSTITUTIONS.....</b>	<b>135</b>
Susana Cristina Rodrigues Aldeia	
<b>ATTITUDES AND PERCEPTIONS OF EMPLOYEES IN THE PROCESS OF DIGITAL TRANSFORMATION OF INSTITUTION - CASE STUDY .....</b>	<b>144</b>
Tatiana Corejova, Tatiana Genzorova, Alexandra Valicova	
<b>NATIONAL ECONOMIC INDICATORS AND NATIONAL ACCOUNTS SYSTEM</b>	<b>154</b>
Irshad Abdul Kerimli, Ramal Irshad Kerimov	
<b>MEANS OF FUNCTIONAL INTERACTION OF THE MARKET WITH PRODUCTION.....</b>	<b>162</b>
Karimov Ramal Irshad, Karimli Irshad Abdul	
<b>LIBRARIES AND TOURISM – POSSIBILITIES FOR INTEGRATION AND NEW DIRECTIONS FOR SUSTAINABLE SOCIAL DEVELOPMENT .....</b>	<b>169</b>
Venelin Terziev, Silva Vasileva	
<b>CHALLENGES AND OPPORTUNITIES OF THE NON-CASH PAYMENT SYSTEMS DEVELOPMENT: GLOBAL EXPERIENCE AND AZERBAIJAN PRACTICE .....</b>	<b>175</b>
Zahid Farrux Mamedov, Aliislam Gasimov	
<b>FORMATION OF SPIRITUAL AND MORAL CULTURE OF YOUTH AS A SOCIAL PROBLEM.....</b>	<b>180</b>
Natalia Anufrieva, Alexander Kamenets, Anna Shcherbakova	
<b>THE DEMAND FOR EDUCATIONAL SERVICES AND THE ASSESSMENT OF THEIR QUALITY: BASED ON THE ONLINE SURVEY OF MOSCOW UNIVERSITIES STUDENTS .....</b>	<b>187</b>
Galina Avtsinova, Galina Nikiporets-Takigawa	
<b>NON-LINEAR INFLUENCE OF POSITIVE FEELINGS TO THE SPOUSE AS TO THE PARENT ON PARENTAL FEELINGS .....</b>	<b>195</b>
Mikhail Basimov, Elena Padurina	
<b>EXPERT ASSESSMENT OF THE SOCIAL CONDITIONS OF A MODERN UNIVERSITY.....</b>	<b>208</b>
Irina Dolgorukova, Tatiana Fomicheva, Taisiya Leontieva	
<b>TRADEMARK IN THE DIGITAL TRANSFORMATION ERA IN RUSSIA AND ABROAD.....</b>	<b>214</b>
Olga Viktorovna Dyatlova, Iwona Przychocka, Petr Viktorovich Solodukha	
<b>DIGITAL DISCOURSES OF PSYCHOSOCIAL WORK IN PROFESSIONAL PLATFORM 2.0.....</b>	<b>221</b>
Mikhail Firsov, Margarita Vdovina, Anna Chernikova	

<b>THE PROBLEM OF PRIMARY ASSESSMENT OF FAMILIES AT RISK IN RUSSIA</b> .....	<b>228</b>
Anastasia Karpunina, Sona Kalenda Vavrova	
<b>INTERNATIONAL EDUCATIONAL ENVIRONMENT AS A SPHERE OF IMPLEMENTATION OF THE "SOFT POWER" POLICY AND EFFECTIVE STRATEGIES OF PUBLIC DIPLOMACY</b> .....	<b>235</b>
Acifi Of Khaybar, Igor Chaiko	
<b>OPPORTUNITIES FOR DIGITAL EDUCATION IN THE CONTEXT OF SOCIAL AND CULTURAL RISKS</b> .....	<b>241</b>
O. B. Skorodumova, I. M. Melikov, G. N. Kuzmenko	
<b>INCLUSIVE TOURISM AS A WAY OF SOCIALIZATION OF TOURISTS WITH DISABLED HEALTH OPPORTUNITIES</b> .....	<b>248</b>
V. S. Khetagurova, E. M. Kryukova	
<b>THE ANALYSIS OF MARKET POTENTIAL OF ADDITIONAL VOCATIONAL EDUCATION SERVICES OF RUSSIAN UNIVERSITIES</b> .....	<b>258</b>
Natalia Komissarova	
<b>SELF-DEVELOPMENT AND STRESS TOLERANCE OF FUTURE SPECIALISTS ON SOCIAL WORK IN MODERN CONDITIONS</b> .....	<b>265</b>
Svetlana Kozlovskaya, Daria Kozlovskaya	
<b>THE ROLE OF ACCOUNTING IN REDUCING SHADOW ECONOMY IN RUSSIA</b> .....	<b>271</b>
Sergey Shamsheev	
<b>RECOMMENDATIONS FOR THE DEVELOPMENT OF THE TOURISM AND HOSPITALITY INDUSTRY IN THE RUSSIAN FEDERATION: AGRICULTURAL TOURISM</b> .....	<b>279</b>
E. M. Kryukova, V. S. Khetagurova	
<b>THE ROLE AND SIGNIFICANCE OF LAW IN THE SYSTEM VALUES OF MODERN SOCIETY</b> .....	<b>289</b>
Igor Loshkarev, Evgeny Kuchenin, Elena Chinaryan	
<b>ANALYSIS OF THE INTERNATIONAL RESEARCH MARKET AND RECOMMENDATIONS FOR IMPROVING THE EFFICIENCY OF RESEARCH IN RUSSIAN STATE SOCIAL UNIVERSITY</b> .....	<b>296</b>
Matraeva Liliia Valerievna, Korolkova Natalia Andreevna, Erokhin Sergey Gennadievich, Vasiutina Ekaterina Sergeevna	
<b>DEVELOPMENT OF INCLUSIVE EDUCATION: TRENDS, CHALLENGES, PROSPECTS</b> .....	<b>306</b>
Mikhailova Irina, Seselkin Aleksei, Fomina Svetlana	
<b>“THE THIRD AGE EDUCATION” AS THE TASK FOR STATE SOCIAL POLICY AND STATE SOCIAL UNIVERSITY</b> .....	<b>313</b>
Galina Nikiporets-Takigawa, Gennady Otyutskiy	

<b>RESEARCH PERSPECTIVES ON THE PRESERVATION OF CULTURAL HERITAGE IN THE CONTEXT OF GLOBALIZATION.....</b>	<b>320</b>
Vera Ovsyannikova, Marina Kruglova, Olga Orekhova	
<b>INNOVATIVE TECHNOLOGIES FOR SOLVING GENDER EQUALITY PROBLEMS (USING THE EXAMPLE OF AFGHANISTAN).....</b>	<b>327</b>
Parsa Ahmad Musadeq	
<b>ADVANTAGES OF DIGITALIZATION OF ART EDUCATION .....</b>	<b>333</b>
Marina Pereverzeva, John Sumser	
<b>IT-SUPPORT FOR MODERN SOCIAL-PSYCHOLOGICAL RESEARCH.....</b>	<b>340</b>
Elena Petrova, Svetlana Tereshchuk, Isaac-Leib Meyerson	
<b>SHANNON FUNCTIONS OF STUCK-AT FAULTS TEST SET CARDINALITIES FOR BOOLEAN CIRCUITS – A SURVEY .....</b>	<b>347</b>
Dmitrii Romanov, Elena Romanova	
<b>THE SYSTEM OF ADDITIONAL PROFESSIONAL EDUCATION AS AN ALTERNATIVE TO TRAINING IN THE CONDITIONS OF COMMODIFICATION OF SCIENCE AND EDUCATION .....</b>	<b>355</b>
Larisa Selezneva, Irina Tortunova	
<b>SUSTAINABLE EDUCATION AS A FACTOR IN HUMAN POTENTIAL DEVELOPMENT.....</b>	<b>363</b>
Seselkin A., Mikhaylova I.	
<b>TRENDS AND PROSPECTS FOR THE DEVELOPMENT OF HEALTH TOURISM IN THE RUSSIAN FEDERATION: THE EXAMPLE OF THE NORTH CAUCASUS ...</b>	<b>370</b>
E. M. Kryukova, V. S. Khetagurova	
<b>DEVELOPMENT OF PR TECHNOLOGIES IN MODERN SOCIAL WORK PRACTICE.....</b>	<b>381</b>
Alexander S. Shcheglov, Shcheglova S. A.	
<b>YOUNG MOTHERHOOD IN MODERN RUSSIA AS A DEMOGRAPHIC PROBLEM OF GLOBALIZATION.....</b>	<b>389</b>
Yanina Shimanovskaya	
<b>RUSSIAN MIGRATION POLICY: TRANSFORMATION OF CITIZENSHIP INSTITUTE.....</b>	<b>396</b>
Tatyana Yudina, Natalia Semochkina, Tatyana Bormotova	
<b>CONSTITUTIONALIZING OF RUSSIA'S SOCIAL POLICY: IMPLICATIONS FOR CIVIL SOCIETY AND THE STATE .....</b>	<b>407</b>
Yurij Skuratov, Anna Yastrebova, Natalya Lutovinova	
<b>CONDITIONS AND PROCEDURE FOR ASSIGNING AND PROVIDING PAYMENTS TO CITIZENS WITH CHILDREN IN THE RUSSIAN FEDERATION.....</b>	<b>414</b>
Andrei Smagin, Victor Ilin, Vera Chizhikova	



**REFLECTION OF SOCIAL CHANGES IN ISRAEL DURING THE EARLY MONARCHY PERIOD ACCORDING TO THE ARCHAEOLOGICAL DATA OF ISRAELI SETTLEMENTS OF IRON AGE I –II ..... 420**

Alexander A. Timotheev

**GOVERNANCE TRAINING BASED ON SOCIOLOGICAL KNOWLEDGE AND MODERN EDUCATIONAL TECHNOLOGIES ..... 429**

Olga Urzha, Tatiana Evstratova, Valentina Kataeva

**TECHNOLOGY FOR DEVELOPING A DIGITAL ECOSYSTEM OF CULTURAL OBJECTS DATA ..... 438**

Svetlana Veretkhina, Tatyana Karyagina

**SOME ASPECTS OF LEGAL REGULATION OF LABOR PROTECTION IN AGRICULTURE ON THE TERRITORY OF THE RUSSIAN FEDERATION ..... 446**

Tatiana Yakovleva, Marina Soshenko, Flura Arslanbekova

**THEORETICAL AND METHODOLOGICAL APPROACHES TO UNDERSTANDING FINANCIAL INCLUSION IN THE FRAMEWORK OF FORMING A MODEL OF SOCIO-ECONOMIC GROWTH AND SUSTAINABLE FINANCIAL DEVELOPMENT ..... 455**

Olga Yanina, Yulia Loktionova, Elena Egorova

**CONFLICTS IN THE EDUCATIONAL ENVIRONMENT..... 463**

Julia Sulyagina, Anton Ostrovskii, Ekaterina Vetrova

**TRADEMARK IN THE DIGITAL TRANSFORMATION ERA IN RUSSIA AND ABROAD..... 471**

Olga Viktorovna Dyatlova, Iwona Przychocka, Petr Viktorovich Solodukha

**ASSESSMENT OF THE PHYTOPATHOLOGICAL STATE OF WOODY PLANTS OF URBAN ECOSYSTEMS (BY THE EXAMPLE OF FOREST AND PARKLAND ZONES OF BALASHIKHA)..... 478**

Albina Gaponenko, Vera Reutskaya, Tamara Pugacheva

**PROTECTION OF THE CITIZENS' RIGHT TO SOCIAL SECURITY: THEORY AND PRACTICE ..... 485**

Georgy Kuleshov, Alla Neznamova

**RATING OF POPULARITY AND RELEVANCE OF TYPES OF PHYSICAL ACTIVITIES AT THE POPULATION..... 492**

Elena Nikolaevna Latushkina, Olga Nikolaevna Stepanova, Elena Alexandrovna Shmeleva

**IMAGE PROFILE OF WOMEN'S BOXING IN FEMALE STUDENTS' PERCEPTION ..... 505**

Daria Stepanova

**FAMILY POLICY STRATEGY IN THE EU COUNTRIES AS A FACTOR OF SUSTAINABLE DEVELOPMENT OF SOCIETY ..... 511**

Potekhina Elena Vital'evna, Rogozinska-Mitrut Joanna, Stepanov Alexander Annayarovich

**CHAOS MANAGEMENT THEORY AND SOCIAL ENTERPRISE MANAGEMENT  
IN THE CONTEXT OF THE COVID-19 CRISIS ..... 517**

Sobon Dariusz, Savina Margarita Vitalievna, Stepanov Ilya Alexandrovich

**CAPITALIZATION OF THE EDUCATION SECTOR: PROBLEMS AND  
PROSPECTS ..... 524**

Sokolovskaya Irina Eduardovna, Tsetsenbileg Tseveen

**ASSESSMENT OF THE POTENTIAL OF SPECIALLY PROTECTED NATURAL  
AREAS OF THE RUSSIAN FEDERATION FOR THE DEVELOPMENT OF  
ECOLOGICAL TOURISM ..... 533**

V. S. Khetagurova, E. M. Kryukova

**ON THE IMPACT OF THE ELECTROMAGNETIC FIELD OF INDUSTRIAL  
FREQUENCY ON THE HUMAN ORGANISM ..... 543**

Viktor Shmirev, Vasilisa Gorbunova, Alexey Sorokin

**SOIL CONDITION ASSESSMENT IN THE TERRITORIES OF SOCIALLY  
SIGNIFICANT OBJECTS IN MOSCOW ..... 551**

Valentina Zubkova, Natalia Belozubova, Daniil Galitskiy

**CONCEPTUAL DEFINITIONS AND ANTECEDENTS OF ORGANIZATIONAL  
INNOVATIVENESS – A LITERATURE REVIEW ..... 565**

Mate Damic, Dora Naletina, Luka Buntic

**THE ANALYSIS OF THE RESTRUCTURING PROCESS WITHIN THE  
MANAGERIAL ECONOMICS..... 575**

Martina Sopta, Zvonimir Sosa

# CHANGES TO SOCIAL PATTERNS OF BEHAVIOUR STIMULATED BY THE DEVELOPMENT OF ICT AND DIGITAL TRANSFORMATION

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## **ABSTRACT**

*The thesis presents the power of ICT, whose development is changing the social patterns of behaviour. Information and communication technology has changed the way in which people communicate in their private and business lives as well the way of human thinking and expectations. There is a kind of obligation to follow the trends in the ICT world in order to maintain competitiveness, but also for ensuring a more comfortable everyday life offered by the benefits of the technology. The aim of the thesis is to spark a discussion about the segments of the society in which changes occur as well as to define, in as many details as possible, which social patterns bring about new adjustments. The thesis starts from an overview of the society of the European Union as a whole, but also includes concrete examples in the Republic of Croatia.*

**Keywords:** *ICT, information and communication technology digital transformation, changes in social patterns, changes in expectations, social behaviour*

## **1. INTRODUCTION**

Information and communication technologies are an integral and indispensable part of life of a contemporary person. According to the reports by the We Are Social and Hootsuite global agencies (2020: 8-9), out of the total world population of 7.75 billion people, 5.19 billion people use a mobile phone, 4.54 people use the Internet, while 3.80 billion people are active social network users. Comparing that report of January 2020 with the report of January 2019 yields the information that, in the course of a year, the world population increased by 82 million (1.1%), the number of mobile phone users rose by 124 million (2.4%), the number of internet users increased by 298 million (7.0%), while the number of social network users rose by 321 million (9.2%), which is the greatest increase. From the above, it follows that the number of ICT users rises higher than the global population number. Information and communication technologies are the infrastructure of the contemporary multifunctionality. In this digital age, ICT is improving and changing the living standard increasingly faster. Based on that tempo, people form their expectations and requirements, which are increasingly higher. The aim of this thesis is to emphasize the key changes that create the need for new social adjustment and new social patterns of behaviour, and to examine the state of play in Croatia with regard to the digital transformation of the studied segments, all on the basis of the demonstrated importance of ICT in various roles of a person's life. The secondary research stemmed from the premise that the development of information and communication technologies have changed the social expectations – along with the norms of social behaviour– to such a significant extent that new

patterns have emerged, prompting the contemporary individual as a member of the society to accept them and adapt to them. The second hypothesis states that Croatia does not lag behind the world with regard to the new social patterns of behaviour in that respect.

## **2. DIGITAL TRANSFORMATION OF THE SOCIETY AND DIGITAL DIVIDES**

New ICT trends in the business environment require companies to maintain business continuity. The technology has permeated every pore of human lives, made them simpler and more functional, and consequently unthinkable without ICT. Every country that wishes to achieve development and keep abreast with the global trends, particularly economic ones, needs a digital transformation. On its official website, the European Commission (undated) mentions the development of ICT as key for European competitiveness. That is why there are more than €20 million available from the European Regional Development Fund for that purpose in the 2014-2020 period. In order to reach the wider public, EU institutions use social networks increasingly more. Even though information and communication technologies are widespread, there is a digital divide that widens the gap of inequality. The issue of the digital divide reflects in the exclusion of access to ICT, which has an impact on the individual, the society they belong to, but also the society as a whole. The divide thus also concerns the lack of knowledge and skills necessary for development and growth. Like a vicious cycle, a bad economic situation affects the lack of ICT, which, in turn, has an extremely negative impact on the economy. According to the report titled *Digital 2020 Global Digital Overview*, the greatest number of unconnected people are in India (685,591,071 people, i.e. 50% of the population), China (582,063,733 people, i.e. 41% of the population) Pakistan (142,347,735 people, i.e., 65% of the population). The greatest proportion of unconnected population within a state is in North Korea (100% of the population, i.e. 25,722,103 people), South Sudan (92% of the population, i.e. 10,240,199 people) and Eritrea (92% of the population, i.e. 3,228,429 people) (We Are Social & Hootsuite, 2020: 42). The digital divide goes further than the (lack of) access to the Internet – children without digital skills as well as language barriers stemming from the fact that those who speak minority languages are often unable to find relevant content on the Internet. The digital divide also reflects in the economic disparity, giving a greater advantage to children from wealthier families (UNICEF, 2017: 3). There is also a digital divide between the sexes, particularly in Southern Asia, where men are as much as three times more likely to use the social media (We Are Social & Hootsuite, 2020: 3).

## **3. IS THE RATE OF INTRODUCTION OF REVOLUTIONARY TECHNOLOGICAL CHANGES EQUIVALENT TO THE RATE OF OBSOLESCENCE?**

The telephone and mobile phone on the US market are examples of the difference in the rate of adoption speed of new products on the market. According to Michael DeGusti (2012), it took the telephone 25 years and electric energy 30 years to achieve 10% penetration on the US market. It took slightly more than 10 years for the telephone and mobile phone, and less than 10 years for the radio, computer, Internet and smartphone. For the tablet computer, the period was even shorter than five years. In the saturation phase, it took the telephone and electric energy the most time to achieve 40-75% penetration (more than 15 years). For the Internet, mobile phone and computer, it took more than 10 years, while for the radio it took somewhat less than 10 years. In that phase, it took the television five years. Following the above, it can be concluded that new information and communication technology is introduced increasingly faster, but also becomes obsolete at a faster rate.

## **4. NEW SOCIAL PATTERNS OF BEHAVIOUR**

Continuous novelties in ICT have led to a change in the human behaviour and our way of life as a whole. Human expectations changed along with the behaviour. It can be concluded that

technology has not only changed our way of life and means of communication, but also our way of thinking. The table below shows the aspects of ICT in various areas as well as an overview of the differences between those aspects in the world and in Croatia. There is a brief analysis of each aspect.

AREAS	NEW ASPECTS BROUGHT BY ICT	MEASURES IN THE WORLD	MEASURES IN CROATIA	CRITIQUE OF THE ASPECT
<b>Economy / labour market (point 4.4.1)</b>	Changes in occupations, start-ups, telework, electronic conferences/meetings	7 job clusters of the future	IT industry growth; growth of total newly created value of the economy	Questionable speed of adaptation, gap in the form of the digital divide
<b>Health system (point 4.4.2)</b>	Disease prevention, more successful treatment, patient monitoring system	Establishment of an e-system, cyborgs, artificial intelligence, virtual reality – “Battle Buddy” virtual agent, “COVID Escape Room” game	E-appointments, e-records, e-prescriptions, e-citizens, <i>Andrija</i> – digital assistant in the fight against the coronavirus	Human inequality in the form of a digital divide
<b>Media (point 4.4.3)</b>	Higher speed and availability of information without spatial and time limits, news automation	Social networks, influencers, shift from traditional to digital media, news automation using artificial intelligence	Social networks, influencers, shift from traditional to digital media	Information overload
<b>Consumers (point 4.4.4)</b>	Faster and quicker direct communication, greater information provision to consumers and companies	Web shops with innovative systems tailor-made for consumers (virtual reality), creative (concealed) advertising, collecting cookies to monitor consumers’ wishes and interests	Web shops, creative (concealed) advertising, collecting cookies to monitor consumers’ wishes and interests	Monitoring consumers’ interests and behaviour to better influence them
<b>Privacy (point 4.4.5)</b>	User profiling, questionable security, children as vulnerable targets	Inability to use the desired content without a user account, collecting cookies, sharing of personal data on social networks	Inability to use the desired content without a user account, collecting cookies, Internet fraud, sharing of personal data on social networks	User profiling, risk of identity/financial theft
<b>Leisure (point 4.4.6)</b>	Availability of applications for various areas of interest	Gadgets	Gadgets	Changes in the way of spending free time, questionable privacy

Figure 1: ICT aspects. Author’s own overview.

#### 4.1. ICT in the economy and on the labour market

The world has benefited from some new occupations, but some have disappeared in time. ICT enables innovation, creates opportunities for start-ups, and overcomes spatial and time limitations. Electronic conferences and meetings enable everyone with Internet access to participate, regardless of their location. It also enables telework. According to the report by the World Economic Forum, the future of labour is in seven new professional clusters and 96 jobs of tomorrow. It is estimated that those professional clusters will represent 506 out of 10,000 jobs in 2020, with an estimated increase to 611 out of 10,000 jobs by 2022. Following the assumption that the current growth trends will be maintained, those new professions will ensure 1.7 million new jobs in 2020. By 2022, that figure will increase by 51% to 2,4 million (World Economic Forum 2020: 4).

The conclusion of the World Economic Forum report (2020: 18-24) asserts that the seven clusters of the future (Care Economy; Sales, Marketing and Content Production; Data and Artificial Intelligence; Engineering and Cloud Computing; People and Culture; Green Economy; Product Development) reflect a substantial diversity on the job market, and offer opportunity both for the highly-skilled and low-skilled. This places a great demand on the educational systems, which must be ready to react and adapt their programmes to the demands of the labour market. Those employed in the labour market sector must, in close cooperation with those employed in educational systems, review not only the sought-after new competences, but also anticipate those that will be necessary in the next short-term period. There is a need for permanent monitoring and adaptation that must follow the speed of technological changes and digital transformation of economic systems.

#### **4.2. ICT and sales**

Purchasing items in a web shop is an alternative to visiting a brick-and-mortar store, but has become the usual pattern of behaviour in the contemporary sales system. Seeking web shopping advice and recommendation is the new normal, while the easier direct communication between the customer and manufacturer/vendor is one of many advantages of web shopping. By changing the pattern of consumers' behaviour, the technology has changed the advertising method as well as imposed new social norms and patterns in marketing. According to the report titled "Digital 2020 Global Digital Overview", a survey involving population above 15 years of age showed that 4.4% respondents had a mobile payment account, while 29.0% respondents purchased goods or paid their bills online (We Are Social & Hootsuite 2020: 210).

#### **4.3. ICT and health system**

Apart from the contemporary methods of preventive medical examination, treatment and various surgical procedures enabled by the technology, there is now the availability of simpler medical records and patient treatment monitoring through e-records, e-appointments and issuing of e-prescriptions. In the Republic of Croatia, the "e-gradani" platform has thus existed for several years, where citizens can, among other things, track their visits to their general practitioner as well as review medical findings and prescriptions. Owing to the current medical technology, cyborgs can today replace human organs and limbs or enhance abilities and improve the patient's quality of life. There are also cobots, collaborative robots developed for working with people, which are particularly useful in performing surgical procedures due to their precision. The possibility of using a deep learning system in medical research was demonstrated in the study conducted by Insilico Medicine, a start-up from Hong Kong. With the aid of artificial intelligence, the GENTRL (Generative Tensorial Reinforcement Learning) system succeeded in developing six drugs against fibrosis in 21 days. One of those drugs showed favourable pharmacokinetics in trials on mice (Nature Biotechnology; 2019).

#### **4.4. ICT and media**

ICT has changed the method of finding and obtaining information. News automation with the aid of artificial intelligence is certainly a project of the future. The New York news agency Associated Press and Durham (North Carolina) software company Automated Insights developed a system that automatically generates profit reports for Associated Press clients. It relieved journalists the onerous work of poring through financial reports (Linden, 2019: 14). United Robots is a Swedish service provider partially owned by the Mitt-Media media company, which publishes nearly 30 newspapers in Sweden. United Robots developed its own NLG system for news generation. The system is called Rosalinda (after the Pippi Longstocking's parrot) and has been generating news about most team sports in Sweden for the past several years (Linden, 2019: 15).

RADAR (Reporters and Data and Robots) is a news agency founded as a partnership between Urbs Media and the British news agency Press Association. The joint venture uses the human factor in journalism and automation for the creation of daily local news for publishers across Great Britain. The development of that new service was funded by Google through its Digital News Initiative (Linden, 2019: 18). The changes in the patterns of social behaviour can be clearly seen in the relationship between the readers and media. Since media consumption has changed, news are no longer expected to come solely from the classical media. Information is decoded by a deeper and broader analysis due to the exposure brought about by access to the Internet, where the production of information is inextinguishable. The expectations of media users are changing, and new approaches to media shaping are imposed on those who work with them. Bloggers and YouTubers become influencers (terms which have already taken root in the English language). Social networks such as Instagram are becoming powerful and indispensable marketing tools. Users have never had a greater availability (and abundance) of information, and must adapt to the ever shorter periods in which new pieces of information are received. The concept of the public has been significantly altered. Everything is becoming public, and privacy is an endangered and often discussed negative aspect that comes with the development of the information and communication technologies.

#### **4.5. ICT and privacy**

In order to use certain content on the Internet, the user will often be required to submit profiling data and accept cookies. The Internet is full of personal data. By using social networks, users share their way of life publicly. Children participate in such practices increasingly more, either through posts by their family members or on their own profiles. Are Internet users really too complacent? Is profiling safe for them? These questions will likely be answered in the next decade. There is also the issue of financial security. The increasing use of e-banking and e-shopping exposes users to e-fraud. Internet offers its users a whole new virtual world, but the fact that those same users give to the Internet their own identities must not be neglected. Children are a particularly vulnerable group, and for them ICT is an integral part of childhood and growing up. Information and telecommunication technologies have enabled knowledge and cooperation to be shared, but has also enabled the production, distribution and sharing of sexually explicit and illegal content, opening new channels for child trafficking. They have also enabled the means of concealing such transactions from the law. Children can access, but also produce inappropriate and potentially harmful content (UNICEF, 2017: 7).

#### **4.6. ICT and leisure**

ICT has created various gadgets for recreation performance tracking. On the other hand, the time for movement has been reduced, and in tandem with the technology results in a reduced need for movement in order to accomplish goals and tasks. The technology also affects the disagreement between parents and teachers, who are unable to reach a consensus whether children's screen time should be limited or whether the latest device should be purchased so that children are able to keep up with their surroundings (UNICEF, 2017: 25). The development of ICT has changed children's play. Nowadays, toys are on screens, controlled by consoles. The entire human leisure has been changed. Not even households could resist ICT. Various household appliances, cleaning robots and heating systems can today connect to smartphones via the Internet so that owners are able to control their households even when they are away from home. Video calls with friends and family via applications and social networks are an alternative to house visits and correspondence by post for those who are physically very far away from one another. It can be concluded that ICT has already changed the way in which we socialise and spend our free time. It continues to change it in increasingly more innovative ways.

Whether it is possible to return to a world that is not networked seems like a rhetorical question. According to the Report by the We Are Social and Hootsuite agencies (2020: 45), 4.18 billion people around the world use mobile Internet. Out of the total number of Internet users, 92% are mobile Internet users. The average time in a day spent on the Internet via mobile devices amounts to 3 hours and 22 minutes (We Are Social and Hootsuite, 2020: 54). Regarding social networks, there are 3.8 billion of active users in the world (49% of the total world population). The average daily time spent on social networks amounts to 2 hours and 24 minutes (We Are Social and Hootsuite, 2020: 90).

## **5. IMPORTANCE OF INFORMATION AND COMMUNICATION TECHNOLOGIES IN EXTRAORDINARY SITUATIONS – EXAMPLE OF COVID-19**

In the global coronavirus pandemic situation, ICT has shown that it is indispensable more than ever. The global company Nielsen (2020) studied the behaviour of consumers during the coronavirus epidemic. Romolo de Camillis (Nielsen's retail manager for Italy) noticed that, since the end of February 2020 (when some Italian regions were first locked down), there had been a significant acceleration in the rise of e-commerce. France, Spain and Australia are also following the same trend. Nielsen stresses the clear sign that Internet shopping has begun to bring vital benefits for consumers (Nielsen 2020). In the wake of the coronavirus epidemic, citizens of the Republic of Croatia are familiarising themselves with *Andrija* – the first digital assistant in the fight against the coronavirus, which “works” in WhatsApp based on the cloud infrastructure and uses artificial intelligence in order to educate people on the symptoms and risks of coronavirus infection, with referrals to the competent institutions. In their fight against the coronavirus, American scientists and engineers are turning to the latest technologies that were unavailable during the previous pandemics – supercomputers, software applications, virtual reality and Big Data technology. They use tools for finding ways to destroy the coronavirus by turning smartphones into personal protective devices (University of Southern California, 2020). At the Institute for Creative Technologies at the University of California in Playa Vista, computer scientists develop virtual science in their struggle against the coronavirus. The “Battle Buddy” virtual agent can interpret data, analyse responses and respond accordingly. It can also be used to check on patients and monitor their recovery as well as to aid hospital staff (University of Southern California, 2020). Albert “Skip” Rizzo, Director of Medical Virtual Reality at the Institute for Creative Technologies at the University of Southern California is developing a game called “COVID Escape Room” with the aid of virtual reality in order to help children avoid infection. The game teaches players in a fun way about the importance of safe behaviour patterns during the pandemic: social distancing, washing hands and proper sneezing (University of Southern California, 2020).

## **6. CHANGES TO SOCIAL PATTERNS OF BEHAVIOUR IN THE REPUBLIC OF CROATIA**

According to the information obtained from the Croatian Chamber of Commerce (2018: 5), the Croatian IT industry included a total 4,649 companies with 28,347 jobs in 2017. The total income of the industry reached HRK 21.1 billion, the added value was HRK 6,7 billion, while exports amounted to HRK 6 billion. In 2017, the IT industry earned 3.1% of the total income of the economy (1% more than in 2008), 4.8% of the total newly created value in the economy (1.9% more than in 2008) and 4.8% of the total value of exports in the economy (0.8% more than in 2008). Out of the total number of persons employed in the Republic of Croatia, the proportion of ICT professionals was 3.3%. (Croatian Chamber of Commerce, 2018: 6). According to the “Digital 2019 Croatia” report, in the total Croatian population of 4.15 million, as many as 3.79 million use the Internet, which is 91% of the total Croatian population.



Moreover, 88% Croats who use the Internet use it for personal reasons daily (We Are Social & Hootsuite, 2019: 15, 22). According to the research conducted by the Croatian Bureau of Statistics (2019), the youngest population uses computers the most. The number of computer users is in inverse proportion to age. The youngest population also ranks first when it comes to Internet use, and the number of users is again in inverse proportion to age. In 2018, Mastercard and GfK – Market Research Centre – conducted an online study in Croatia. The results indicated that young people used smartphones for six hours daily, and that respondents wished for a wider application of digital solutions in the health and education sectors (Mastercard, 2018). The information society has changed the entire system of production and information use. The online study conducted by Mastercard and GfK – Market Research Centre – showed that 94% of respondents used smartphones, 77% used laptops and notebooks, 62% used desktop computers and used 50% tablet computers. Digital cameras were used by 47% of respondents, and smart television by 46% of respondents. Respondents aged 18-29 used smartphones for six hours daily. Out of all digital services, those used for communication are the most popular. Skype and Viber are the most prevalent (84%), followed by e-mail (81%) (Mastercard, 2018). According to the research conducted by the Croatian Bureau of Statistics (2019), habits did not change significantly in 2019 compared to the previous year. The Internet is used mostly for gathering information about products and services (93%), reading daily news and magazines (91%), sending messages via telephone applications (87%), gathering information about health (79%), using e-mail (74%) and posting on social networks (73%). In 2013, the Government of the Republic of Croatia launched the e-gradani platform in order to facilitate communication with citizens and achieve a higher level of transparency. (Central Portal of the State, undated). With that system, citizens of the Republic of Croatia now have a new, visibly simplified ability to communicate with the public sector. There have never been more possibilities of improving teaching methods. Tablet computers have been introduced in schools across Croatia within the scope of the educational reform. Tablet computers have been supplied since December 2019. This involves 91.641 devices funded by HRK 101.2 million, VAT included, from the European Social Fund (Ministry of Science and Education, 2019). Education in the Republic of Croatia is also richer for the e-Dnevnik network application for students and parents. The aforementioned tablet computers and e-Dnevnik network application aided children in following online classes due to the extraordinary situation caused by the coronavirus. Remote learning in the Republic of Croatia enabled a continuity in education. The situation was also made easier by digital libraries, which facilitate access to literature to a great extent because there is no obstacle of physical remoteness. Virtual classrooms demonstrate new possibilities in the education system. Furthermore, it is necessary to mention systems such as Google Classroom, Moodle and Merlin, which are today indispensable in the life of every student. In their “Digital 2019 Croatia” report, the agencies We Are Social and Hootsuite state that, in Internet commerce throughout the entire 2018, Croats spent HRK 23 million just in the “food and personal care” category. If 2018 is compared to 2017, there was an increase by 11% in 2018 (We Are Social & Hootsuite, 2019: 44-45). The results of the study conducted by the Croatian Bureau of Statistics (2019) also indicates that there has been a significant increase in Internet commerce. Goods and services on the Internet were purchased by 10% more users than in 2019 (in 2019, 45% of Internet users made their purchases in such a manner). Shopping behaviours in 2019 remained very similar to those in the previous year; the greatest demand was for household supplies, clothes and sportswear, tickets for shows, electronic equipment and computer parts. Information and communication technologies have fundamentally changed the method of managing business and personal finances. The online study conducted by Mastercard and GfK – Market Research Centre – showed that 61% of the respondents used digital services to pay their bills and for mobile banking (Mastercard, 2018).

QR codes facilitate the payment of bills to a great extent today. It is enough to scan the QR code to automatically complete a payment order, which saves time.

## 7. CONCLUSION

Following the analysis of quantitative and qualitative data, gathered from the available sources, it can be concluded that both of the above hypotheses have been accepted. The presented facts clearly indicate significant changes in social expectations and behaviour due to the development of information and communication technologies. An overview of the digital transformation of the Croatian society confirmed that Croatia is keeping up with the world with regard to new social patterns of behaviour. The dialogue between the society and technology seems continuous and inseparable. Multifunctional devices change the standards of communication, way of life and expectations. Innovation is unstoppable, creating new tools that create new possibilities. Technology has certainly contributed much to human private and business lives, but also takes its toll through harmful effects on health, social distancing and altered behaviour through reduced social interaction. Information and communication technologies have two sides – one is positive and reflects progress with new possibilities related to the improvement of the quality of life, while the flipside is negative and involves a wide range of harmful consequences. Even though it seems that the society glosses over the negative effects in the splendour of positive ICT effects, more attention should be focused on the emergence of new behaviour patterns, with an analysis so that harmful effects could be anticipated and prevented. This topic imposes large obligations in connection with tracking changes, and raises many issues that need to be tackled and always kept in focus so that the contemporary society could change in a desirable direction with the development of the information and communication technologies, and so that any potential risks could be defined and managed timely.

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## ART INSPIRED HOTELS – COMPETITIVENESS CONTEXT AND MARKET POSITIONING

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### **ABSTRACT**

*The aim of the paper is to research the importance of artwork in the hospitality industry, as well as the effect it has on hotel competitiveness, while the purpose puts the research into a wider context and gives recommendations for future forming, placement and evaluation. The methodology primarily includes qualitative research methods, supported by statistical quantitative processing. The attitudes of youth population as new consumers were researched by means of a questionnaire, using Likert Scale of agreement, following which they were processed using statistical methodology including Chi squared test of evaluation obtained vs. expected frequencies. The paper contribution is reflected in both, raising the awareness of consumers as well as hotel owners as key stakeholders about demand preferences and new hospitality competitiveness potential. Recognition of art as a segment of creative industries through which it is popularised, transformed and which achieves new form dimensions and perceptions by conceptualisation, represents a factor of the new competitiveness of the hospitality industry. The statements are tested using the hypotheses set, the main one being: H1 “Affirmation of art in hotels impact their competitiveness and market positioning”, positive and accepted. The research results, as well as the obtained knowledge, could affect the perception of the decision maker, hotel managers and the owners about the importance of art in the hotel facility design and equipment, representing a platform for future research. This paper explores the problem of tourism demand and differentiation in innovative context, explored and analysed through the lens of the youth segment as consumers of the future.*

**Keywords:** *Art hotels, Competitiveness, Special experience, Youth segment, Art perception*

### **1. INTRODUCTION**

The hospitality industry and art seemingly represent two different and opposed activities; however, if we investigate the theme of the hotel industry and art a little more deeply, components which link the two activities into a symbiotic action can be perceived. Art evokes emotions which are reflected in the perception of special experience and it is that very specific nature and experience which are the ultimate goal which modern hospitality strives to achieve for the purposes of realisation of differentiation and competitiveness. Although current critical positions of COVID 19 pandemic jeopardize whole tourism, travelling and hotel sector it is expected that the balance and crisis recovery will happen soon. Therefore this paper deals with competitiveness topic that impact future positions and hotel entrepreneurial organisation. Changes in understanding of the demand needs are conditioned by the knowledge that guests no longer wish to stay in streamlined hotel spaces, lobbies, restaurants and rooms, but are inclined towards new solutions often based on interdisciplinary synergy and creativity. Although adult and senior travellers possibly dispose with higher travel budget, youth segment could play in topic elaboration important role as young travellers seek new experiences, they are open to innovations and present a consumer group that would in future predominantly choose selective, niche- oriented, accommodation products (Demeter and Bratucu, 2014). Perception of modern trends points to the need for studying of the topic and forms a platform for this quite pioneering research.

There are not many researches focused in role of art in hospitality competitiveness especially with focus on youth segment. But both the demand and innovative hospitality practice tend to form the specially designed accommodation product that puts in focus art and design. Most of the existing studies that explores art in hospitality are parallelly exploring various cultural themed accommodation structures and are presented in this research as part of literature review. The purpose and aim of the research are exploration of demand preferences of youth segment which could contribute to the awareness of the importance of new inventive forms of hospitality organisation and art heritage affirmation. Cultural values of the local areas could be powerful attractive factor and art as part of culture reflect expressions and values both of talented individuals and groups of artists explore Pavia and Floricic, 2015 and research art hotels as important category of cultural tourism accommodation. When considering art hotels as facilities with special characteristics related with culture and art they point out hospitality brand *art 'otel* ([www.artotel.com](http://www.artotel.com)) where the artworks of one artist is presented through whole property and *Design<sup>TM</sup> hotels* ([www.designhotels.com](http://www.designhotels.com)) where various artworks and design solutions are placed in hotel. On the other side, some tourism countries include art and heritage hotels as separate category in national legislative system (Minazzi, 2010 and Pierret, 2016). There are other examples of innovative hospitality organisation with attractiveness supported with various types of art, from SME hospitality, art boutique hotels 21C Hotels Museum ([www.21cmuseumhotels.com](http://www.21cmuseumhotels.com)) to global hospitality brand Four seasons where special galleries place artworks in hotel interior and exterior (<https://www.fourseasons.com/>). New knowledge, supported by empirical research, proposes new innovative forms of hotel offer organisation, by which it is possible to improve hospitality at the micro level from the aspect of small and medium-sized entrepreneurship (SME), as well as future trends in the context of modern international hospitality (Pavia et al. 2016). As cultural and innovative industries emerged, consumers took a keen interest in the elements of aesthetics, design, but also experience (Jurin 2016). Art is considered as a catalyst of innovativeness which meets the consumers' needs. In tourism, companies which adopt art-oriented strategies can attract consumer attention, establish sustainable competitive advantage and increase the profits state Kero (2002) and Serreat (2015) and continue that by integrating art into business, companies increase the corporate value and research and development, achieving production differentiation (Serreat, 2015). Artistic interventions mark the process of introducing art into the work environment. Experience economy, as a "melting pot" of experiences, takes over a dominant position in the creation of demand and companies must increase value for consumers and create unforgettable experiences through the elements of entertainment, education, escapism and aesthetics, form special services and programmes, implementing also co-creation. Development of trends and tourism demand affects modification of the tourism sector and elements of supply within its system. (Bynum Boley and Ayscure, 2016). A differentiated, more personal "tailor made" service delivered through art lifestyle and boutique hotels is becoming a motive for tourism trends, as well as the factor of hospitality industry competitiveness (Kurgun, 2011, Kosar 2014). Comprehending the key aspects, the paper is divided into five main chapters where the first chapter is an introduction. Then follows the explanation of the theoretical framework where through subchapters key aspects of art are presented as well as special types of hospitality facilities: boutique, lifestyle, art and design hotels that could be developed and organised with implementation of art, culture and tangible and intangible heritage. The third chapter presents materials and methods of research followed by results and findings, explained in interpretation and discussion in fourth chapter. Fifth chapter proposes recommendations and conclusive remarks as well as study limitations and proposal for further research.

## **2. LITERATURE REVIEW – SYNERGY OF ART AND CREATIVITY IN THE DESIGN OF AN INNOVATIVE HOTEL PRODUCT**

Pursuing new market positions, hotels invest considerable resources in market research which examine demand interests, trends and requirements. They conduct strategic marketing research as an activity which has for its goal provision of information for making of business decisions. Through segmentation process, the market is separated into parts of the same or similar interests and needs; by focusing and positioning, competitiveness strategies are created, i.e. a differentiated marketing mix is created, which is communicated with the potential consumers (Pavia et al., 2014). Through these market segments, niches explorations, the importance of culture and arts is recognised and evaluated. Art is defined as “the totality of human spiritual activity using means by which aesthetic experience is expressed, including creation, created work and experience of that work” (Ravlić, 2017). Humans have managed to express themselves artistically since the most ancient times, from their first appearance on the Earth through different art periods, explains Semenzato (1991). Hatcher (1999) defines art as a skill used to produce something with an aesthetic result. This can also be expressed through music, drama, literature, fine arts, sculpture, architecture, film, dance or comic strips. By further elaboration, macro-arts can be diversified so fine arts are divided into painting and sculpture, while contemporary arts can be differentiated as performing arts, video arts, photographic arts and internet arts (Beljan, 2015). Encyclopaedia Britannica defines the term of art as “use of skill or imagination in the creation of aesthetic objects, environments, or experiences that can be shared with others”. Many authors conduct debates on what a work of art is. Carroll (2003) is inclined to argumentatively define a work of art using determination of essential and adequate conditions for each object, i.e. separating out those works which are intuitively and, according to objective criteria, determined as artistic, made by means of artists’ creative enthusiasm and which have an impact on one’s mind, emotions and imagination, ennobling them and human culture (Pećnjak & Bratulin 2013). Jakubin (2007) contemplates art historical periods and elaborates new, postmodern, contemporary or 7<sup>th</sup> historical periods of art of the 21<sup>st</sup> century, which is extremely hard to define and characterise because of rapid and intense changes which are taking place due to powerful globalisation processes and technological progress.

### **2.1. Boutique, lifestyle, art & design hotels – modern trend mapping**

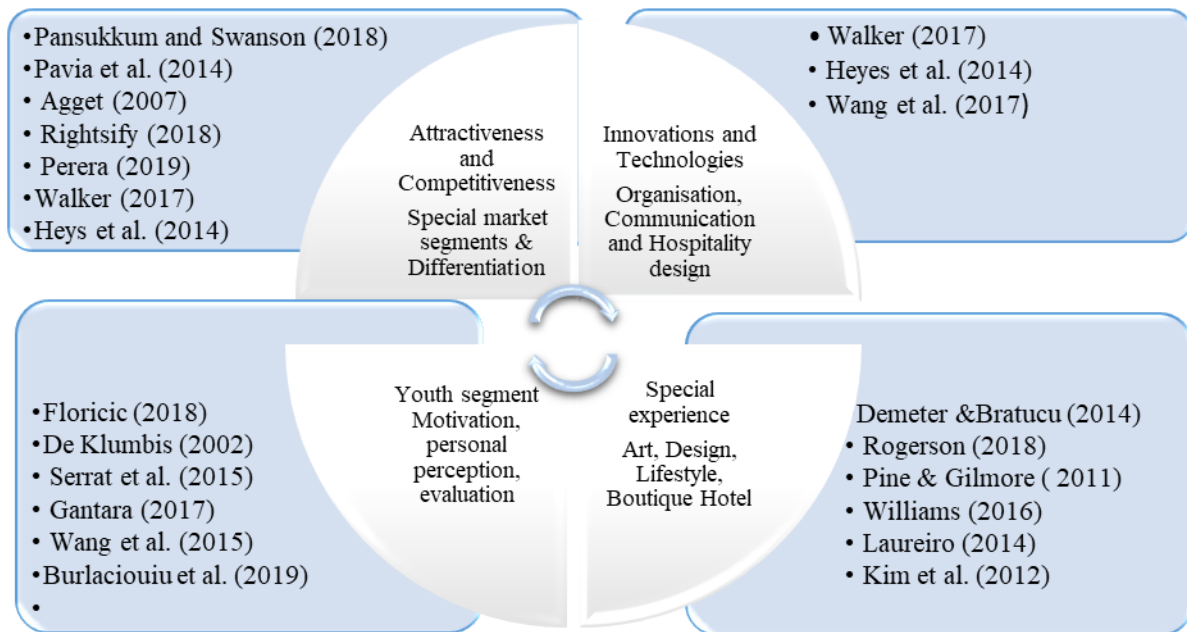
From hotel rooms, through common areas, restaurants and bars, artwork ennobles the space and ambience in which guests stay. It affects emotions and guest mood, self-perception and self-estimation, affirms education level and, indirectly, in the sense of forming of an ambient tourism resource which is valorised as an attraction, art impact hotel competitiveness. Development of boutique and lifestyle hotels in the hospitality industry has, for some years, been the most observed trend. Khosravi et al. 2014) analyse developmental determinants and aspects within the context of competitive accommodation product. After a decade of standardisation, tourism demand requires differentiated products and services, with qualitative shifts in the quality of the service provided (Timothy & Teye, 2009) and, apart from boutique hotels, considers novelty and alternative lodging structures. The trend of development of boutique and lifestyle hotels has become a global scale phenomenon (Day et al., 2013). Modern hoteliers are focused on the provision of unforgettable experiences and are oriented towards special market segments (Rogerson 2010). Today’s consumers live in a so-called period of experience economy which means that, for them, it no longer suffices to stay in a destination; they wish to take part in activities, with the aim to fulfil and express themselves, looking for unique experiences, new challenges, adventure and emotions (Kosar, 2014). Numerous authors deal with the topic area of special experiences in tourism. Pine and Gilmore (2011), Williams (2006), Loureiro (2014) and Kim et al. (2012) study the economy of experience as a distinguishing factor in achievement of competitiveness in tourism.

De Klumbis (2002) studies ultimate hotel experience as the core concept of artistic intervention in the hospitality industry, which represents interdisciplinary cooperation between companies and artists, given that artists emphasise art, while companies emphasise profits; coordination and management are important (Cheng et al., 2017), as well as regulated contractual relationships. When analysing hotel competitiveness through experience economy lens, a detailed elaboration through Pine and Gilmore (1999) 4 level taxonomy could be proposed: entertaining, educational, esthetical, and escapist experience. The pleasure value implies that the escapists can enjoy the art esthetic of the space, experience the hotel environment, learn and feel new emotions through art, and actively use any facilities in the hotel. The value of social recognition means that escapist experiences in this special hotel offer become a status symbol to share with others. The demand trends “migrate” towards smaller, intimate types of hotels, such as boutique and lifestyle hotels, which offer a unique design and architecture, intimacy and luxury, as well as a perception of artistic expression. Art hotels are being developed, whose identity is based on different kinds of art and which are identified by guests as soon as they step in, discuss Serreat et al. (2015). Moreover, they continue, paintings, sculptures and other forms of art are installed in hotels for the purposes of education, aesthetics and cultural and sociological valuations, with realisation of the primary goal of hotel operations and realisation of economic benefits through new competitiveness. Besides visual art, the importance of music is also emphasised as an artistic category (Morin, 2007). With the choice of music, it is possible to ennoble the ambience and artistic experience in the hotel and encourage spending in restaurants and bars (Rightsify, 2018). However how can one detect and map new demand factors and channel hotel product formation in line with contemporary demands? Wang et al. (2015) investigate consumers' motivation and demand towards boutique, design, lifestyle and art hotels and so does Agget (2007), who presents the effects on the growth in demand for this differentiated and specific hotel accommodation. Freud de Klumbis (2002) recognises the importance of the market segment of younger consumers; however, he equally defines the segment “Lifestyle consumers” as creative, influential, unconventional and confident and they are demanding consumers. As the name implies, the “flex generation” includes “new greens” - environmentalists but also culture sensitive consumers. Freud de Klumbis (2002) summarises demand characteristics and explains that demand wants to receive accurate, reliable and quick information about hotel services and amenities where a new facility i.e. a small but innovative well equipped gym is more attractive than large and spacious hotel areas. Small thematic designed selling points such as bars, restaurants and lobby areas tend to be more appreciated than a high class but formal restaurant. De Klumbis (2002) continues and points out the competitiveness of hotels that reflects the culture, the soul and the local values where the stay is more exciting, inspiring, educative and full-experienced. He quotes: “*A designed, aesthetic, high quality environment gives far more satisfaction and input to this type of guest than any streamlined hotel interior.*” Authenticity which is communicated through designed services and hotel characteristics is the research subject of numerous authors; while Chabbra (2005) defines tourism authenticity, Rickly-Boyd (2013) explores its effect on emotions, sensations, relationships and a sense of self. Further to this, Walker (2017) and Heyes et al. (2014) consider organised accommodation facilities which form a basis from where tourists can take part in different activities, as well as use different services and products in the destination. Jones et al. (2013) describe boutique hotels as small companies with a high level of personalised services, provided by the hotel staff, which mirrors the management’s personality and style, and which has technologically highly equipped accommodation units and a unique design. They differentiate them from Lifestyle hotels which are described as innovative and provide more of a personal experience than so-called “branded” hotels. Boutique hotels are defined through their themes and the designs of the locations where they are situated, as well as through a feeling of intimacy in a personalised service.

McIntosh and Siggs (2005) define boutique hotels through 5 features: uniqueness, personalised service, feeling domesticated, high quality standards and value creation. In addition, by researching the legislative framework for the development of boutique and lifestyle hotels, the example of Turkish practice is pointed out, which, in accordance with clause 43 of the Regulations on Certification and Characterisation of Tourism facilities of the Turkish Ministry of Culture and Tourism, boutique hotels are hotels with a minimum of 10 accommodation units, having a unique design and structure, highly qualified staff, providing individual services (Kurgun et al., 2011). The Croatian Regulations on Classification, Categorisation and Special Standards of Hospitality Facilities in the Group Hotels (Republic of Croatia Official Gazette no. 56/16) classifies boutique hotels into a sub-group of hotels, and a sub-group of hotels of special standards to which special labels are assigned, in line with organised services. Furthermore, the Regulations classify heritage, diffused and integral hotels, which can be organised as boutique, lifestyle and art & design hotels. On the other hand, the potential of development of a special label is presented, which would integrate culture and art and create a path towards new competitiveness of specialised hotel accommodation. Namely, through the aforementioned Regulations, the Croatian legislation opens space for the development of specialised hotels by means of implementation of special labels, a standard by which offer is differentiated and special themed services organised (Pavia et al. 2014). When looking into periodization of art periods, in the simplified division into three global and most present periods, contemporary art is differentiated in the first place. Chronologically, classical art of the Old School and Masters (until 1860) was encompassed, modern art (between 1860 and 1945) and contemporary art (1946 until now). Although there are differences in periods timeline and positioning of the marginal styles of art, nomenclature and synonyms on global level, most of the authors agree that period of Contemporary arts (Post-War Arts, Post-modernism) begins after 1945 (Esanu, 2012, Meechum & Sheldon, 2005, Alberro, 2009). By applying art as a basis for design of competitive advantage, hotels have a possibility to exhibit the value of the local culture. Hotels can use local cultural landmarks, artistic resources and other unique characteristics for focus in provision of innovative services. Culture-oriented artistic activities, developed by hoteliers, can attract consumer attention through provision of pleasant artistic and cultural experience, thus placing art in the sphere of the primary tourist motivation and hospitality, in the sphere of innovative galleries or museums. Equipping hotels with original artefacts, acquired through purchase or loan from artists or galleries or with their replicas, is nothing new in hospitality design. Innovativeness is manifested in new conceptualisation and design of the space, ambience, environment and accompanying services. The purpose is reflected through comprehension of youth segment motivation (presented in Figure 1.) where the main motivation is not to observe the art but to feel it and to be surrounded and inspired by art. Hoteliers cooperate with artists in order to create an environment which exudes style and authenticity (Wang et al., 2017). The artworks presented through hospitality industry could be the art pieces of famous artists, graphics, lithographs but also of young artist that promote their arts at early stage. Therefore, the question about financial value of art pieces is not predominant, the artworks that artists, galleries and museums expose in hotel facilities could be supplied at favourable conditions dependant on primary purpose: promotion, education, purchase etc. The concept breaks the limits of standardised organisational modules, which means that art and design hotels no longer offer hospitality as a theatre, but hospitality as an art installation and guests often become participants in the art itself. In addition, Jalali (2013) explains that art could be perceived as entertainment factor and the influence is evident in hotel and restaurant industries. Figure 1 presents the relation of previous research findings, it diversifies the authors' findings in accordance to different aspects of service characteristics, innovation aspects and competitiveness impacts.



Figure 1: Comparison and theory and findings overview



Source: Author's research

### 3. MATERIALS AND METHODS

The methodology primarily includes qualitative research methods, supported by statistical quantitative processing. Using the methods of analysis, synthesis and meta, theoretical determinants are reviewed, and these are studied, by which the significance and influence of art on guests' positive perception, as well on other tourism sector stakeholders, are described. The young population sample was formed by a random selection of young persons of two European emissive and receptive tourism destinations of generally different supply and demand characteristics. By the technique of structured questionnaire on a selected sample of the population of young people as potential tourists, new knowledge is acquired. Young consumers' perception towards art and the importance of enrichment of the tourism environment by artwork is the research subject of the paper. Namely, the author researches demand trends, as well as awareness level of the youth segment as future consumers of tourist products, with an emphasis on specific types and periods of art for the purposes of recognition of elements which would predominate and point to potentials of the development of hotel innovative products for achievement of new competitiveness. The demand segment, in which tourists' attitudes and needs are assessed as the indicative impulse for formation of the tourism offer, has an increasingly growing power and influence on offer adaptation and formation of special, differentiated selective products. The research was conducted in May, June 2019 and research results were processed using statistical methodology, mean values, standard deviations, rank and Chi square test, by which deviations from expected values are analysed. The interest in accommodation in hotels which promote different types of art, special experiences which would be realised by those stays and examination of attractiveness were researched by means of a questionnaire, using Likert Scale of agreement, following which they were processed using quantitative methodology including Chi squared test of evaluation obtained vs. expected frequencies. The research is designed for the purposes of examination of the youth segment. Given that the intention was to obtain a mix of samples, both student and non-student population were included of the two emissive and receptive European destinations.

The research was conducted using a structured questionnaire, where, with additional verbal explanations for further clarification, respondents had ten minutes to complete the questionnaire.

#### **4. RESULTS AND DISCUSSION**

As the aim of this research is to determine the young population's inclinations towards and preferences for art related hospitality structures, in the first place, it was necessary to research their orientation and openness towards art and cultural institutions. Namely, young people who visit these institutions and are prepared to pay the full ticket price, represent the key demand segment as potential future consumers of the fusion of hospitality and art. The interest in accommodation in hotels which promote different types of art, special experiences which would be realised by those stays and examination of attractiveness were researched by means of a questionnaire, using Likert Scale of agreement. The data were processed by using quantitative methodology including Chi squared test of evaluation obtained vs. expected frequencies. The research design firstly includes the exploration of attitude and interest in art among young population (random – stratified sample), both the museum visits and also perception of arts in daily life (media, open spaces, institutions). Continuously, the research analysed which type and period of art is predominantly in interest of youth segment. Lastly, the author researched the preferences of youth segment regarding staying in hotels which promote different types of art, evaluation of special experience provoked by art and influence of art on hotel attractiveness. The research results point to the conclusion about importance of art in hospitality industry and present a platform of innovative trend for hotel offer stakeholders and decision makers in hospitality industry sector. The research results were processed using statistical methodology, mean values, standard deviations, rank and Chi square test, by which deviations from expected values are presented. The number of questionnaire that were distributed was 240 and the response ratio was 90,41% (N=217) with margin of error 2%. Analysing samples according to gender, it was evidenced that 24.4% (N=53) were male, while 75.6% (N=164) were of female gender. As the research encompassed the youth segment up to the age of 29 years, an age scale was diversified: young people up to 19 years of age, 7.8% (N=17), between 20 and 24 years of age, 87.6% (N=190) and older, over 26 years of age, 4.6% (N=10). Respondents were handed structured questionnaires with categories of grades expressing their personal attitude towards art, visits to cultural institutions (Table 1) and grading and ranking specific art types. According to the key, grades equal points which are implemented in mathematical calculations (Table 2) and periods (Table 3) in accordance with preferences, to obtain generalised knowledge. The second part of the research includes a smaller sample because, when ranking the importance, respondents did not complete correctly 30% of questionnaires, so the total number of correctly completed questionnaires was N=152. Although the sample was considerably smaller, it is still indicative, and the research and respondents' attitudes were valid and were therefore included in presentation, interpretation and discussion. The third part of the questionnaire examined the perception of art in hospitality, as well as the young population's inclination towards staying in inspirational boutique art & design hotels. The results are presented in Table 1 below.

*Table following on the next page*

*Table 1: Youth segment – personal attitude towards art and visits to cultural institutions*

Statement - Respondents total – N=217	N - YES	%	N - NO	%
Are you interested in art on a general basis?	121	55.8	96	44.2
Do you notice art in daily life (public spaces, institutions, hospitality facilities)?	194	89.4	23	10.6
Are you ready to pay a full price ticket for museum/gallery visits?	116	53.5	101	46.5
Do you often visit cultural institutions?	64	29.5	153	70.5
Do you often visit museums and galleries?	74	34.1	143	65.9
			N	%
How many times per year?	1-2		143	65.9
	3-5		28	12.9
	6 and more		46	21.2

*Source: Author's research*

The results indicate that over a half of respondents expressed their interest in art on a general basis (55.8%), although a great majority of the total number of respondents (98%) claim that they also perceive more valuable art in their everyday life and environment (public spaces, institutions, hospitality facilities). This points to the potential which can be evaluated by means of education in the sense of the increase in knowledge of culture and education in the society. The importance of this is reflected in the expression of frequency of visits to cultural institutions; 29.5% of respondents do not often visit cultural institutions, while a mere 34.1% of them often visit museums and galleries. This, simultaneously, is illogical, which is justified by the fact that many people are not familiar with certain cultural institutions. As for the frequency of visits, 3 categories were diversified in the research: between never and twice a year (65.9% of respondents), between 3 and 5 times a year (12.9% of respondents) and 6 or more times a year (21.2% of respondents) visit museums and galleries. In addition, when visiting museums and galleries, respondents are prepared to pay the full ticket price; 53.5% of them expressed their affirmative attitude. Further research was directed towards the detection of specific types of art, to which the youth segment predominantly focuses their attention. With this results the author met difficulties while the response ratio was 70,04 %. In this second part of research the questions were more specific about art familiarity and preferences, and it could be concluded that the questionnaires that were not completed present population (29,96 %) that has no theoretical knowledge nor recognise art periods, types of arts and techniques. On the other side, these respondents replied on questions related with their art perception in general which implicates that they, although doesn't know the art theory and historic context, they are interested in values that art in general provides. As the art periodization differentiate there are many art movements and expressions within these periods. In order to get segment's attitudes, the author proposed three general periods that are learnt through general elementary and high school education (national curriculum) Also, it could be discussed that although the youth segment possibly didn't physical visit museums the respondents could perceive and see art via modern technologies, virtual museums, social networks and through cultural and art aware social environment. The research was conducted through ranking scale (coding system from 8 to 1) where, by presenting results, the rank 1 presented highest score (8 points) and 8 the lowest score (1). The results are presented in Table 2 below.

*Table following on the next page*

*Table 2: Art type preferences of youth segment tourists – consumers*

Art type analysis / N=152	Ranking	Total Points	Average score	Standard deviation - STDEV
Conceptual art	1	819	5.39	1.89
Sculptures	2	798	5.25	2.32
Graphics	3	703	4.63	1.98
Multimedia art	4	696	4.58	2.36
Colour design	5	675	4.44	2.03
Lighting design	6	674	4.43	2.38
Paintings	7	609	2.39	2.39
Architectural design	8	487	2.25	2.25

*Source: Author's research*

Research results indicate that youth segment consumers prefer modern types of art. They valorise contemporary art which includes conceptual art (5.39), sculptures (5.25), graphics (4.63) and multimedia art (4.58). These categories are related to imagination and creativity and could also include co-creative art initiatives. Young consumers are almost expert users of modern internet technologies; they are exposed to different types of multimedia, synergy of senses and sensory experiences. Furthermore, when analysing colours and lights, the technologies that evoke emotional responses, the respondents show almost similar preferences for colour design (4.44) and lighting design (4.43). Surprisingly, significant difference in youth segment interest is related to paintings (2.39) and architectural design (2.25). This last result points to the necessity for future deeper investigation of the awareness level of characteristics and aspects of different types of art. The research was conducted through ranking scale (coding system from 3 to 1) where, by presenting results, the rank 1 presented highest score (3 points) and 3 the lowest score (1). The results are presented in Table 3 below.

*Table 3: Art period preferences – youth segment tourists – consumers*

Art period analysis / N=152	Ranking	Total Points	Average score	Standard deviation - STDEV
Contemporary art	1	335	2.20	0.80
Old School Masters – classical art	2	302	1.99	0.89
Modern art	3	225	1.81	0.71

*Source: Author's research*

The Table 3 data points out and reconfirms the previous research in which interest in conceptual art, an art movement which developed at the transition from modern to contemporary art, was ranked first. The research results place contemporary art as the primary focus of interest; within the range up to maximal grade 3, it scored the average result of 2.20 points. Classical art follows, which was developed by the year 1860 (1.99 points) and the last ranked was modern art which numbers 92 movements and styles (The Art Story), with 1.81 points. The data obtained by the research, types of art and their periodization, can be presented as a trend, a direction in the planning of equipment of hotel facilities for the purposes of achievement of competitiveness of innovative hotel products. Further business plans and investment studies should rely on additional in-depth research, based on identified trends. In further consideration of the effects of art which is implemented in a hotel facility for the purposes of achievement of its attractiveness and competitiveness, three statements were examined and analysed using Likert Scale of the level of agreement of between 1 and 5, where grade 5 was assigned to the statement

“I strongly agree” and calculated in accordance with the point key. The results are presented in Table 4 below.

*Table 4: Art in hospitality - Attitudes and preferences of youth segment tourists – consumers*

N = 217	S1 – I am interested in staying in hotels which promote different types of art	S2 - Artwork in hotels evokes special experience in me	S3 – Innovations in lighting, colour and art concepts impact hotel attractiveness
Grade 5 - N	45	21	68
%	20.7	9.7	31.3
Grade 4 - N	61	69	88
%	28.1	31.8	40.6
Grade 3 - N	84	71	46
%	38.7	32.7	21.2
Grade 2 - N	16	44	13
%	7.4	20.3	6.0
Grade 1 - N	11	12	2
%	5.1	5.5	0.9
Total - N	217	217	217
%	100	100	100
<b>Average grade</b>	<b>3.5</b>	<b>3.2</b>	<b>4.0</b>
<b>Standard dev.</b>	<b>1.06</b>	<b>1.05</b>	<b>0.92</b>

*Source: Author's research*

The analysis of the presented results showed a high level of agreement in respondents regarding their interest in staying in art hotels, where 20.7% of them strongly agreed and 28.1% agreed. 38.7% of respondents were indifferent, while 6% of them disagreed and 0.9% of the youth segment respondents strongly disagreed. The results obtained in this second part of the questionnaire correspond to the first part of the research, where interest in art of a target segment is evaluated. Namely, as 55.8% of respondents affirm being interested in art on a general level, and 53.5% of them state that they are interested in paying the full ticket price to visit a museum or a gallery, competitive advantage is recognised of art hotel organisation where guests can stay in different hotel areas and be surrounded by artwork. By staying in hotels, guests' visits are not time-limited, and they can perceive art expression in a more substantive and quality manner. They do not pay directly for entry tickets; the price compensation is realised through the price of their accommodation, which they often perceive as being a benefit which is free of charge. In addition, the researched realisation of a special experience through art in hospitality indicates that 9.7% of young people strongly agree and 31.8% agreed with the quoted statement. 32.7% of respondents were indifferent, while 25.8% of them strongly disagreed or disagreed. By comparison of the data relating to disagreement with the data from the first part of the research, it was evidenced that, in general, 44.2% of respondents were not interested in art. This can point to the conclusion that art, regardless of a preliminary interest and preferences, evokes special experience in tourists and that it can affect consumers' awareness and generate new tourism demand. Research into contemporary concepts of non-material art, which is demonstrated through modern technologies, lighting and colour designs in interiors and exteriors, was conducted further to the special experience evaluation. Namely, lighting, colour and music as ambience components can represent factors of attractiveness and have an effect on hotel competitiveness.

31.3% of respondents strongly agreed with the above quoted and 40.6% agreed. 21.2% of respondents were indifferent, while 15% of them expressed disagreement with the question which is directly linked to the main hypothesis and which was tested and researched using the applied methodology.

*Table 5: Evaluation – youth segment interest for stay in art & design hotel*

	Strongly agree and agree -%	Indifferent -%	Strongly disagree and disagree -%	Marginal Row Totals
Obtained frequency	48.8	38.7	12.5	100
Expected frequency	40.0	30.0	30.0	100
Marginal Column Totals	88.4	68.7	42.5	200 (Grand Total)
Chi-squared test: 14.667			p-value:0.00065317	Degrees of freedom: 2

*Source: Author's research*

According to the set expectations, the test result points to the importance of youth segment perception and interest in art and design hotels. Namely, in consideration of the question using the Likert scale from 1 to 5, where agreement with statements “I strongly agree” and “I agree” is measured, records 48.4% of respondents’ answers which express agreement and, through further consideration, the question of how much this possibly impacts special experience accordingly confirms the statement.

*Table 6: Evaluation – Youth segment perception about impact of art, design and innovations on hotel attractiveness*

	Strongly agree and agree -%	Indifferent %	Strongly disagree and disagree -%	Marginal Row Totals
Obtained frequency	71.9	21.2	6.9	100
Expected frequency	60.0	20.0	20.0	100
Marginal Column Totals	131.9	41.2	26.9	200 (Grand Total)
Chi-squared test: 11.013			p-value:0.00406097	Degrees of freedom: 2

*Source: Author's research*

By analytics of the chi squared test ( $\chi^2$ ), main and ancillary hypotheses are confirmed, which place the influence of synergy and creation of hotel accommodation product, ennobled by elements of art, in the focus of interest. The obtained values of interest in staying in art & design hotels correspond to those expected and, according to the testing, confirm the hypothesis that art, design and conceptual innovations affect hotel attractiveness. Hotel business present entrepreneurial side of hospitality and includes activities of provision of accommodation and other services in a hospitality manner. Tourist motives are recognised which are no longer closely connected to holidays, but to active participation in specialised, selective forms of tourism, characteristic of specific niches and they form the basis for programme specialisation in the hotel product organisation for the purpose of meeting modern demand requirements. It is competitiveness itself which encourages hotel innovativeness through development of new products and services, construction of new facilities, orientation towards sustainable

development, personalised relationships with clients and formation of special experiences, evoked by material and non-material types of art alike. Youth population is interested in staying in hotels which promote different types of art, evaluates art as a factor of the formation of special experiences and believes that innovations in lighting, colour and art concepts impact hotel attractiveness. This main research implication points to new trends in the formation of accommodation facilities and contributes to the value. In the adaptation process, the need is evident for widening of the legislative framework which would create a path to the realisation of recognisability by implementation of official certificates and special labels, defined at the level of governmental bodies which deal with improvement and competitiveness of tourism and hospitality. As culture covers different types of creation and art diversifies creative work, consideration of the potential is proposed for formation of a special label “Art & Culture” or “Culturart” hotel, by which special requirements and standards which such a hotel should have would be defined. Art hotels, as specialised and themed forms of hospitality accommodation facilities, implement in their operations material and non-material artistic concepts, contained in the design and equipment of interiors and exteriors, as well as in their surrounding ambience. The concept of organisation of hotel services is based on the creation of artistic and cultural experience. Art hotels integrate art and communicate as competitive advantage, as well as a method of diversification from traditional and standardised hotels. Hoteliers have realised and perceived the need for changes, i.e. they have detected the needs of tourism demand, which wishes to depart from the mass character of tourism, routine and passive spending of time and culture and art are recognised as possible catalysts, which positively impact different personal aspects of self-realisation, affirmation and education of tourists and, by the formation of innovative creative accommodation structures, achieve new competitiveness and market attractiveness. By the conducted research, the aim of the paper is fulfilled. The set hypothesis “Perception of art in hotels enhance their competitiveness” is confirmed on the researched segment and the results develop a platform for future research into the perception of competitiveness of synergy of artistic expression and the contemporary hospitality industry. Given that, with special labelling, marketing recognisability can be achieved, the contribution of further research of competitiveness is reflected in the formation of a special label and standard, as well as the associated requirements.

## **5. CONCLUSION**

This innovative research brings to light new evaluation of importance of art values in tourism and hospitality. There are not many researches focused in role of arts in hospitality competitiveness especially with focus on youth segment. But both the demand and innovative hospitality offer practice tend to form the specially designed accommodation product that puts in focus art and design as a factor of differentiation and attractiveness. Most of the existing studies that explores art in hospitality are parallel exploring various cultural themed accommodation structures and are not dealing with the specific demand preferences and market segment. It is well known that cultural, art heritage attracts people to institutions of art. But what if the art is presented in accommodation facility, would it impact the hotel attractiveness and competitiveness strength? The research, by exploration of youth segment gave the positive answer to this question. The results show that youth population of the European emissive markets recognise culture and art as tourism attractiveness factors and that its material and non-material forms are implemented in the hospitality offer, as elements which have influence on preferences when choosing hotel accommodation. Findings show which form of arts provoke deeper interest and could generate greater demand. Limitation that author met during the research is related with uncertainty of respondents about art theory and concepts when choosing and ranking the categories. After additional explanation the respondents could give clear statements which implicate, that, the demand and preferences for art experiences are present

but could not be well articulated. That implicate that the potential and need for formal education related with culture and art is present. The obtained results present a platform for further research including presentation and art communication through innovative technologies as respondents could perceive and see art via internet and mobile platforms, virtual museums, social networks and other means of cultural and art aware social environment including hotels as hospitality institutions. But the first prerequisite for achieving full competitiveness is to achieve health security that influence relaxed behaviour of tourists and enjoyment of the hotel facilities and attractions. Tourism and hospitality in times of health threat (Covid 19 pandemic) have some other postulates of organization and functioning that in the long run can affect the overall picture of the competitiveness of the hotel industry, including art inspired hotels. That present in one hand another limitation of the study and in another one the platform for new research and study. Youth segment present propulsive consumers' group whose behavior is in continuous change and easily adopt to new situation, procedures and innovations. Young people recognize the power of technologies and their impact on turbulent changes in hospitality business. They seek new experiences and affirmation of their lifestyle that leads to self-esteem and perception. Innovative hotel product and its marketing should comprise the elements that meet the needs of the tourists of the future: technology and specifics of selected niche i.e. culture and art. Although with limited budget at present stage of life, their interest towards hotels that implement art in accommodation product is real. Hotels that recognize that interest, create product and services in accordance with it. They strategically communicate with youth market segment and develop recognition and loyalty that could be capitalized in the future.

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## **EFFECT OF VISUAL MERCHANDISING ON CROATIAN CONSUMER IMPULSE BUYING BEHAVIOUR – SEM APPROACH**

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### **ABSTRACT**

*This paper aims to investigate the relationship between impulsive buying behaviour by Croatian consumers and visual merchandising. Based on previous research, the relationship between the four external elements of visual merchandising (window display, in-store form display, floor merchandising, and promotional signage) and impulse buying will be researched. For empirical research, the conceptual model was made, and hypotheses have been formed. The structural equation modeling method using the SPSS AMOS 26 software package was used to test the models and hypotheses. During the survey period, two hundred forty-five (245) questionnaires were collected. Results of empirical research show no statistically significant correlation between store form and floor merchandising as elements of visual merchandising and consumers' impulsive buying behaviour. While on the other side, window display and promotional signage have a significant correlation with consumers' impulsive buying behaviour. Research findings can contribute to Croatian retailers by setting more effective selling and promotion strategies.*

**Keywords:** consumers, retailers, visual merchandising, impulse buying behaviour

### **1. INTRODUCTION**

Any situation in which the consumer experiences some unexpected incentive to make a purchase at a given time, i.e., without any delay or assessment is considered an impulsive purchase (Moayery et al., 2014) It is this sudden incentive to buy a particular product or service that can cause a state of psychological imbalance in consumers (Rook & Hoch, 1985). Different authors define the concept of impulsive buying in different ways. Still, most of them agree that impulsive buying is a type of buying behaviour caused by spontaneity and unplanned and sudden desire to buy a product or service (Mihic & Kursan, 2010). Also, impulsive buying is considered a spontaneous purchase in which there is no intention to buy a specific product or service, and spontaneity is regarded as one of the main characteristics of impulsive consumers. Since consumers do not actively look for a particular product or service during impulsive shopping, the visual external but also the internal appearance of the store can significantly influence their behaviour and encourage them to make unplanned purchases (Thomas et al., 2018). According to Mehta & Chugan (2013), impulsive buying is done without excessive thinking, based on a spontaneous, very intense incentive to buy. When it comes to the consequences of a purchase, it is considered that impulsive customers will pay much less

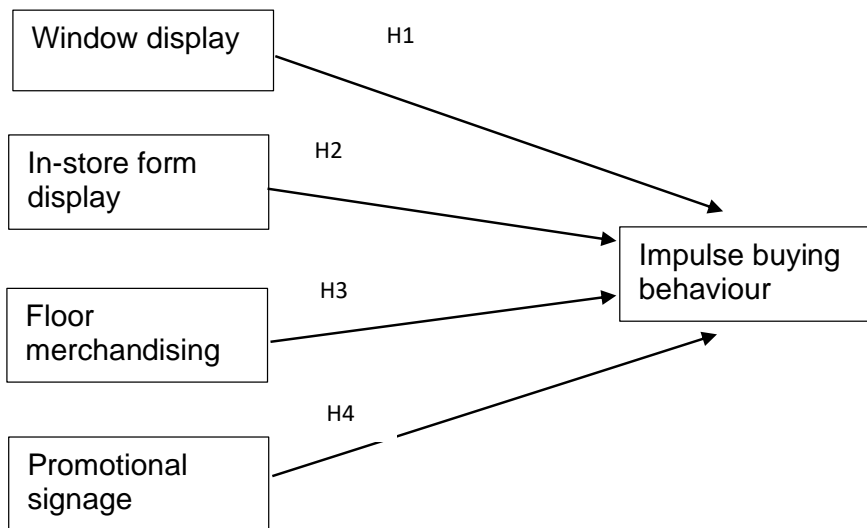
attention to the implications of purchase compared to other consumers (Mehta & Chugan, 2013). Likewise, what can encourage consumers to engage in impulsive behaviour when buying may be new products or products with a reasonably low price (Tinne, 2011), but also various stimuli that encourage impulsive buying (Youn & Faber, 2000). Impulsive buying is a form of behaviour that is very interesting to stores, and as such, they try to encourage it. The subject of this paper is to investigate the relationship between certain external factors of visual merchandising (window display, in-store form display, floor merchandising, and promotional signage) and impulsive buying behaviour. The research results will contribute to new insights in the field of customers' behaviour in terms of decision-making based on the impulses they receive within the store. Stores the results will be interesting in terms of the guidelines related to the organization of their retail space. The paper consists of five parts. After the introductory section, an overview of previous research is given, and hypotheses are formed. The third part presents the applied methodology, and the fourth the research results. Concluding remarks, limitations, and recommendations for further research are presented in the final part of the paper.

## **2. LITERATURE OVERVIEW AND HYPOTHESES DEVELOPMENT**

When it comes to impulsive buying, authors Rook & Hoch (1985) claim that most consumers have experienced impulsive buying at least once in their lives. Some previous research has shown that many consumers do not consider impulsive buying wrong, so it stands out as a way of entertainment, but also the fulfilment of personal satisfaction (Hausman, 2000). Consumer mood can also influence impulsive buying behaviour, so according to Rook and Gardner, (1993), 85% of respondents confirmed that positive mood effects on impulsive buying something. Also, younger people (up to 29 years old) have a greater tendency to buy impulsively than older people, as well as students (Mihic & Kursan, 2010) and women (Kraljević et al., 2016), (Slišković et al., 2014), (Anić, Piri Rajh & Rajh, 2010). While on the other side, research conducted by Bratko et al., (2007) showed that gender and property status do not significantly impact impulsive consumers' behaviour when buying. A study conducted by Anić et al., (2016) indicates that people with higher incomes tend to buy impulsively, while impulsive buying is not affected by the store atmosphere, products, and services assortment and staff courtesy. According to research conducted by Badgaiyan and Verma, (2015), promotional activities, store environment, and friendly store employees positively impact impulsive buying, while background music has no impact on consumers' impulsive behaviour. Mehta and Chugan, (2013) research found a connection between window display, in-store form/mannequin display, floor merchandising, and promotional signage as elements of visual merchandising and impulsive buying. Furthermore, in his research Kim, (2003) finds that window display and floor merchandising have no impact on consumers' impulsive buying while on the other side in-store form/mannequin display and promotional signage positively correlated with customers' impulsive buying behaviour. Also, a review of previous research found that people are more prone to impulsive buying when they see discount signs for product or services (Saini, Gupta, Khurana, 2015), (Tinne, 2011) and that the store form/mannequin display is of great importance because they grab customer attention. (Randhawa, Saluja, 2017). Based on a review of previous research, a conceptual model of this research has been developed. (Figure 1). The model measures the relationship between external factors of visual merchandising (window display, in-store form display, floor merchandising, and promotional signage) and impulsive buying.

*Figure following on the next page*

Figure 1: Conceptual model



Source: The authors

### 2.1. The influence of window display on consumers' impulsive buying behaviour

Windows display can serve as a place for displaying style, store content (assortments), and prices. The primary purpose is to influence the customer in a very short time and encourage him to enter the store and look at the goods. (Madhavi, Leelavati, 2013). In his research, Kim (2003) finds that the window display does not affect consumer impulse buying behaviour. While on the other hand, according to Mehta and Chugan (2014), Karbasivar and Yarahmadi (2011), Tinne (2011) and Saini et al. (2015) the window display has a significant impact on impulsive buying, and should be designed in an attractive way to capture the attention of consumers. The window display is the first thing that consumers notice before entering the store, i.e., it represents the first point of contact store with customers. As such, it is considered an extremely important factor influencing the purchase (Mehta and Chugan, 2013). Based on previous research, hypothesis H1 was formed.

*H1: There is a significant positive relationship between windows display and impulsive consumers' buying behaviour.*

### 2.2. The influence of in-store form display on consumers' impulsive buying behaviour

The fact is that a large number of customers, when going to the store, first notice the goods on in-store form display (mannequin), such clothes display help consumers to create a perception of how a particular item of clothing will look on them (Randhawa, Saluja, 2017). In their research, Kim (2003), Saini, et al. (2015) and Bashar and Ahmad, (2012) argue that exhibited goods on in-store form display significantly affect impulsive buying. But on the other hand, according to the results of research, Mehta and Chugan, (2013) claim the exact opposite that in-store form display does not affect the customers' impulsive buying behaviour. Based on previous research, hypothesis H2 was formed.

*H2: There is a significant positive relationship between in-store form display and consumer's impulsive buying behaviour.*

### 2.3. The influence of floor merchandising on consumers' impulsive buying behaviour

Floor merchandising plays a vital role in attracting customers to the store, and it can significantly contribute to increasing the time consumers spend in the store and thus can increase the number of goods or services they buy (Banat, Wandebori, 2012) The appearance

of the goods on the store shelves is an essential factor influencing the purchase decision. When making a purchase, customers reject products that are cluttered and cluttered on the shelves (Randhwa, Saluja, 2017). Kim, (2003) and Moayery et al., (2014) finds that the floor merchandising does not affect impulsive buying while on the other side, Thomas et al., (2018) and Widyastuti, (2018) finds that the floor merchandising affects customers' impulsive behaviour in buying. According to previous research, hypothesis H3 was formed.

*H3: There is a significant positive relationship between floor merchandising and consumer's impulsive buying behaviour*

#### **2.4. The influence of promotional signage on consumers' impulsive buying behaviour**

Promotional signs, i.e., notices and discounts, have a significant impact on impulsive buying behaviour, especially among the female population (Randhawa, Saluja, 2017). Previous research has shown that promotional signs have a substantial impact on consumers' impulsive buying behaviour (Kim, 2003), (Saini et al., 2015), (Bashar, Ahmad, 2012) In the same time they have to be clear and precise, so as not to cause certain difficulties for customers, nor to require help from the sellers (Mehta and Chugan, 2013). Tinne (2011), in his research, found that consumers tend to buy products that have a discount label, or sale sign. Based on previous research, hypothesis H4 was formed.

*H4: There is a significant positive relationship between promotional signage and consumers' impulsive buying behaviour*

### **3. RESEARCH METHODOLOGY**

#### **3.1. Scale development**

The primary goal of conducting this research is to examine the correlation between external factors of visual merchandising (window display, in-store form display, floor merchandising, and promotional signage) and consumers' impulsive buying behaviour. A 5-point ordinal scale ranging from 1 = strongly disagree to 5 = strongly agree, was used to measure the variables from the model. Tables 1 and 2 show the measuring scale and sources. After the analysis, the range was corrected to make the model more representative.

*Table 1: Sources – measuring scales*

<b>Construct</b>	<b>Source</b>	<b><i>The initial number of items</i></b>	<b><i>The final number of items</i></b>
Window display	Kim (2003)	3	3
In-store form display	Kim, (2003); Rook & Fisher (1995)	4	4
Floor merchandising	Kim, (2003); Rook & Fisher, (1995)	3	2
Promotional signage	Kim, (2003); Youn & Faber, (2000); Weun et al., (1997)	4	4
Impulse buying behaviour	Kim, (2003); Youn & Faber, (2000); Weun et al. (1997)	5	4

*Source: The authors*

Table 2: Original measurement items

<i>Construct</i>	<i>Measurement items</i>	
Window display	WD1	I tend to enter a store when an eye-catching window display attracts me.
	WD2	I feel compelled to enter the store when I see an interesting window display.
	WD3	I tend to choose which store to shop in, depending on eye-catching window displays.
In-store form display	IN1	I get an idea of what I want to buy after looking through in-store form/mannequin displays.
	IN2	When I see clothing featuring a new style or design on display, I tend to buy it.
	IN3	When I see clothing that I like on in-store form/mannequin display, I tend to buy it.
	IN4	I tend to rely on store displays when I decide to purchase clothing.
Floor merchandising	FL1	When I see clothing that catches my eye, I tend to try it on without looking through the whole section.
	FL2	When I walk along the aisle, I tend to look through the clothing close to me.
	FL3*	<b>I tend to try on clothing my eye when I pass by.</b>
Promotional signage	PR1	If I see an attractive promotional offer (reduced price, sales promotion, etc.) on in-store signs, I tend to buy.
	PR2	Sale/clearance signs entice me to look through the clothing.
	PR3	When I see a special promotion sign, I go to look at that clothing.
	PR4	I am more likely to make an unintended purchase if the clothing has a sale or clearance sign.
Impulse buying behaviour	IM1	I go shopping to change my mood.
	IM2	I feel a sense of excitement when I make an impulse purchase.
	IM3*	<b>After I make an impulse purchase, I feel regret.</b>
	IM4	I have difficulty controlling my urge to buy when I see a good offer.
	IM5	When I see a good deal, I tend to buy more than I intended to buy.

*\*Problematic items excluded from further analysis (low factor loading and not adequate model fit).*

*Source: The authors*



### 3.2. Data collection and participants

The research was conducted by a survey questionnaire available via social networks (Facebook). Two hundred and forty-five (245) duly completed questionnaires were collected, 208 females (84,1%), and 39 males (15,9%). The results of descriptive statistics for demographics are shown in Table 3.

*Table 3: Descriptive Statistics for Demographics (n=245)*

		<i>Frequency</i>	<i>%</i>
Gender	Male	39	15,9
	Female	206	84,1
Age	Less than 18	3	1,2
	18-24	46	18,8
	25-34	64	26,1
	35-44	100	40,8
	More than 45	32	13,1
Job-status/School classification	High school	4	1,6
	Student	31	12,7
	Employed	188	76,7
	Unemployed	20	8,2
	Retired	2	0,8

*Source: The authors*

## 4. DATA ANALYSIS

To determine the factor structure, an exploratory factor analysis (EFA) was performed using the statistical software package SPSS 23. A confirmatory factor analysis (CFA) was performed to verify the measuring instrument's reliability and validity. Hypothesis testing was performed using the SPSS AMOS 26 software package.

### 4.1. Internal reliability of the construct

The measuring construct's internal consistency and reliability were measured by determining the reliability coefficient (Cronbach's alpha) whose values for each of the variables in the measuring instrument are higher than the reference value (0.7). The measured values are shown in Table 4.

*Table following on the next page*

*Table 4: Internal reliability and convergent validity*

Construct	Item	Internal reliability			Convergent validity		Mean	SD
		Cronbach's alpha	Item-total correlation	Factor loading	Composite reliability	AVE		
Window display	WD1	0,857	0,760	0,867	0,866	0,587	3,122	1,334
	WD2		0,809	0,914			2,751	1,348
	WD3		0,630	0,690			2,563	1,287
In-store form display	IN1	0,867	0,645	0,709	0,875	0,639	2,898	1,306
	IN2		0,768	0,849			2,028	1,037
	IN3		0,686	0,762			2,310	1,153
	IN4		0,795	0,868			2,098	1,140
Floor merchandising	FL1	0,747	0,598	0,663	0,765	0,625	3,151	1,335
	FL2		0,598	0,901			3,551	1,255
Promotional signage	PR1	0,866	0,669	0,726	0,870	0,627	3,493	1,186
	PR2		0,772	0,853			4,020	1,061
	PR3		0,743	0,835			3,734	1,173
	PR4		0,690	0,747			3,629	1,215
Impulse buying behaviour	IM1	0,804	0,606	0,679	0,803	0,506	2,738	1,269
	IM2		0,626	0,702			3,171	1,278
	IM4		0,625	0,742			2,946	1,403
	IM5		0,618	0,721			3,408	1,338

*Source: The authors*

In order to determine the suitability of the data for the implementation of the factor analysis, the Kaiser-Meyer-Olkin measure for all variables and the Bartlett-of test were performed. Both tests show satisfactory values (KMO = 0.861,  $p = 0.000 < 0.05$ ). Values less than 0.05 indicate that the data are not suitable for performing factor analysis. (Hair et al., 2006), (Yong and Pearce, 2013) Exploratory factor analysis was performed on 19 items in the measuring instrument. During the analysis, one item of the variable impulse buying behaviour and one item of the Floor merchandising due to low factor load were omitted from further analysis. The repeated analysis identified five factors with eigenvalues above 1 and factor loads above 0.5. The selected five factors explain 73.117% of the total variance. The results of the factor analysis and the isolated factors are shown in Figures 2 and 3.

*Figure following on the next page*

Figure 2: Factor analysis

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6,368	37,458	37,458	6,368	37,458	37,458	3,092	18,190	18,190
2	2,190	12,881	50,338	2,190	12,881	50,338	2,965	17,441	35,632
3	1,458	8,578	58,916	1,458	8,578	58,916	2,537	14,924	50,556
4	1,358	7,991	66,907	1,358	7,991	66,907	2,206	12,976	63,532
5	1,056	6,210	73,117	1,056	6,210	73,117	1,629	9,585	73,117
6	,709	4,173	77,290						
7	,580	3,409	80,699						
8	,536	3,155	83,855						
9	,429	2,525	86,379						
10	,393	2,312	88,691						
11	,362	2,129	90,820						
12	,328	1,928	92,748						
13	,317	1,865	94,613						
14	,294	1,729	96,341						
15	,243	1,429	97,770						
16	,203	1,194	98,964						
17	,176	1,036	100,000						

Extraction Method: Principal Component Analysis.

Figure 3: Factors after Varimax rotation

Rotated Component Matrix <sup>a</sup>					
	Component				
	1	2	3	4	5
IM1			,767		
IM2			,746		
IM4			,704		
IM5			,698		
WD1				,837	
WD2				,843	
WD3	,408			,622	
IN1	,712				
IN3	,775				
IN2	,816				
IN4	,877				
FL1					,880
FL3					,861
PR1		,737			
PR2		,867			
PR3		,833			
PR4		,780			

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
a. Rotation converged in 6 iterations.

#### 4.2. Confirmatory factor analysis (CFA)

To determine whether the questionnaire measures what it should measure with the help of confirmatory analysis, the measurement construct's convergent and discriminant validity was checked. By measuring the convergent validity, the degree of correlation between the measures

in the same construct is determined. It is presented using a composite reliability coefficient (CR) whose value should be higher than 0.6 and average variance extracted (AVE) whose value should be higher than 0.5 (Ahmed et al., 2016). The values shown in Table 4 indicate good convergent validity of the measuring instrument. Discriminant validity determines whether the variables within a measuring instrument (construct) are related or their correlation. For the measurement construct to be valid, it is necessary that the variables are not too related or that their correlations are weak. Table 5 shows that the  $\sqrt{AVE}$  most substantial value for each variable is in the vertical and horizontal directions, while the correlation between the variables is less than 0.85, which is considered good discriminant validity (Tuzunkan, Altintas, 2019).

*Table 5: Discriminant Validity*

	Window display	In-store display	Floor merchandising	Promotional signage	Impulse buying behaviour
Window display	<b>0,828</b>				
In-store display	0,608	<b>0,935</b>			
Floor merchandising	0,245	0,255	<b>0,874</b>		
Promotional signage	0,418	0,345	0,286	<b>0,932</b>	
Impulse buying behaviour	0,606	0,510	0,293	0,620	<b>0,896</b>

*Source: The authors*

#### 4.3. Model verification using the structural equation modeling method - SME

In order to determine the suitability of the conceptual model, and the analysis of correlations between variables (factors), the structural equation modeling method was applied. Model testing and hypothesis testing were performed using the SPSS AMOS 26 software package. The suitability of the model was examined by determining model goodness-of-fit, which is shown through the values: GFI, AGFI, IFI, TLI, NFI, CFI, RMSEA, and SRMR. The measured values from Table 6 show a good model fit. A graphical representation of the structural model and the relationships between the factors is shown in Figure 4.

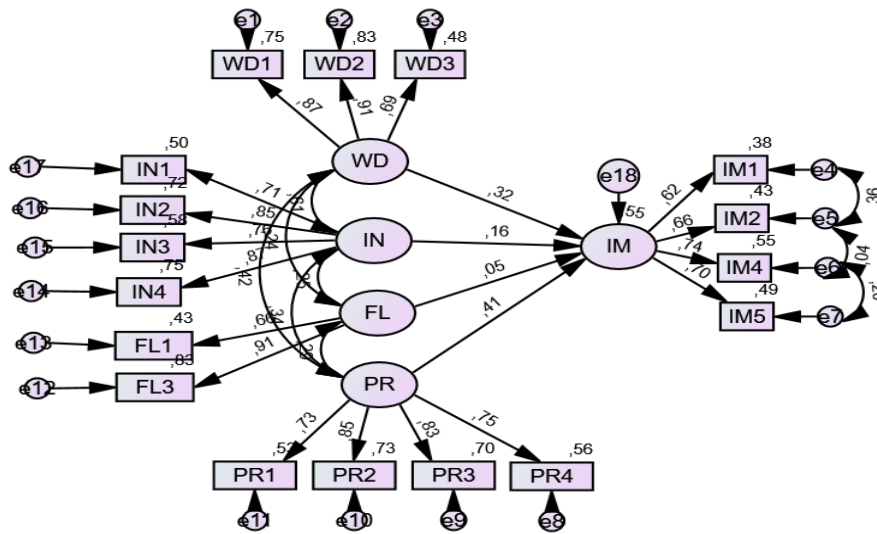
*Table 6: Fit indices*

Fit index	Model	Recommended value	Source
Chi-square	192,431; 106, p<.0,001		
$\chi^2/df$	1,818	< 5	Park & Kim, (2014)
GFI	0,911	>0,8	Halmi, (2016, p.175)
AGFI	0,872	>0,8	Halmi, (2016, p.175)
IFI	0,959	>0,9	Park & Kim, (2014)
TLI	0,947	>0,9	Kim & Han, (2014)
NFI	0,914	>0,9	Park & Kim, (2014)
CFI	0,959	>0,9	Hu & Bentler, 1999)
RMSEA	0,058	0,03 to 0,08	Hair et al., (2014, p.579)
SRMR	0,047	<0,08	Hair et al., (2014, p.579)

*Source: The authors*

*Figure following on the next page*

Figure 4: Structural model for customers' impulse buying behaviour



Source: The authors

#### 4.4. Hypothesis tests

The results of hypothesis testing are shown in Table 8. According to the results hypothesis, H1 was supported, a significant positive correlation was found between windows display and consumers' impulsive buying behaviour ( $\beta = 0.325$ ,  $CR = 3.503$ ,  $p < 0.001$ ). Hypothesis H2 was not confirmed. It was found that a statistically significant correlation between the in-store display and consumers' impulsive buying behaviour not exist. ( $\beta = 0.156$ ,  $CR = 1.814$ ,  $p > 0.05$ ). Hypothesis H3 was also not confirmed; no statistically significant correlation was found between floor merchandising and consumers' impulsive buying behaviour. ( $\beta = 0.055$ ,  $CR = 0.784$ ,  $p > 0.05$ ). Hypothesis H4 was confirmed, a significant positive correlation between promotional signs and consumers' impulsive buying behaviour was found. ( $\beta = 0.414$ ,  $CR = 4.822$ ,  $p < 0.001$ ). A structured model with the results of hypothesis testing is shown in Figure 5 and Table 7.

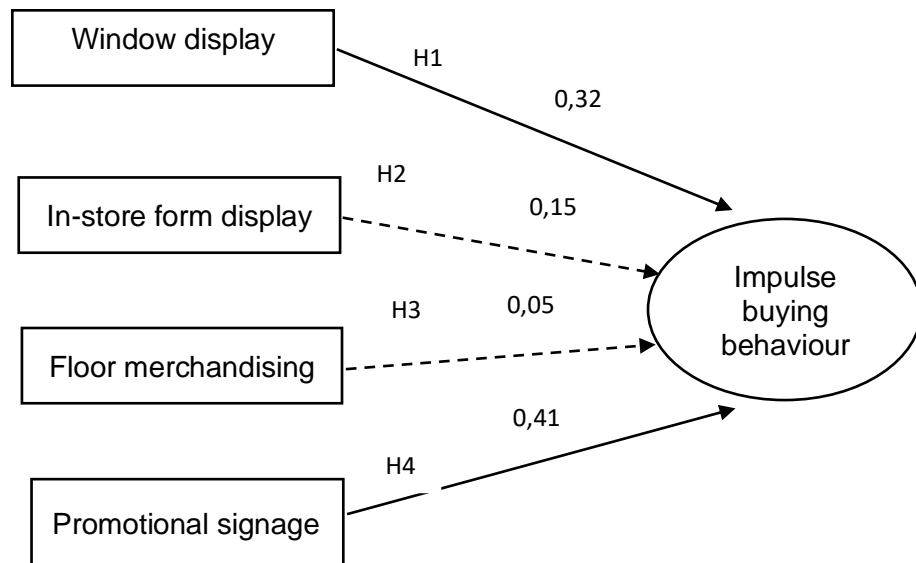
Table 7: Summary of the hypothesis testing results

Hypothesis	Independent variable	Dependent variable	Standard estimate	CR	P-value	(Not)supported
H1 (+)	WD	IM	0,325	3,503	***	Supported
H2 (+)	IN	IM	0,156	1,814	0,070	Not supported
H3 (+)	FL	IM	0,055	0,784	0,433	Not supported
H4 (+)	PR	IM	0,414	4,822	***	Supported

WD - Window display; IN – In-store form display; FL – Floor merchandising; PR – Promotional signage; IM- Impulse buying behaviour  
\*\*\* $p < 0,001$

Figure following on the next page

Figure 5: Results of a hypothesis test



The representativeness of the structural model was checked using the coefficient of determination  $R^2$  whose value ranges from 0 to 1; the model is more representative the closer the ratio is to 1. (Biljan-August et al., 2009) The value shows that 50.2% of the consumers' impulsive buying behaviour variance is explained by the influence of independent variables (window display, in-store form display, floor merchandising and promotional signage). (Table 8)

Table 8: Squared multiple correlations of the proposed research model

Construct	Values %
Impulse buying behaviour	54,9 (0,549)

Source: The authors

## 5. DISCUSSION, IMPLICATIONS, AND LIMITATIONS

The aim of this research is to find the relationship between external elements of visual merchandising (window display, in-store form display, floor merchandising, and promotional signage) and consumers' impulsive buying behaviour. The research results show a positive correlation between a window display and consumers' impulse buying. Respondents are neutral about the role of shop windows as a factor of attracting into the store, and they do not consider it crucial to buy (the mean of the response ranges from 2.75 to 3.12 on a scale of 1 to 5). A statistically significant positive correlation between in-store form display and impulsive buying has not been proven. Respondents do not consider the in-store exhibited goods to be an important factor influencing their purchase (mean response ranging from 2.02 to 2.89). According to the survey results, floor merchandising is also not positively associated with customers' impulse buying behaviour (mean ranging from 3.15 to 3.55). Furthermore, the results of the research indicate the existence of a significant positive correlation between promotional signs and customers' impulsive buying. Respondents consider promotional signs and messages important when making a purchase decision, especially discounts notices or notice of sale (mean ranges from 3.49 to 4.02). In addition to contributing to new scientific knowledge, this research's results can be interesting and useful to marketing and sales professionals, especially from the retail sector, when creating their marketing and sales strategies.

The main limitations of the research related to the representativeness of the sample. The survey questionnaire was available exclusively through the social network Facebook, which covered only a part of the population that could not be considered representative. In further research, it is necessary to improve the representativeness of the sample and to include demographic factors in the model.

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## THE IMPACT OF FISCAL AUTONOMY ON REGIONAL DEVELOPMENT IN THE REPUBLIC OF CROATIA

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### **ABSTRACT**

*Fiscal autonomy as the ability of a local jurisdiction to generate sufficient public revenues from the local economy and independently determine how they will be spent, has become an increasingly frequent subject of discussion within national economies. However, the question arises as to the extent to which local government units in the Republic of Croatia have fiscal, i.e. tax autonomy. Previous research has shown that Croatian cities have a relatively low level of tax autonomy and only a limited number of cities can provide the current level of services to residents and entrepreneurs and manage their development without assistance from the government. This has enhanced their financial and political dependence on the state. Cities are the main drivers of development in counties and regions in the Republic of Croatia and thus the entire country. The Republic of Croatia is currently using the fiscal equalisation mechanism to help municipalities, cities, and counties. In 2020, out of 428 municipalities, 82 have not received fiscal equalisation payments. During the same period, 40 cities (out of 128) and 5 counties (out of 20) have also not received fiscal equalisation payments, as they ranked above average based on the calculation of the composite development index. The question is whether the state can further accelerate the growth and development of local and regional units with below average development level by a selective approach to increasing fiscal autonomy. Although the introduction of such a system, with local units that would implement it and systematically reduce the tax burden, would reduce their revenues in the short term, it would increase their taxpayer base by increasing their competitiveness and attracting labour (domestic and foreign), and create the conditions for more sustainable growth over the long term.*

**Keywords:** *Cities, Development, Fiscal Autonomy, Growth, Tax Autonomy*

### **1. INTRODUCTION**

There is a trend throughout the European Union towards the transfer of power from a central government to sub-central government levels with the aim of reducing disparities in the levels of regional development. This trend is also present in the Republic of Croatia (hereinafter also referred to as the Croatia). Experience has shown that local and regional development policies can be implemented more effectively at sub-central government levels.

Normative theories of public finance argue that the efficient allocation of resources requires hierarchical mechanisms where some powers are held by the central government, while others are transferred to sub-central levels. This is known in modern theories as decentralisation or fiscal decentralisation. The essence of fiscal decentralisation is that local government's spending should be financed mainly from its own sources of revenue. Moreover, the central government should give sub-central governments the freedom to collect and control their own revenues, primarily as regards determining the tax rate and/or tax base and developing their own ways of collecting revenues. In this context, the terms fiscal decentralisation and fiscal autonomy are often used interchangeably<sup>1</sup>. Fiscal autonomy is part of the institutional arrangement, such as responsibility and revenue assignment, in which different levels of government participate. A common way of comparing and assessing fiscal autonomy is the extent to which resources and responsibilities are under the control of local and regional levels of government. The indicators of tax and expenditures of sub-central levels of government or "decentralisation ratios" can greatly help in assessing fiscal decentralisation and provide insight into the fiscal autonomy of sub-central government levels. In addition to having a certain level of autonomy, local and regional public administration bodies play an important role in local and regional development. The main goal of this paper is to analyse the level and determinants of fiscal, i.e. tax autonomy of regional governments in the Republic of Croatia. To achieve that goal, the paper analyses the relationship between the degree of fiscal autonomy and level of regional development considering existing regional development indices for the Republic of Croatia.

## **2. SUB-CENTRAL GOVERNMENT FISCAL AUTONOMY**

Despite the fact that few theorists and practitioners have explored the issue of financial autonomy in the public sector and the fact that there is no generally accepted definition of this concept, the following text contains an overview of the interpretations of several scholars and theorists. However, before presenting them, it is necessary to clarify the concepts that preceded fiscal autonomy, primarily the concept of fiscal federalism. Fiscal federalism is concerned with fiscal relations between the central and sub-central (local/regional) levels of government in terms of the distribution of powers over public revenue and expenditure, and the freedom of sub-central authorities to decide on tax revenue collection and expenditures. The underlying assumption of the theory of fiscal federalism is that the goal of decision-makers at all levels of government is to increase the well-being of the population. Lately, fiscal federalism has been increasingly identified with fiscal decentralisation. There are different definitions of decentralisation. According to Krtalić and Gasparini (2007), decentralisation means the transfer of authority and responsibility for performing public duties from a central government to sub-central government levels, independent organisations or the private sector. One must bear in mind that the transfer of responsibility cannot be made without resources. Thus, there is a need for greater autonomy of sub-central levels of government in making crucial decisions, which includes greater fiscal, i.e. tax autonomy. Moreover, the traditional theory of fiscal federalism proposes that the decentralisation of fiscal powers benefits citizens because it enables better tailoring of the provision of goods and services, ensures better balance in terms of expenditures, local needs, and preferences. In addition, it promotes the development of more efficient and growth-oriented economic and fiscal policies. Psycharis, Zoi, Iliopoulou (2015) note that according to Tatsos (1999), when local authorities provide for their expenditures mainly from their own revenues, such as local taxes, fees and local property revenues, they are more fiscally independent, and consequently can make long-term plans and improve the accountability of local government.

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<sup>1</sup> According to Psycharis, Zoi & Iliopoulou (2015) the term "autonomy" embodies the freedom of local government to perform duties within its jurisdiction.

According to Petkovska (2011), fiscal autonomy refers to the ability of institutions to independently manage financial affairs within their jurisdiction, without any external influence. Boyne (1996) defines local government fiscal autonomy as the discretion of the local level of government to innovate, experiment, and develop policies that can vary by jurisdiction. Furthermore, he points out that the central government should encourage local authorities to compete with each other in terms of service quantity and quality. Local autonomy can also be defined as the freedom of local governments to create and execute local policies, with the aim of improving the well-being of citizens (Wolman and Goldsmith, 1990). According to Chapman (1999), fiscal autonomy refers to the ability of local governments to bring in sufficient revenue from local economic activities and determine how that revenue will be spent. In addition, the author emphasises the importance of local government autonomy in fulfilling three key roles of local government: a) a value maximiser; b) an institution that potentially allows citizens to reveal their preferences for public expenditure management; and c) a competitor with other local units so that efficiency conditions are satisfied. Kirilin (1996) states that a function of local government is to make decisions that add value to place for each jurisdiction. However, for local governments to be able to make these decisions, they must have the political and fiscal autonomy to allow them to differentiate themselves from other jurisdictions and maximise their value. Greater freedom of local units allows them to be more creative and experiment with different policies, which in turn facilitates the overall development of the country. This also allows them to compete against each other in attracting people and investments, which can in turn reduce regional disparities, with less help from the central government. Finally, each local unit can, within the prescribed freedoms, choose different tax policies to improve the collection of public revenues.

### **3. METHODOLOGY AND DATA**

To achieve the objective of this paper, the authors have analysed the level and determinants of fiscal, i.e. tax autonomy of regional governments in the Republic of Croatia. In this context, the counties of the Republic of Croatia were observed as regions and thus the country was divided into 21 regions (20 counties and the City of Zagreb). The data required for the analysis were collected from various sources, primarily from secondary data sources available from the databases of the Ministry of Finance and Croatian Bureau of Statistics. In their analysis, the authors have considered a number of acts that regulate the functioning of local and regional self-government, and are necessary when determining the weight for the purpose of calculating the regional tax autonomy index. Considering that in the Republic of Croatia the level of development of regions is expressed as an index of development and bearing in mind the subject of this paper, the data available from the website of the Ministry of Regional Development and European Union funds were used. Tax revenues are the main and most important revenue of regional and local government units. This is best illustrated by the fact that in 2018 they amounted to HRK 15.4 billion and accounted for 55% of total local and regional government revenues and receipts. As shown in Table 1, there are significant disparities between government units (20 counties and the City of Zagreb<sup>2</sup>). Despite the fact that county tax revenues also include tax revenues of all municipalities and cities in the county, the City of Zagreb brought in the highest revenue of HRK 5.4 billion, which accounts for 35% of total tax revenues. Split-Dalmatia County (HRK 1.4 billion), Primorje-Gorski Kotar County (HRK 1.1 billion) and Zagreb County (HRK 1 billion) are among the top counties with the largest tax revenue. In the same period, Lika-Senj County and its local units generated only HRK 154 million in tax revenues.

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<sup>2</sup> In this paper, the City of Zagreb is considered as a separate region due to its special status under Croatian law.

*Table 1: An overview of tax revenues by Croatian regions*

County/Region	Tax revenues (county, cities and municipalities) - in thousand HRK			Number of inhabitants – Croatian Bureau of Statistics estimate	Tax revenue per capita
	2016	2017	2018	2018	2018
The City of Zagreb	4,825,406	4,592,510	5,394,842	806	6,691
Istra	727,681	726,415	819,158	209	3,919
Primorje-Gorski Kotar	983,308	943,085	1,087,453	283	3,837
Dubrovnik-Neretva	349,723	334,199	448,839	121	3,696
Lika-Senj	91,515	90,183	153,832	45	3,431
Šibenik-Knin	213,023	203,704	329,344	100	3,306
Zagreb	838,735	793,177	998,773	309	3,229
Zadar	392,356	389,787	537,472	168	3,199
Split-Dalmatia	1,066,699	1,071,399	1,423,464	448	3,179
Požega-Slavonia	85,148	77,626	194,397	67	2,900
Varaždin	327,586	317,618	471,886	167	2,831
Karlovac	265,954	251,835	326,995	116	2,815
Osijek-Baranja	487,630	457,953	767,698	275	2,791
Vukovar-Srijem	167,135	144,495	420,425	152	2,757
Sisak-Moslavina	238,079	218,308	403,437	147	2,740
Bjelovar-Bilogora	155,097	140,566	278,757	107	2,601
Brod-Posavina	176,771	151,922	354,394	139	2,553
Koprivnica-Križevci	162,751	158,118	271,628	107	2,537
Virovitica-Podravina	78,907	73,807	183,449	75	2,462
Međimurje	178,872	179,949	265,607	110	2,425
Krapina-Zagorje	226,965	214,051	288,833	125	2,315
Total	12,039,342	11,530,704	15,420,682	4,076	3,783

*Source: Ministry of Finance and Croatian Bureau of Statistics*

The results are the same when we compare regional units according to their tax revenue per capita<sup>3</sup>. In 2018, the average tax revenue per capita for the country as a whole amounted to HRK 3,783, while it was HRK 6,691 for the City of Zagreb. It is important to note that, in addition to the City of Zagreb and Zagreb County, all Croatian coastal counties are ranked at the top in this category. Virovitica-Podravina, Međimurje and Krapina-Zagorje counties ranked at the bottom of the list, with less than HRK 2,500 per capita. As tax revenues are non-assigned revenues, areas that bring in high revenues from this source can allocate more funds to education, health care, culture, or sports for example, or use them to stimulate economy, subsidise various services for the local population or to pay back loans generally used to finance investments. Tax revenues of local and regional units in the Republic of Croatia are divided into four main groups:

- 1) income tax and surtax;
- 2) property tax;
- 3) tax on goods and services; and
- 4) other tax revenues.

<sup>3</sup> Since the last census in the Republic of Croatia was taken in 2011, the estimated number of inhabitants was used, as calculated by the Croatian Bureau of Statistics.

*Table 1: An overview of tax revenues by the level of government that disposes of it*

Tax group	Type of tax	Local unit	Regional unit
Income tax and surtax	Income tax	+	+
	Income surtax	+	-
Property tax	Tax on the use of public land	+	-
	Tax on holiday homes	+	-
	Real estate transfer tax	+	-
	Inheritance and gift tax	-	+
Tax on goods and service	Consumption tax	+	-
	Road motor vehicles tax	-	+
	Vessels tax	-	+
	Tax on slot machines	-	+
Other tax revenues	Other tax revenues	+	+

*Source: Authors' classification based on relevant legislation*

While income tax revenue is shared among local and regional units, revenues from all other taxes are strictly allocated. As shown in Table 2, most taxes on property remain in local units, while the regional level of government is financed from taxes on goods and services. The influence of sub-central governments is very limited when it comes to tax revenues. For most tax revenues shown in Table 2, the government decides what is subject to taxation, the tax base and the tax rate, while sub-central governments have discretion over how they spend their revenues. This raises the question as to the level of autonomy of sub-central governments. According to Jurlina Alibegović (2018), the influence of sub-central authorities, i.e. indicators of tax autonomy, can be classified into several categories:

- 1) no autonomy - weight: 0;
- 2) a minimum level of autonomy;
  - a) Weight: 0,05
  - b) Weight: 0,25;
- 3) a medium level of autonomy - weight: 0.5;
- 4) a relatively high level of autonomy - weight: 0.75; and
- 5) the highest level of autonomy - weight: 1.

If the higher level of authority, in this case the state/the central government, determines the tax base and tax rate without any involvement of sub-central government, then there is no tax autonomy. A minimum level of autonomy exists if sub-central governments are allowed to partially change the tax rate or base (for example, the state/the central government defines the maximum rate of an individual tax, and the rate is determined by sub-central governments), while a medium level of autonomy requires sub-central governments' consent for tax changes. A relatively high level of autonomy allows sub-central governments to independently change the tax base or tax rate, and the highest level of autonomy allows them to independently determine both the tax base and rate. The actual influence of sub-central governments on revenues from individual taxes in the Republic of Croatia is shown in Table 3. Based on the influence, each tax group was assigned an appropriate weight.

*Table following on the next page*

*Table 3: The actual influence of sub-central governments on determining the tax base and rate*

Tax group	Type of tax	Influence on determining the tax base	Influence on determining the tax rate	Weight
Income tax and surtax	Income tax	0%	0%	0.05
	Income surtax	0%	50%	
Property tax	Tax on the use of public land	100%	100%	0.25
	Tax on holiday homes	0%	50%	
	Real estate transfer tax	0%	0%	
	Inheritance and gift tax	0%	0%	
Tax on goods and service	Consumption tax	0%	50%	0.25
	Road motor vehicles tax <sup>4</sup>	0%	0%	
	Vessels tax <sup>5</sup>	0%	0%	
	Tax on slot machines <sup>6</sup>	0%	0%	
Other tax revenues	Other tax revenues	-	-	0.25

*Source: Authors' classification based on relevant legislation*

In the first group, sub-central governments have no influence on income tax; however, they can levy surtax on income and determine its rate. It is important to note that the central government has limited the tax rate to maximum 10% for municipalities (smaller local units), and depending on the size of the city measured by the number of inhabitants, the maximum rates for cities range from 12% to 18% (City of Zagreb). Taking that into account, given that this constitutes a minimum level of autonomy, a weight of 0.05 was assigned to the first group. Local units have the highest level of autonomy when it comes to taxes on the use of public land, while their autonomy in deciding on the tax rate is limited. Since in the second group, sub-central governments do not have any influence over other tax revenues, it was assigned a weight of 0.25. The third group is similar because local units have only partial autonomy in defining the consumption tax rate. The fourth group comprises tax revenues that have a negligible share in total tax revenue (<0.01%). The Regional Tax Autonomy Index in the Republic of Croatia is a weighted index. It is calculated as the share of a particular group of tax revenues in the total tax revenues of all units from a county or the City of Zagreb multiplied by the appropriate weight, which measures the autonomy of regions in terms of tax revenues in the Republic of Croatia, according to the following formula:

$$\text{Regional tax autonomy index} = \text{weight} \times \text{share of tax in the tax revenue of all units in the observed region}$$

Currently, the level of regional development in the Republic of Croatia is represented using the development index, the latest version of which has been in use since 2018 after the Croatian government accepted the Study<sup>7</sup> which had identified inadequacies in the previous model.

<sup>4</sup> A fixed rate charge paid based on the engine power and the vehicle's age (up to 10 years).

<sup>5</sup> A fixed rate charge based on the engine power and the length of vessel (above 5m).

<sup>6</sup> A fixed rate charge based on the number of slot machines.

<sup>7</sup> Full title of the Study: Evaluation of the existing and proposal for a new model for calculation of the index and calculation of the new index of development of local and regional self-government units in the Republic of Croatia, Cler d.o.o., Ekonomski fakultet Sveučilišta u Rijeci.

Cities and municipalities are classified into 8 groups: 4 groups of units ranking below average and 4 groups of units ranking above average. Counties are classified into 4 groups, of which 2 groups ranked below average, and the remaining 2 ranked above average. The City of Zagreb is included in the group of counties. The development index, in accordance with the Regulation on the development index (2017), is calculated on the basis of the following indicators:

- 1) unemployment rate;
- 2) per capita income;
- 3) budget revenues of local or regional self-government units per capita;
- 4) general population trends;
- 5) education level; and
- 6) aging index.

As indicated in the mentioned study, a balanced z-score method is used to calculate the index. The index was developed by Mazziotta and Pareto and is thus referred to as Mazziotta-Pareto index in the academic and professional research. The data come from several sources, most of which are collected by Croatian Bureau of Statistics. In addition, the data from the Ministry of Finance (Tax Administration) and Croatian Employment Service are used. Indicators are calculated based on the data for the three years preceding the evaluation procedure. For the distribution in 2018, the data for the period 2014–2016<sup>8</sup> were used, with the exception of the education rate and aging index for which the data from the last census were used (2011).

#### **4. TAX AUTONOMY OF SUB-CENTRAL GOVERNMENTS IN THE REPUBLIC OF CROATIA**

The tax autonomy of the regions in the Republic of Croatia was calculated based on the presented data and parameters. The City of Zagreb is classified in the category of counties whose development is above average, together with Dubrovnik-Neretva, Istra, Primorje-Gorski Kotar and Zagreb counties. Pursuant to the Act on the Financing of Local and Regional Self-Government Units, local units and counties whose capacity for raising tax revenue is lower than reference value of the capacity for raising tax revenue are entitled to fiscal equalisation grants. Fiscal equalisation should accelerate the development of less developed units. In addition to tax revenue per capita, Table 4 shows the total share in fiscal equalisation grants of all units in a region. The largest share of fiscal equalisation grants, which at the level of the Republic of Croatia amounts to 17% of the total amount of raised income tax, is allocated to Vukovar-Srijem (12.1%) and Osijek-Baranja counties (11.9%). The City of Zagreb is the only region that has not received any fiscal equalisation payments<sup>9</sup>. As evident from Table 4, which also shows the degree of tax autonomy of 21 regions in the Republic of Croatia, Zadar County has the highest level of autonomy, followed by Croatian coastal counties. Higher tax revenue from property tax and tax on goods and services has increased the index. Unfortunately, it is obvious that, overall, the level of tax autonomy is very low, ranging from 5.9 to 10.6 (out of 100).

*Table following on the next page*

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<sup>8</sup> The value of the development index and indicators for the calculation of the development index, available at: <https://razvoj.gov.hr/o-ministarstvu/djelokrug-1939/regionalni-razvoj/indeks-razvijenosti/vrijednosti-indeksa-razvijenosti-i-pokazatelja-za-izracun-indeksa-razvijenosti-2018/3740> (retrieved on: 09.08.2020).

<sup>9</sup> In total, 82 municipalities, 40 cities and 5 counties have not received fiscal equalisation payments.

Table 2: Comparison of key indicators of regional development in the Republic of Croatia

County/region	Tax revenue per capita	Share in fiscal equalisation	Development index	Degree of tax autonomy
ZADAR	3,199	4.07%	104.654	10.56
ŠIBENIK-KNIN	3,306	3.95%	97.041	10.29
ISTRA	3,919	0.24%	108.970	10.09
LIKA-SENJ	3,431	2.63%	92.387	9.40
PRIMORJE-GORSKI KOTAR	3,837	0.60%	105.278	9.18
SPLIT-DALMATIA	3,179	9.26%	103.930	8.95
DUBROVNIK-NERETVA	3,696	2.62%	108.580	8.89
MEĐIMURJE	2,425	3.26%	100.502	6.78
THE CITY OF ZAGREB	6,691	0.00%	117.758	6.73
OSIJEK-BARANJA	2,791	11.94%	96.009	6.71
KARLOVAC	2,815	3.05%	95.191	6.62
KOPRIVNICA-KRIŽEVCI	2,537	4.27%	98.493	6.57
KRAPINA-ZAGORJE	2,315	2.11%	98.976	6.57
ZAGREB	3,229	2.50%	105.890	6.45
VARAŽDIN	2,831	4.92%	101.713	6.44
VIROVITICA-PODRAVINA	2,462	5.26%	90.666	6.25
BJELOVAR-BILOGORA	2,601	5.82%	92.576	6.25
SISAK-MOSLAVINA	2,740	7.60%	91.701	6.13
VUKOVAR-SRIJEM	2,757	12.12%	91.992	6.09
POŽEGA-SLAVONIA	2,900	5.09%	93.947	6.00
BROD-POSAVINA	2,553	8.71%	93.449	5.93
TOTAL	3,783	100.00%		

Source: Authors' calculation

The degree of tax autonomy is lowest in the least developed counties as indicated by the development index. The bottom six counties on the list, with the exception of Lika-Senj County, are the least developed areas. Large fiscal equalisation transfers and low tax revenue per capita further confirm that these areas are indeed the least developed areas. In addition, it is important to mention that there are regions with above average development index that receive significant fiscal equalisation payments, such as Split-Dalmatia County. This means that there are large disparities between the most developed and least developed local units in that area. After analysing the development index, calculated using the new model, which showed that the development of 12 out of 21 Croatian regions (including the City of Zagreb) was below average, the authors have come to a conclusion that additional efforts are needed to encourage economic growth and development in these regions. Investment promotion models, where business zones with a developed infrastructure are offered to investors for “1 kuna”, have proven to be insufficiently effective. Given the importance of income taxes and surtaxes, which account for almost 88% of total tax revenues in all regional and local units and the impact of this tax/surtax on total labour costs and net salary from the perspective of entrepreneurs, it is vital to give local and regional units greater autonomy in determining income tax base and rate. Greater autonomy would allow regions whose development level is below average to determine the non-taxable amount of income, as well as determine income tax bands and the tax rates for each band. This would in turn allow local units to renounce part of own tax revenues so as to increase their competitiveness in the labour market and attract workers.



If this were to be implemented in municipalities, cities and counties, the existing system of fiscal equalisation would have to be adapted to the new model.

## 5. CONCLUSION

Income tax and surtax as well as various types of property tax and tax on goods and services, are the main source of revenues for regions (counties and the City of Zagreb) in the Republic of Croatia. With the exception of the income tax that is shared between the various levels of regional and local government, all other taxes are strictly assigned to local or regional units. By examining revenues from each individual tax, it was found that sub-central governments have no power at all to influence the tax base and tax rate for most taxes. The calculation confirmed that the degree of tax autonomy of local and regional units in the Republic of Croatia is very low - in 2018, it ranged from 5.9 to 10.6. Taking that into consideration along with large disparities in development levels both between and within regions (the latter is evident, for example, in Split-Dalmatia County), it is not enough to support the growth and development of the least developed regions through fiscal equalisation grants. Greater tax autonomy is needed as it would create a more competitive environment for less developed regions through targeted reductions in some tax burdens. Considering the above and based on the obtained results and conclusions, the authors recommend that future research, whether by authors themselves or other stakeholders, should focus on tax autonomy and ways of increasing it. For example, regions with above average development level could be given autonomy to increase the tax burden, enabling them to independently increase the rate at which, for instance, labour or the purchase and sale of real estate is taxed.

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## THE TAX ASPECT IN EARNINGS OF SOLE PROPRIETORS

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### **ABSTRACT**

*Sole proprietors represent one of the major factors in Croatia's economic development and the performance of proprietorship activities in the Republic of Croatia is regulated by the Sole Proprietorship Act. Unlike starting a company, the legal requirements for starting a sole proprietorship are somewhat simple, which makes this one of the entrepreneurs' key motivators to dive into the world of entrepreneurship by opening a sole proprietorship. Although they are small entrepreneurs, proprietors are the bearers of a large part of the national economy due to their production of goods and services, as well as providing employment opportunities for other persons in the labor market. Given the lower level of bureaucratization in business, they are far more adaptable and ready to respond quickly when faced with the numerous challenges of the modern market. The credibility of this statement is reflected in the current COVID-19 crisis, during which the cease of business has caused major market disruptions, such as the inability to get products shipped from distant suppliers as well as the termination of working positions in large scale systems, which has led entrepreneurs towards adapting their businesses in order to provide the necessary goods and services in their local market. The business adjustment consisted of changing product ranges and distribution services, which they have imaginatively and skillfully adapted to the newly developed situation. Given the aforementioned, it is clear that sole proprietors are an important factor in the national economy and as such should be met with approval. Therefore, I believe it is necessary to reduce pressure of national regulations and make it easier for them to do business.*

**Keywords:** *entrepreneurship, market and business, sole proprietorship*

### **1. INTRODUCTION**

Establishing a business is often motivated by the desire of an individual to act independently and take responsibility for the success of the business, thus ensuring earnings in accordance with their arrangement. An entrepreneur copes with a greater challenge and increased responsibility for success or failure, which ultimately gives him a sense of satisfaction in building an independent business career. Performing trades in the Republic of Croatia is regulated by the Sole Proprietorship Act, which states that "a trade is an independent and permanent performance of permitted economic activities, under certain conditions, done by natural persons for the purpose of achieving income or profit generated by production, trade or services on the market. Any economic activity that is not prohibited by law is allowed in performance of said activities." The issue this final paper looks at is the uncertainty in business planning caused by frequent changes in tax policy by comparative analysis of the tax burden between 2010-2019 according to the applicable tax rates in a given period that the regulator puts on the proprietor.

In addition to the presented problem, the aim of this final paper is to explain the basic elements related to the sole proprietors' accounting and puts forward the elaboration and manner of filling in all of the accounting forms and records prescribed by law for the proprietors' accounting. This paper will look at business, legal regulation and accounting features with the application of legal regulations for craftsmen who earn income from self-employment. Special emphasis was placed on the tax aspect, taking the necessary actions that precede the preparation of the annual income tax return and its submission. This paper provides an insight into the tax burden that the regulator places on the sole proprietor and shows the problem of uncertainty in planning their business with these frequent changes in tax policy.

## **2. OVERVIEW OF PREVIOUS RESEARCH**

The progressiveness of income tax in Croatia is high compared to other countries. Understanding the importance of each individual element of the tax system in achieving progressivity can be useful in shaping tax reform. For example, if progressivity is achieved predominantly by personal deduction, as it is in Croatia, we can conclude that introducing only one tax rate per base would retain much of the current progressivity (Urban, 2006). Income tax shows up on the occasion of the inflow of income, and the payment of taxes in the phase of income generation affects the economic power of a natural person. Since taxation is based on an effort to capture economic capacity as accurately as possible, income tax could be defined as a general tax on the economic power expressed by earned income (Andel, 1992:288). Although certain social goals are achieved, to a greater or lesser extent, by capturing the economic power of the taxpayer while respecting their certain personal characteristics, the primary goal of income tax is to collect revenue for the state treasury (fiscal goal). Finally, the right to income tax is by its characteristics an integral part of a special substantive tax law (Miljatović, 2007). Modern income tax laws are based on different principles that are important not only for tax-political application but also for legal application (Doralt, Ruppe, 2000:17-19). Certainly the most important principle and essence of the income tax system is the principle of taking into account personal economic strengths (Peterson, 2003): income, from a financial and legal point of view, is regarded as a particularly appropriate indicator of personal economic strength. Taking into account personal economic strength is one of the most important features of income tax. Lang believes that the postulate of equal taxation according to economic power leads to proportion, not progression. Progressive income tax does not serve equality, but redistribution. According to current knowledge, lower tax rates, a graded tariff with a maximum rate of 35 percent or even a flat tax with a tax rate of 25 percent achieve more tax fairness than a sharp tax progression, which in the end privileges only those who can afford a well-paid tax advisor or can withhold the entire tax by moving abroad (Lang, 2005:92). The principle of economic power as a maxim of fair distribution of the tax burden between natural persons in developed countries requires that individuals with the same economic power be treated equally with tax, and individuals with unequal economic power should be treated unequally (Blankenburg and Windisch, 2003). According to this principle, everyone should contribute to the collection of tax revenues in accordance with their individual economic strength. Individuals in the same position should be taxed the same, and individuals in a better economic starting position should be taxed higher. These two subcategories of the principle of economic power are known under the conceptual pair of horizontal and vertical justice (Beiser, 2001). If it is decided to keep the emphasis on the consumption concept, i.e. to focus taxation on labor income, then the existing system should be "cleansed" of elements that only complicate it and create an apparent image of justice. In order for a synthetic tax to survive, it is necessary to introduce a mandatory tax return or a simple tax solution. Another option would be to turn to the income concept. This would mean a comprehensive reform that would include other forms of taxation, but also economic policy in general.

The current economic crisis has highlighted a number of shortcomings in the consumer-oriented system, including a sharp drop in tax revenues. Given that the tax relief of labor is already being seriously discussed (primarily through endowments), the difference in lost tax revenues is only possible through the strengthening of the income tax. Given the tax structure, in the long run, such a trend is inevitable in Croatia (Šimović, 2012).

### **3. SOLE PROPRIETORS' AND FREELANCERS' ACCOUNTING**

Sole proprietors' and freelancers' accounting practices are based on simple bookkeeping, the main characteristic of which is the use of the "cash register principle" in recording business events, i.e. in recording receipts as income and expenditures as expenses. An exception to this principle is the acquisition of fixed assets in which expenses are recognized through depreciation in proportion to the useful "shelf-life" of the fore mentioned, just as with other entrepreneurs. Proprietors, as natural persons who perform work activities, are subject to legal regulations for the activity they perform and are obliged to keep business books. Based on the business books, by combining receipts and expenditures, reports for external users and income tax returns are compiled and submitted by the end of February of the current year for the previous year. When opening a sole proprietorship, according to the Sole Proprietors Act, " a natural person must meet the following general conditions:

- that a final court judgment, a decision on a misdemeanor or a decision of the Court of Honor of the Croatian Chamber of Trades and Crafts has not imposed a security measure or a protective measure prohibiting the performance of activities while the measure lasts;
- to have the right to use the space if this is necessary to perform the trade."

Furthermore, Article 9 of the same Act, in addition to the general conditions, prescribed special conditions that must be met by a natural person to open a business, namely:

- that they must have an appropriate level of expertise for related trades, namely: an exam on professional qualification, secondary education or a master's exam;
- that they must have specific medical fitness for trade occupations prescribed by particular laws;
- that they must have the prerogative of performing privileged trades from the competent ministry or other state body.

A person who does not meet the aforementioned requirements of the level of expertise, but meets the general requirements, should employ a full-time worker who meets the necessary conditions in order to perform the related trade. The related trade may also be performed by a person with a corresponding higher education or as an inventor under patent law. As an exception, for trades where the condition of passing the master's exam is mandatory, if they are opened with headquarters in areas of special care, in hilly and mountainous areas as well as on islands, they can be opened by persons who have completed appropriate secondary vocational education without having passed the master's exam, but with the obligation to take it within three years after the opening of the trade. When opening a trade, in addition to the conditions from the Sole Proprietorship Act, conditions from other legal regulations should be complied with, depending on the activity to be performed. When opening a trade, a written request is submitted as a form, "Application for entry in the trade register", in person or sent by mail to the County Office of Economy or the branch office of the City of Zagreb to the trade headquarters. A trade can also be registered through the online service "e-Obrt", which is an integral part of the e-Citizens system. During that process, the activity of the trade must be determined according to the "Decision on the National Classification of Work Activities 2007" - NKD 2007. The trade headquarters is considered to be the place or the address of the business premises or residence of the proprietor.

When the work activity is performed in other locations in addition to the headquarters, then these places are managed as separate plants. Based on the decision of the competent body, the proprietorship is entered in the Trade Register, which is publicly available. According to the Law on Trades, " for performing free, tied and privileged trades, a proprietor must have a proprietorship permit, while for performing privileged trades, a proprietor must also have a prerogative, or a permit. The trade may be terminated by deregistration or by force of law in accordance with Article 47 of the Trades and Crafts Act, which is determined by a decision of the competent body and deleted from the Trades and Crafts Register upon the execution of the decision." Self-employed proprietors, who keep simple books, record business events as receipts and expenditures that are determined on a cash basis according to their market value or price, which means that they are recognized after payments received or payments made. If receipts and expenditures are stated as turnover in goods, i.e. they are not paid or collected in cash, they are determined and recorded as receipts and expenditures in kind at the time of acquisition. Deviations from the cash principle occur in the acquisition of fixed assets when related expenses are recognized in a proportionate part of the useful "shelf-life" of fixed assets and are recorded in kind. Self-employed proprietors must keep business books and keep simple bookkeeping according to the cash register principle, from which the income from that activity is determined as the difference between business receipts and business expenses recorded in the Book of Receipts and Expenditures. If a tradesman is also a VAT payer, according to the Value Added Tax Act (Narodne Novine, nos. 73/13 to 121/19), VAT is calculated on the basis of invoices recorded in the Book of Outgoing Invoices, i.e. on receipts from performing craft activities (which are recorded in the Book of Receipts and Expenditures), as well as on receipts earned on the basis of other income (which are not recorded in the Book of Receipts and Expenditures). VAT is not calculated on receipts based on income from self-employment. Business books and records in the income tax system, which serve as a basis for the preparation of tax reports and determination of financial results, according to the Law and the Ordinance on Income Tax, are the following:

- the book of receipts and expenditures is a record of daily and total operating receipts and expenditures in the tax period;
- inventory of fixed assets used to determine the depreciation expenses of fixed assets;
- the turnover book is a record in which receipts collected in cash are entered at the end of the working day, and at the latest before the beginning of the next day;
- records of receivables and liabilities are records of all issued and received invoices, except those collected or paid in a way that has the characteristic of cash payment.

If craftsmen are liable to pay VAT, according to the Law on Value Added Tax, they should also keep the following business books and records:

- incoming invoice book;
- outgoing invoice book; and
- other records - records on the acquisition of goods and services within the EU, from third world countries and records for the domestic transfer of tax liability.

Proprietors in the VAT system are not obliged to provide data on receivables and liabilities, but if they keep the book of incoming and outgoing invoices according to paid or collected invoices, then they should also keep a record of claims and liabilities. Business receipts on the basis of self-employment, according to the Income Tax Act, are: all goods (money, goods, material rights, services, etc.) that the taxpayer received in the course of his tax activity in the tax period, and are determined by their market value, after receiving cash payments. Business receipts that are included in the income tax base (tax deductible receipts) are recorded in the Book of Receipts and Expenditures, depending on whether they are receipts in cash, on a gyro account

or in kind. According to Article 32 of the Income Tax Act, operating expenses on the basis of independent activities are considered to be as follows: all outflows of goods of the taxpayer during the tax period for the acquisition, insurance and preservation of business receipts that are directly related to the performance of activities, and are determined after payments on a cash basis. Operating expenses that are included in the income tax base (tax deductible expenses) are recorded in the Book of Receipts and Expenditures, depending on whether it is in cash, on a giro account, in kind or in the form of the non-tax-deductible expenses from Article 33 of the Act.

#### **4. INCOME TAX**

The basic regulations for determining and paying the income tax liability are the Income Tax Act (Narodne Novine, Nos. 115/16 to 32/20) and the Ordinance on Income Tax (Narodne Novine, Nos. 10/17 to 1). / 20.). In accordance with Article 1 of the Income Tax Act, income tax is increased by surtax, the introduction and amount of which are decided by local self-government units according to special laws. Income tax is determined according to the residence or habitual residence of the taxpayer in Croatia, and if he does not have a residence or habitual residence, it is determined according to the headquarters of the payer. According to the Income Tax Act, "self-employment income is the difference between operating income and operating expenses incurred in the tax period." Receipts and expenses are all business events that are recorded according to the cash principle in the Book of Receipts and Expenditures. These are all paid and collected receipts and expenditures in the same tax period, together with the write-off of fixed assets, i.e. depreciation expense, which is calculated on the basis of the Inventory of fixed assets. In order to determine the income, or the tax base, it is first necessary to determine the total operating receipts and total operating expenses in the same tax period, after which the Book of Receipts and Expenditures is concluded. Therefore, income is the difference between determined receipts and determined expenditures in the Book of Receipts and Expenditures. Thus, the determined income does not have to be same as the tax base on which the proprietor calculates income tax and surtax, because the Act and the Ordinance on Income Tax also regulate tax reliefs, which reduce the tax base, and as such apply to the determined income from the Book of Receipts and Expenditures.

##### **4.1. Taxpayer**

According to the Income Tax Act, "a taxpayer is a natural person who earns income", i.e. any natural person who performs an independent work activity. A taxpayer is any natural person who earns income in Croatia. This is not affected by whether the taxpayer has his habitual residence at home or abroad. No later than 8 days from the beginning and termination of activities in the competent branch office of the Tax Administration according to his residence or usual residence, the tradesman is obliged:

- to apply to the register of taxpayers, and
- to apply to the register of contributors.

From January 1, 2020, if a sole proprietor, a natural person who performs independent work activity, is a payer of income tax, performs registered work and determines income based on data from the Book of Receipts and Expenditures, such a person becomes a taxpayer of income tax at his own request, in accordance with Article 36, paragraph 1 of the Income Tax Act, or by "force of law" if in the previous tax period they achieved a total income of more than HRK 7,500,000.00, in accordance with Article 2, paragraph 4 of the Income Tax Act.

#### **4.2. Tax Period**

As a rule, the tax period for which income tax is determined and paid is a calendar year or only a part of the year in which the taxpayer operated. The annual tax return should always be filed as if it referred to the entire tax period.

#### **4.3. Income calculation**

Income from trades (as one of the sources of income) is determined according to the business books. According to the Income Tax Act, "income from self-employment is the difference between operating receipts and operating expenses incurred in the tax period." Receipts and expenditures are determined according to the cash principle and according to their market value after payments received / payments made. There must be an interdependence between operating receipts and operating expenditures, which means that the incurred expenditure should be reflected in the creation of future receipts. A self-employed proprietor who is a payer of income tax, i.e. performs a registered activity and determines income on the basis of data from the Book of Receipts and Expenditures, is obliged to submit an annual income tax return to the competent branch office of the Tax Administration, which they will submit on Form DOH no later than the end of February in the current year for the previous one.

#### **4.4. Tax base and personal deduction**

The tax base of a resident taxpayer is income from self-employment earned in the country and abroad, and of a non-resident earned in the country. In the annual income tax return, the tax base is determined by reduction of income by the amount of the basic personal deduction. The taxpayer's tax base is income from self-employment reduced by the amount of the basic personal deduction in the amount of HRK 4,000.00, on a monthly basis within the tax period for which income tax is determined. A resident may increase his basic personal deduction based on the basic deduction base in the amount of HRK 2,500.00 by applying the regulated coefficients for non-taxable parts of income in accordance with Article 14 of the Income Tax Act. Dependent immediate family members include spouses, children and parents of the taxpayer and all adults for whom the taxpayer is a guardian, provided that their annual income does not exceed HRK 15,000.00. The personal deduction of the taxpayer is increased for the amounts paid, up to the regulated mandatory health insurance contribution, as well as for the donation in the country, in kind and money transferred to the gyro account for the regulated purposes up to 2% of receipts determined by the annual tax return of the previous year.

#### **4.5. Contributions and tax rates sole proprietor**

Proprietors who perform self-employment as their only occupation are themselves obliged to calculate and pay contributions for personal insurance, as follows:

- contribution for pension insurance (15%);
- contribution for pension insurance based on individual capitalized savings (5%);
- health insurance contribution (16.5%).

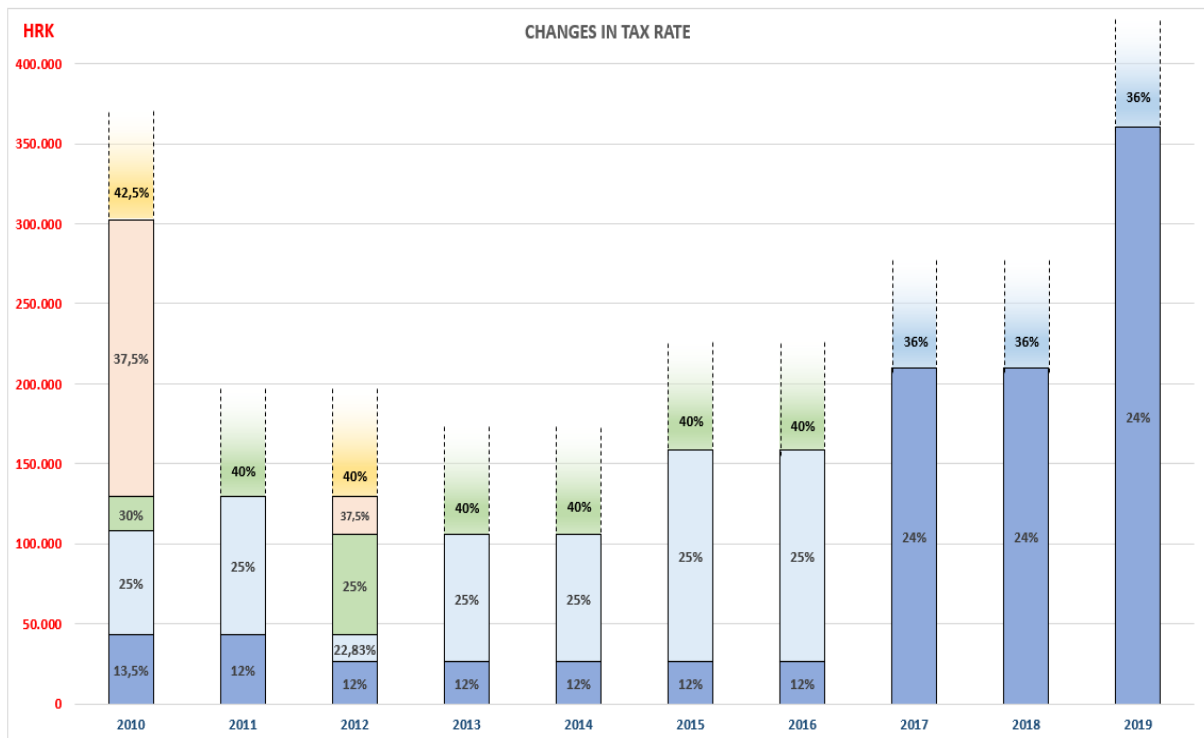
Pursuant to the Contributions Act, contributions are calculated according to the monthly base rate for the calculation of contributions as a product of the average salary and coefficients. The proprietor pays the annual income tax according to the prescribed rates which, according to the Income Tax Act, are applied in relation to the tax base up to the base in the amount of HRK 360,000 at the rate of 24%, and for the base above HRK 360,000 at the rate of 36%.

### **5. CHANGES IN INCOME TAX IN THE PERIOD FROM 2010 TO 2019**

This paper will deal with a brief comparative analysis of the fictitious business results of proprietors subject to income tax with regard to changes in income tax rates and basic personal



deduction in order to compare the tax burden in the period from 2010 to 2019, or in the last ten years. The surtax tax rate for the City of Zagreb did not change during the entire period and amounted to 18%. Tax rates and tax bases in the specified tax period are shown in Chart 1.



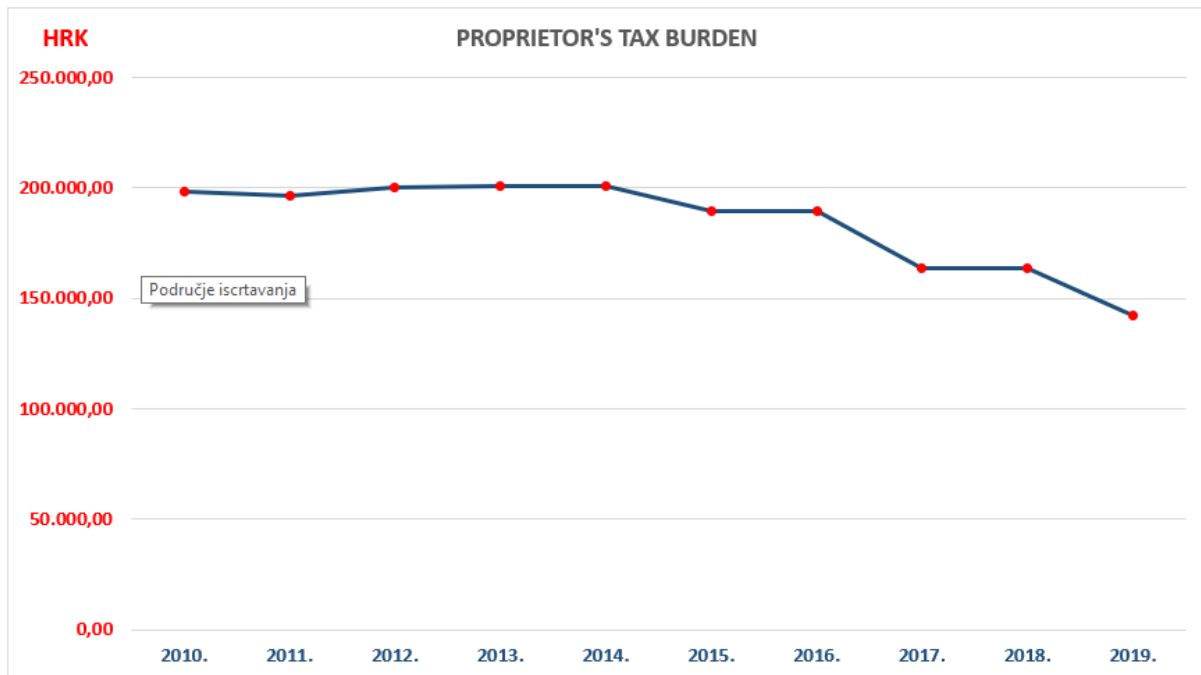
Graph 1: Movement of tax rates with regard to the part of the tax base in the period from 2010 to 2019  
(Source: Written by the author)

An example in this paper is a fictitious proprietor based in Zagreb, who earned an annual income from self-employment in the amount of HRK 500,000.00 and has no benefits other than the basic personal deduction. Based on this data, the annual tax liability for each year in the period from 2010 to 2019 will be calculated to compare the movement of the tax burden as shown in Table 1.

YEARS	2010.	2011.	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
INCOME	500.000,00	500.000,00	500.000,00	500.000,00	500.000,00	500.000,00	500.000,00	500.000,00	500.000,00	500.000,00
PERSONAL ANNUAL DEDUCTION	21.600,00	21.600,00	25.600,00	26.400,00	26.400,00	31.200,00	31.200,00	45.600,00	45.600,00	45.600,00
TAX BASE	478.400,00	478.400,00	474.400,00	473.600,00	473.600,00	468.800,00	468.800,00	454.400,00	454.400,00	454.400,00
TOTAL ANNUAL TAX	168.112,00	166.304,00	169.523,44	170.168,00	170.168,00	160.328,00	160.328,00	138.384,00	138.384,00	120.384,00
ANNUAL SURTAX	30.260,16	29.934,72	30.514,22	30.630,24	30.630,24	28.859,04	28.859,04	24.909,12	24.909,12	21.669,12
ANNUAL TAX LIABILITY	198.372,16	196.238,72	200.037,66	200.798,24	200.798,24	189.187,04	189.187,04	163.293,12	163.293,12	142.053,12

Table 1: Calculation of the tax burden on proprietors in the period from 2010 to 2019  
(Source: Written by the author)

For a better visual comparison, the obtained results of annual tax liabilities are shown in the following chart:



*Graph 2: Movement of the tax burden of proprietors in the period from 2010 to 2019  
(Source: Written by the author)*

From the above data and trends in the tax burden of proprietors in the period from 2010 to 2019 (See Chart 2), there is a trend of decreasing in total tax burden from 2014, which was influenced by the increase in the basic personal deduction, and particularly the decrease in the number of tax rates, as well as the increase in the tax base at the lowest rate. The reduction in the number of tax rates itself greatly facilitates and simplifies the calculation of the tax liability. A closer examination of this data leads to the conclusion that changes in the tax system are very common and that such dynamics of tax policy are not good for the economy and long-term planning, although it is currently exhibiting a positive effect of reducing the tax burden.

## 6. CONCLUSION

Before starting a business venture, an entrepreneur must be aware of the legal norms imposed on him by the state in order to be ready in advance to meet all the requirements to avoid unnecessarily jeopardizing his business venture and investment, and thus his existence. Researching regulatory obligations within the Croatian bureaucracy is an immense task, so this paper provides potential entrepreneurs with an insight into the basic legal framework of their future business. After making the decision to open a business, a proprietor today has the opportunity to start the whole process in one place by using the e-citizen application. After finding the first clients and selling them goods and services, they would record business events in business books and records. The successful completion of the business year is followed by a new obligation to file an annual tax return. In order to further complicate this difficult process for tradesmen, regulators often resort to changes in tax policy, which imposes an additional burden on the already sufficiently expensive business by introducing new forms. The global market benefits large companies because they have opportunities for large investments in innovation, market research, promotion, etc. for which proprietors have neither enough knowledge nor capital nor employees.

The economic position of proprietors in the context of general globalization is becoming more complex every day, competition is increasing, and consumers are becoming more demanding. In such conditions of globalization, artisans serve local markets by filling the gaps left behind by large companies, but they still meet the needs of these large companies by delivering their products at the lowest prices. At the same time, they gain new customers by quickly applying innovations and being more adaptable to market changes. Taking into account all of the above as well as the fact that despite being small, proprietors still represent a significant factor in the national economy. Because they are a such an important factor in the national economy of each country and at the same time very "fragile", as they find it difficult to make a profit that would sustain them when hard times come, their way of doing business should be made easier just as they made our lives easier with their rapid reactions and adaptations to the new circumstances caused by the COVID-19 virus crisis. It would not be fair not to mention the reaction of the state in this crisis, which provided support to the most vulnerable to preserve jobs. Such a mutual and quick reaction indicates the right path for the further survival and development of sole proprietorships. Despite all the above advantages and disadvantages in the business of proprietors, without them our everyday life would be unthinkable; they do not create high technology, but provide us with a wide range of products and services that are needed in everyday life. Tax fairness achieved through a progressive system of income taxation, as well as the existence of numerous tax exemptions and tax privileges of another kind leads to a complex tax calculation procedure, which is subject to criticism from the point of view of cost-effectiveness of its collection. In order to reduce this kind of complexity, tax simplification can be expected within the traditional income tax system in the future. It can be expected that the simplification will be expressed through a partial reduction in the subjectivization of income tax (so-called personal income tax depersonalization), and a shift towards flat-rate and typifying the calculation and collection of income tax.

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## **BANKING SECTOR OF AZERBAIJAN: TRENDS, PROBLEMS, PROSPECTS**

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### **ABSTRACT**

*The article shows the stages of the formation of the country's banking sector, and also studies new trends in the development of the banking sector over the past decade. The article reflects in a number of provisions the scientific works of foreign and Azerbaijani economists dedicated to the problems of institutional development of the banking system of Azerbaijan. The emergence of new factors, the rapid change in the internal and external macroeconomic environment create prerequisites for further study of the problem of development and increasing the stability of the banking sector in Azerbaijan in the face of new challenges. This necessitates research and identification of the main problems that hinder the achievement of a high level of efficiency in the activities of Azerbaijani banks. The results of the study make it possible to reveal the patterns and current trends in the development of the banking sector in Azerbaijan in the face of new challenges. The article analyzes the characteristics of the stages of development of the banking sector in Azerbaijan, assesses the current state of the banking sector, defines the legal status of the Central Bank of Azerbaijan (CBA), reveals the reasons for the transition to a floating rate of the manat. In addition, the analysis of the Azerbaijani market of money transfers and the development of non-cash payments was carried out, the prospects for the introduction of financial technologies, including the functioning of the institution of Islamic banking in Azerbaijan, were determined. Analysis of the banking sector in Azerbaijan shows that the main reason for the financial problems of many banks in the country was the fall in energy prices and the devaluation of the national currency - manat. Despite the clear progress in the growth of capitalization, its level is still inadequate in relation to the needs of banks and the country's financial system as a whole.*

*Despite some improvement, the situation in Azerbaijan's banking system remains unstable: dollarization, unhedged foreign exchange positions and non-performing loans remain high, and some banks are undercapitalized or insolvent.*

**Keywords:** *the banking sector of Azerbaijan, the financial market of Azerbaijan, the policy of the Central Bank of Azerbaijan, legal status and independence of the Central Bank, devaluation of the units, the money transfer market and the development of non-cash payments, digitalization of the banking sector*

## **1. INTRODUCTION**

Modern global challenges directly and indirectly affect the most diverse areas of the economy. Of course, the general characteristics of the Azerbaijani economy affect the level of its high sensitivity in terms of external shocks, which, in turn, certainly has an impact on the banking system. At the same time, the emerging factors of influence, as well as the rapid turnover of the internal and external conditions of macroeconomics, create certain prerequisites for further research of problems related to the development and increase of the stability of the Azerbaijani banking sector in the period of new challenges. Of particular importance within the framework of the issue under consideration are the problems that have a negative impact on the improvement of the activities of Azerbaijani banks, as well as on the establishment of defining directions and methods of their solution. The objective need for a comprehensive modernization of the banking sector in Azerbaijan has led to the adoption of new laws. The objective need to modernize the banking system of Azerbaijan was based on the adoption of new laws. At the same time, the emergence of more and more influencing factors, the rapid change in the internal and external macroeconomic environment, undoubtedly, create a number of prerequisites for further research into the problem of development and increasing the stability of the banking sector in Azerbaijan in the face of new challenges. This necessitates the identification and analysis of the main problems that hinder the growth of the efficiency of the activities of Azerbaijani banks, determining the directions and methods of their solution.

## **2. DEVELOPMENT STAGES OF THE BANKING SECTOR IN AZERBAIJAN**

According to prof. Zahid Mamedova, “that since the early 1990s the banking system of Azerbaijan has gone through three stages in its development:

- 1) 190-1992 - the period of formation of the national banking system;
- 2) 1992 - 1994 - a period of rapid growth in the number of commercial banks amid hyperinflation;
- 3) 1995-2003 - optimization and restructuring of the banking system in the context of macroeconomic stabilization. From that moment on, a qualitatively new - the third stage of the development of the banking system of Azerbaijan began” [Мамедов, 2008, p. 71].

The authors of the article - "Anti-crisis policy in the banking sector of the Russian Federation, Azerbaijan and Turkey: a comparative analysis" (researchers from Russia, Turkey and Azerbaijan), note that - a positive moment in the development of the banking system of Azerbaijan consisted in the following: "The rapid strengthening of the manat pushed the process" devaluation "of savings of the population, which supported the growth of the resource base of banks and the lengthening of the terms of attracted funds; The growth of indicators of Azerbaijan's external solvency, combined with the liberalization of currency legislation and the strengthening of the manat, stimulated the inflow of capital, sharply increased the attractiveness of the banking sector for foreign investors; A decrease in inflation, an increase in competition caused by the opening of key segments of the national financial market, gave an impetus to the rapid development of new promising types of financial services ”[ Mamedov, Ibish , 2010, p. 6].

In connection with the objective need for systemic modernization of the banking sector in Azerbaijan, new laws were adopted:

- Law of the Republic of Azerbaijan dated January 16, 2004 No. 590-IIG "On Banks";
- Law of the Republic of Azerbaijan dated 10.12.2004 No. 802-IIQ "On the Central Bank of the Republic of Azerbaijan" (hereinafter - Law. No. 802-IIQ);
- Law of the Republic of Azerbaijan dated December 29, 2006 No. 226 IIIQ "On insurance of bank deposits" [Мамедов, Аббасбейли, 2013, p. 73].

Based on the reinforcement of the principles, forms and methods of banking development by the new laws of the banking system, a fertile ground has been prepared for the optimal protection of the rights and interests of depositors and creditors, as well as for the implementation of banking control based on the Basel principles and increasing the reliability of the Azerbaijani banking system as a whole. As a result of the implementation of effective measures for the above period, the banking system of the Azerbaijani state turned out to be stable relative to economic shocks of various kinds in the world market. So far, in the international context, Azerbaijani banks are very small, and each of them individually is very insignificant. There are too many small banks in the domestic banking system of the country, whose business volume does not allow large-scale implementation of the savings effect.

### **3. LEGAL STATUS OF THE CENTRAL BANK OF THE REPUBLIC OF AZERBAIJAN**

In accordance with Art. 19 of the Constitution of Azerbaijan, the Central Bank of Azerbaijan acts as the Central Bank of the state. The essence of the independence and independence of the Central Bank of Azerbaijan lies in the strict limitation of the interference of state authorities in its activities. E. Rustamov notes: "The independence of the Central Bank of Azerbaijan, according to the 1992 law, was 0.42. At that time, Azerbaijan was inferior in this indicator to many countries with economies in transition. After the adoption of the law of the Republic of Azerbaijan "On the Central Bank of the Republic of Azerbaijan", its independence rose to the level of 0.85 ". E. Rustamov emphasizes, this process was influenced by the following: "Maintaining price stability has become the main goal of the Central Bank; The central bank became independent in the conduct of monetary policy; the procedures for appointing and dismissing the chairman of the Central Bank were reformed; The central bank has become independent in providing loans" [ Рустамов,2010, p. 18]. In 2007, the Central Bank of Azerbaijan, within the framework of increasing the efficiency of the organization of monetary management, began to implement the concept of "interest rate corridor" [Мамедов, Аббасбейли.2013. p. 78]. Since 2017, the Central Bank of the Republic of Azerbaijan has introduced a floating exchange rate regime. In fact, this means abandoning the use of the operational benchmark of the exchange rate policy and conducting foreign exchange interventions. The biggest advantage of a "floating" exchange rate is that it allows you to neutralize the negative impact of global shocks on the country's economy through the exchange rate. At the same time, the new regime stimulates the development of the domestic financial market and supports the use of a number of new financial instruments. The transition to floating mode allows you to achieve a balanced level of the course.

### **4. DEVELOPMENT OF THE BANKING SECTOR IN AZERBAIJAN**

Professor ZF Mamedov notes that "since the early 1990s. the banking system of Azerbaijan went through three stages in its development:

- 1) 1990-1992. - the period of formation of the national banking system;
- 2) 1992-1994 - a period of rapid growth in the number of commercial banks amid hyperinflation;

- 3) 1995-2003 - optimization and restructuring of the banking system in the context of macroeconomic stabilization. From that moment on, a qualitatively new - the third stage of the development of the banking system of Azerbaijan began” [Мамедов 2020, p. 71].

According to Professor Z.F. Mamedov, the positive moment of improving the banking system of the Republic of Azerbaijan is as follows: “The rapid strengthening of the manat pushed the process of “devaluation” of the population's savings, which supported the growth of the resource base of banks and the lengthening of the terms of attracted funds. The growth of indicators of Azerbaijan's external solvency, combined with the liberalization of currency legislation and the strengthening of the manat, stimulated the inflow of capital, and the attractiveness of the banking sector for foreign investors sharply increased. A decrease in inflation, an increase in competition due to the opening of key segments of the national financial market gave an impetus to the rapid development of new promising types of financial services” [Мамедов, 2009. p. 6]. In 2005, the President of Azerbaijan signed a document "On additional measures to deepen reforms in the credit and financial system of Azerbaijan." Kapital Bank is a financial institution with the largest service network in Azerbaijan. The bank, being a universal one, provides banking services to individuals (over 3 million) and legal entities (over 22 thousand). The authorized capital of the Bank is represented by fully paid ordinary (common) shares in the amount of AZN 185 million and non-cumulative preference shares, not subject to redemption, in the amount of AZN 40 million. Currently, Kapital Bank is a financial structure with the largest service network in Azerbaijan. Although the privatization of the International Bank of Azerbaijan was announced earlier, Kapital Bank became the first privatized bank. According to Forbes magazine, “the delay in privatization was a mistake. The first signs of problems appeared in 2008-2009. In October 2009, the Fitch agency considered that almost one third of the IBA loans can be classified as problematic”. Our research suggests that “state-owned banks are ineffective in providing financial services, and although governments around the world hold shares in banks, the proportion of such state-owned ownership diminishes over time. The study also shows that a higher share of state ownership is associated with financial instability”. According to the WSJ, the reason for the financial problems of the IBA, the largest bank in Azerbaijan, was fluctuations in oil prices and the devaluation of the national currency. The International Bank of Azerbaijan Open Joint Stock Company is today one of the two state banks and the largest in the banking system of Azerbaijan. The date of its foundation is January 10, 1992. As of January 1, 2015, the number of employees is 1,438 people, there are 35 branches, 43 branches, 752 ATMs and 11,007 POS terminals. Since 2015, the IBA rehabilitation process has been launched with the aim of privatizing the state's share in the bank. In addition, as part of this process, its distressed assets were transferred to Aqrarkredit CJSC. In addition, the restructuring of foreign obligations of the IBA was carried out. In 2012, the Central Bank of Azerbaijan, in order to actually build up the capital base of republican banks, decided to fivefold increase from January 1, 2014, the minimum requirement for total capital - from 10 to 50 million manats. At the same time, the Central Bank of Azerbaijan, along with an increase in capitalization, has sharply tightened requirements for corporate governance and risk management in the banking sector. Z.F. Mamedov and S.M. Sabzaliev write in the article, “despite the obvious progress in the growth of capitalization, its level is still inadequate to the needs of banks and the country's financial system as a whole” [Мамедов, Sabzaliev. 2018. p. 258]. By May 31, 2020, 26 banks are operating in Azerbaijan, including two state-owned and 24 private. Banks with foreign capital - 12 (there are two local branches of foreign banks - a branch of the National Bank of Iran and a Branch of the National Bank of Pakistan). In addition, VTB Bank (Azerbaijan) operates in Azerbaijan. The official opening of VTB Bank (Azerbaijan) took place on November 23, 2009 (license No. 162).



VTB Bank (Azerbaijan) is a part of the international financial group VTB with representative offices in more than 20 countries of the world. The “International Bank of Azerbaijan”, “PASHA Bank” and “Kapital Bank”, being among the three leading credit and financial institutions of the country in terms of assets, still occupy a systemic importance in the domestic banking system. In the banking sector's loan portfolio, over 60% are loans to legal entities, 30% are consumer loans and 10% are mortgage loans. Today, the banking sector is mainly assessed by the volume of adequate capital, which in Azerbaijan is 4.7 billion manat (in general, the level of capital adequacy in the banking sector was 18%). Thus, the banking sector of Azerbaijan has a reliable security of banks' assets with their own capital. However, at the same time, all international experts, “including the IMF and rating agencies, believe that there is still insufficient capitalization in the banking system in Azerbaijan. The reason for this situation can be considered, first of all, the fact that, firstly, the quality of the loan portfolio of banks in Azerbaijan is clearly skewed towards consumer lending, and secondly, the risk management and liquidity management system has not yet been widely implemented. As a result, there is a need for greater capitalization in order to form a sufficient highly liquid buffer. The IMF recommends that the financial regulator of Azerbaijan solve the problem of undercapitalized banks”. It seems obvious that at the present stage of historical development, the Azerbaijani economy is experiencing the need for the efficiency and capitalization of the banking system, especially with regard to accession to the WTO. In terms of achieving this strategic goal, it is necessary not only to pursue a competent policy aimed at creating conditions for the support of the financial system by the state, but also to increase the level of capitalization of the banking system of Azerbaijan at the expense of various credit institutions. One of the most important problems ensuring the improvement of the banking system of the republic is the growth of the competitiveness of banks in the process of their gradual merger and the increase in bank capital. Prof. Mamedov Z.F., believes that one of the optimal ways to increase capitalization is the primary placement of shares (IPO). Consequently, the capitalization of the banking system, the public or corporate nature of joint stock companies is a whole set of problems, the solution of which is the main need for Azerbaijan before joining the WTO. This, in turn, makes it possible to increase the growth of banks' capital up to 60%” [Мамедов, 2005, p.96]. It seems obvious that the increase in the capitalization of banks is ensured by entering the IPO market. Unfortunately, we have to focus on the fact that the overwhelming majority of banks do not consider the securities market as a mechanism to attract resources. Thus, the fundamental goals of the future development of the banking system of Azerbaijan are to increase the stability of banks, to spread global standards of corporate governance in banks, to increase the confidence of investors, depositors and creditors in the banking system, which in turn should be achieved by protecting their rights, enhancing quality and, of course, the transparency of banking institutions. The efficiency and stability of the development of domestic banking institutions should be based on the implementation of appropriate measures at the level of activities of both the Central Bank of Azerbaijan and individual banks.

## **5. PROSPECTS FOR THE DEVELOPMENT OF ISLAMIC BANKING IN AZERBAIJAN**

The growth in the level of microcredit increases the interest in Islamic banking at the global level. One cannot but agree with the following statement: “The Islamic finance industry is one of the fastest growing in the world: over the past 10 years, the annual growth rate of assets is 15–20%. According to forecasts, by 2020 the volume of the Islamic financial industry will reach USD 1.8 trillion”. Islamic Banking offers an option that provides stability in financing all projects internationally. It should be noted that thanks to the Islamic banking system, a higher level of stability is provided in terms of financing all projects at the international level [Мамедов, 2019. p.176].

Azerbaijan is taking important steps for cooperation with the Islamic Development Bank (IDB). Currently, 56 states are participating in it. At the same time, a large role is assigned to the introduction of Islamic banking in Azerbaijan. The IDB Group is involved in a wide range of activities. Among them - “project financing; promoting poverty reduction in member countries; development of trade and economic cooperation between member countries; support for small and medium-sized businesses; mobilization of resources from member countries; participation in the capital of Islamic financial institutions; insurance and reinsurance of investments and export crediting; organization of research and educational programs for the working-age population of the member countries; assistance to member countries in emergency situations; other aspects of activity”. The Government of the Republic of Azerbaijan and the Islamic Development Bank signed a grant agreement, which provides for the provision of technical assistance in order to prepare a legislative framework for Islamic finance. The main purpose of this Agreement is both the study of the banking sector legislation and the analysis of the opportunities provided for the introduction of the fundamental norms of Islamic banking in the Republic of Azerbaijan. In 1991–2018. The Islamic Development Bank has allocated loans to Azerbaijan in the amount of \$ 1.387 billion to prepare a legal framework for Islamic financing. A consortium of companies Ekvita Consulting and European experts have been attracted to prepare proposals for the development of Islamic finance in Azerbaijan. The Islamic Development Bank has provided technical assistance to Azerbaijan in the amount of \$ 200,000. The technical assistance includes the analysis of banking legislation and the study of the possibilities of introducing the principles of Islamic banking in Azerbaijan. However, as Moody’s experts clarify in their report on the prospects for the development of Islamic banking in the CIS countries, “despite the large number of Muslim population, the prospects for the development of Islamic banking in Azerbaijan are weak”. In our opinion, the problem of introducing Islamic banking needs to be thoroughly investigated, which is associated with the solution of two issues: the creation of a fundamental legal framework and the training of professional personnel. The latter is especially important in order to achieve the efficiency of the process itself. The solution to the problem, which determines the high level of efficiency of the banking system of Azerbaijan, lies in the growth of the competitiveness of banking institutions on the basis of their merger and increase in banking capital.

## **6. EXPANDING DIGITAL PAYMENTS**

Today, 90% of the banking sector in Azerbaijan uses Internet banking services, and 83% - mobile banking. Azerbaijan is carrying out comprehensive work to expand non-cash payments in the country [Аббасов А. М., Мамедов З. Ф., 2019. P.5]. The Strategic Roadmap for the Development of Financial Services in the Republic of Azerbaijan, adopted for the period 2016-2020, defines measures to accelerate the digital transformation of banks in connection with the improvement of the regulatory mechanism to accelerate the digital transformation of banks. In addition, the “State Program for the Expansion of Digital Payments in the Republic of Azerbaijan for 2018–2020” was adopted. The goal of the Program is associated with a significant expansion of the environment for non-cash payments among citizens, business entities and government agencies, and as a result - with the strengthening of the financial resource base of the banking system. Accordingly, the main strategic priorities are strengthening the institutional and legal framework of services in the field of digital payments by increasing various infrastructural capabilities, a variety of assortments, quality and use of these services, as well as the massive nature of their use. It should be noted that this Program assumes an increase in the annual volume of non-cash payments in the Republic up to 17 billion manats by 2021. Its implementation will increase the share of non-cash payments by 7% annually [Mamedov, Aliyev.2020. P. 586]. It seems obvious that the main strategic priorities in the country are related to the expansion of the range, quality and scope of use of digital

payment services by strengthening the institutional and legal framework of the services provided, expanding infrastructure capabilities and, of course, ensuring their mass use in the banking sector. The growth in the use of digital payments will lead to economic transparency, reduce the operating costs of banks, expand the tax base, increase the access of enterprises and the population to financial services, expand the opportunities of the banking sector in the field of lending and investment.

## 7. CONCLUSION

So, the objective need for a comprehensive modernization of the banking system of Azerbaijan led to the adoption of new laws after 2004. It seems obvious that at the present stage of historical development, the Azerbaijani economy is experiencing the need for efficiency and capitalization of the banking system, especially with regard to joining the WTO. Thus, the fundamental goals of the future development of the banking system of Azerbaijan are to increase the stability of banks, to spread global standards of corporate governance in banks, to increase the confidence of investors, depositors and creditors in the banking system, which in turn should be achieved by protecting their rights, enhancing quality and, of course, the transparency of banking institutions. One of the main qualitative trends in the banking system is the growth in the level of microcrediting. The growth in the level of microcredit increases the interest in Islamic banking at the global level. Azerbaijan is taking important steps to cooperate with the Islamic Development Bank, with a large role being assigned to the introduction of the Islamic Bank in Azerbaijan. In our opinion, the problem of introducing Islamic banking needs to be thoroughly investigated, which is associated with the solution of two issues, the creation of a fundamental legislative framework and the training of professional personnel, the latter is especially important in order to make the process itself effective. So, the solution to the problem, which determines the high level of efficiency of the banking system of Azerbaijan, is to increase the competitiveness of the banking institution on the basis of their merger and increase the banking capital.

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## **NEW STRATEGY FOR HIGHER EDUCATION FOR 2021-2030 IN BULGARIA AND CHALLENGES FOR ITS IMPLEMENTATION**

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### **ABSTRACT**

*A strategy for higher education has to begin and end with quality of higher education process itself, because this is the first and main criterion by which we may or may not be included in the world university rankings. The strategy started with quantitative parameters and so will end in this way - with quantitative results, numerous changes in law, etc. Defining the main national priorities is perhaps the most essential action in creating a document of this nature and there is no way to organize the priorities of any system, even if it is the most important for our society. The purpose of this publication is to examine the challenges the new Strategy for Higher Education for 2021-2030 in Bulgaria is facing.*

**Keywords:** *New strategy, Challenges, Higher education, Drawbacks, Universities*

### **1. INTRODUCTION**

Strategy for higher education development for the next ten years and its discussion will provoke heated debates, as there will be lots of supporters and opponents and both groups will offer many reasonable arguments in their support. This discussion is useful and worth mentioning, not only for the sake of discussion, but because it is the basis for settling future public relations. Bulgarian higher education is constantly in certain crisis situations which it, whether successfully or not, tries to overcome and to exist in a relatively stable and unchanged form in the last decades. Because of numerous and various in nature economic, political and social changes in the last years of transition the topic of higher education has been abandoned or almost forgotten, hoping it would not cause additional complications or unexpected twists.

### **2. CHALLENGES FACING A NEW STRATEGY FOR HIGHER EDUCATION FOR 2021-2030 IN BULGARIA**

The deficits in the strategy are set at the very beginning. The “Introduction” of the document does not contain references to the strategic documents of national character, on which the developed strategy is based, as well as its connection with other strategic documents such as “The innovation strategy for smart specialization”. Defining the main national priorities is perhaps the most basic action in creating a document of this nature and there is no way to organize the priorities of any system, even the most important for our society. A strategy for higher education has to begin and end with quality of the higher education process itself, because this is the first and main criterion by which we may or may not be included in the world university rankings. The strategy started with quantitative parameters and so will end in this way - with quantitative results, numerous changes in law, etc (Varbanova, 2017-a). Even though dependency on subsidies is pretty high (which has turned students into 'walking lions'), it is by no means the most important factor in determining the quality of higher education. The quality of higher education depends much more on the way these subsidies are used. Since they are used to educate one, two or more students in a speciality, it is not possible for the education to be effective, neither economically, nor socially, nor even personally related to the needs of the individual, except to achieve a cherished but useless as to the gained knowledge higher education diploma (Varbanova, 2014; Varbanova, 2019).

For many years we have been trying to create an interaction between business environment and education, but with partial and frequent changes in existing legislation, without a clear vision of what we want and how we can achieve it, the result will continue to be minimal and unstable. No discussions about digitalization, about intelligent development or centres of excellence can save us and give us the opportunity to change the situation we have been in for a quite long period of time. Our change must be radical, but should not turn some universities into research and the others into educational. We have already discussed and written before that “university” has one meaning and two elements – research and providing knowledge, which is mandatory. The loss of the diversity of structures in higher education has led to a kind of equalization and general reduction of the level, due to the desire to admit more students, easier specialties and regulation of curricula according to the available teaching staff and not according to market needs. Of course, leaving the state of equilibrium can always bring imbalance, but in our country this was done purposefully and inexpertly, and led to an obvious crisis situation. In many cases, this comes along with a clear imbalance in terms of career development, as well as the demotivation of the new generation of scientists, researchers, teachers, who work in universities. It is difficult to set priorities for research and direct funding accordingly if the country does not have a precise and clear strategy for its industrial development or if it is made on the same principle as the higher education system. Research directions are left to the internal university logic and the strategic research is contained in the attempts of the Ministry of Education and Science to provoke and develop certain programmes and projects, dictated by European development guidelines. The discrepancies can be seen in the implementation of the Operational Programme “Science and Education for Smart Growth” and the difficulties in forming teams to meet the requirements. An in-depth analysis in this direction will demonstrate a set of difficulties and insurmountable elements that have accumulated in the last decade and are the result of both process management and the objective circumstances that have occurred. Strategic, national, regional and local priorities should be set out very clearly, which can, of course, be the aim of research in various universities and which will help them be sufficiently precise and accurately defined, as well as feasible. The existence of a strategy with goals that are good but unattainable is almost unnecessary and pointless for everyone. Upgrading the new strategy based on the analysis of the old one is a natural process for many people, but if we forget that as early as in 2000 a main priority of economic development was defined as “knowledge-based economy”, which was reaffirmed in 2010 with the advent of the idea of “intelligent growth”. Knowledge and nothing else is the cornerstone of any development and in its name a new vision must be developed and the meaning of the mission of higher education must be given, inseparable from research and in its full diversity – colleges, higher education institutions, universities, institutes. The challenges reflected in the Strategy have been discussed numerous times and are the same as they were five years ago and repeating them does not add value to the new strategy – repeating well-sounding phrases that make sense more as slogans rather than being useful. It is necessary to limit those who stand as an obstacle to knowledge acquisition (quality knowledge), knowledge management and quality management as a basis for achieving what is required and expected from higher education. The expression “modern knowledge” can be used in any period of development. Today we need higher knowledge to be closely related to high technologies, digital technologies, new models of economic management, high intellectual value of the products of each industry, with an entrepreneurial spirit that does not depend only on taxes and fees, but on the “implemented” mentality during higher education. “Increasing the role of science and innovation in developing competitive economy and solving societal problems” sounds extremely out-dated and if we go years back, we will find this expression in many science-related documents (Terziev et al. 2020).

The analytical nature of the “Strategy” is very important (Table 1), but it does not predict what higher education we need from today onwards and we do not accidentally use “from today onwards”, since we have an urgent need to accomplish what others have and what we do not know about yet and do not do in this area.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>✓ High quality rating system of Bulgarian higher education institutions, which provides rich objective information about the higher education system;</li> <li>✓ Existence of good practices in the education-business relationship in some higher education institutions, which can be multiplied;</li> <li>✓ Available expertise in important scientific fields, incl. in some fields of natural sciences, mathematics, ICT, biotechnology, medicine, etc.;</li> <li>✓ Active international cooperation regarding the conduct and publication of research in a significant number of higher education institutions;</li> <li>✓ Balanced relative share of women in science and ICT;</li> <li>✓ Good quality of education in many higher education institutions and professional fields;</li> <li>✓ Good scientific results in about 20% of higher education institutions, which allows training of qualified scientific staff and teachers;</li> <li>✓ Proper scientific infrastructure, bonded by the Operational Programme "Science and Education for Smart Growth" and other programmes;</li> <li>✓ Adoption and implementation of European Standards and Guidelines for Quality Assurance by the National Evaluation and Accreditation Agency;</li> <li>✓ Education remains a value of paramount importance for Bulgarians.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Discrepancy between the requirements for active social realization and the needs of the labour market, on the one hand, and the quality of the training received in higher education institutions, on the other;</li> <li>✓ Reducing the criteria for admission, and in some universities for keeping students there;</li> <li>✓ Insufficient competitiveness in terms of rapid development of the market of educational services and lack of sufficient flexibility in the proposed forms of training;</li> <li>✓ Insufficient number of contracts for joint programmes with foreign universities and negligible activity under many of the existing contracts;</li> <li>✓ Low international prestige of Bulgarian universities;</li> <li>✓ In most places research is isolated from the practical challenges of the economy and society;</li> <li>✓ Insufficiently developed system of research process support through various forms of funding: institutional, programme, competition, public and private partnership, etc.</li> <li>✓ Extensively developed system of many higher education institutions and branches with uncharacteristic professional directions and specialties without traditions and capacity;</li> <li>✓ Inability of the system to provide quality education to all admitted students;</li> <li>✓ Still too many students are being admitted;</li> <li>✓ Insufficient funding of the higher education system;</li> <li>✓ Insufficient cooperation with employers in many higher education institutions;</li> <li>✓ Out-dated and unrelated to the needs of the labour market curricula and programmes in some higher education institutions and professional fields;</li> <li>✓ Theoretical orientation of higher education institutions and little practical training;</li> <li>✓ The governance model does not provide academic responsibility and does not guarantee the public interest;</li> <li>✓ Lack of differentiation between higher education institutions in the accreditation: predominant institutional assessment result over 9, unrealistically high points from the programme accreditation;</li> <li>✓ Subjective and complicated indicators of NEAA, subjective assessment.</li> </ul>

*Table 1: Analysis of strengths, weaknesses, opportunities and threats (SWOT-analysis)*

Why universities of all other countries have their place in the rankings /for example Top 200 Universities in Europe 2020 (Fig. 1) (2020a)/ even though we have many critical remarks towards them, and no Bulgarian university is ranked. Why, although there are many useful advice and expert evaluations in this direction, we continue to exist in a vicious circle “many universities, few students, low funding, the need for ...” and what changes should we introduce to Bulgarian higher education to overcome the deficits? Analytical approach is necessary and even though it is not enough to solve this problem, it can suggest correct and accurate solutions. “Development of a differentiated and flexible system of higher education ... Building an academic community that shares common principles, values and moral norms.” The vision for higher education is already linked to modern knowledge, innovation, research and competitiveness. Everything else is a result of action of the structures in the system and proper management of the processes. How, on the basis of the established vision, will we influence higher education so that it really produces the higher knowledge needed by the economy? This is the main question. All priorities are just good wishes defined in different documents throughout the multi-year transition period and active political and economic transformations. How will we simultaneously “enhance the entrepreneurial skills of students and teachers”? So far hasn’t science been an “integral part of higher education”? At a time when anyone with a secondary education can become a student (on the one hand due to the demographic crisis, on the other due to the wide open doors and high government procurement), the priority “access to higher education” does not really correspond to reality or at least should be considered together with other parameters, for example – financial. Let's tell people in higher education what the priorities for “accelerated economic development” are and what the “important social problems at national and regional level” are that need their solutions in educational and scientific terms. So that they can be solved together by higher education and the business environment or, more precisely, the entire social environment. The goals and measures to be achieved put before the system of higher education a too long way – to move slowly and systematically, to try to improve, accelerate, support, stimulate, activate and if it manages to reach the set goals in some way, it will be a success, even though part of it will be lost along this way. Natural selection in such circumstances is an irrational decision or rather a postponement of a decision, which we will expect to happen by itself. We are at a stage after which it will be difficult or even impossible for us to catch up with the other European higher education systems.

*Figure following on the next page*



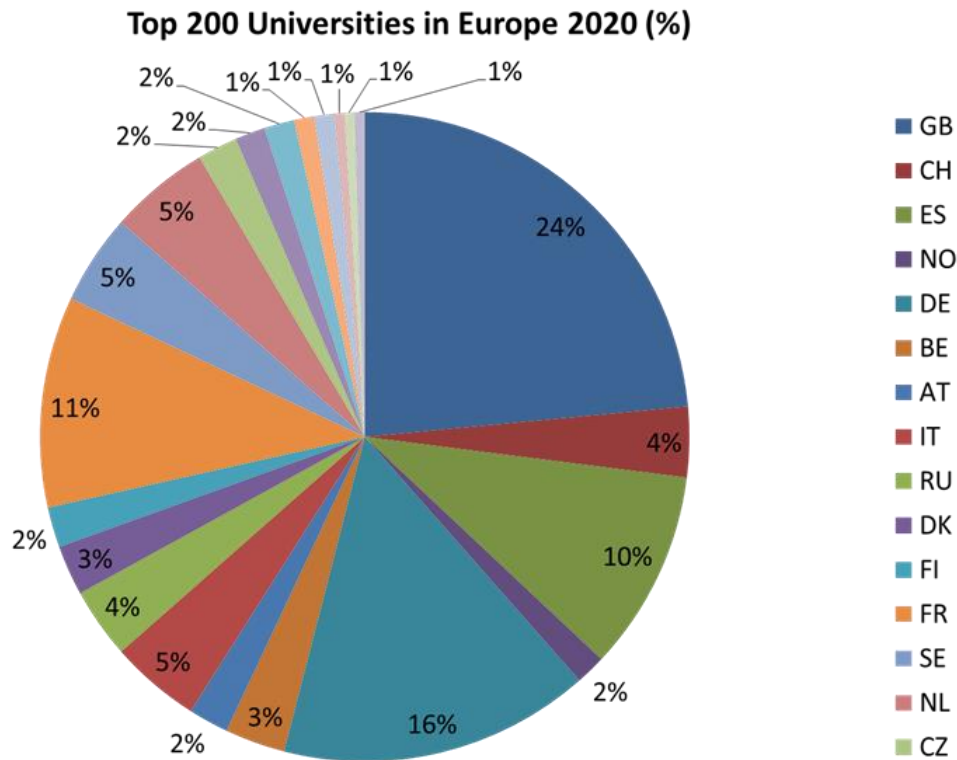


Figure 1: Top 200 Universities in Europe 2020

For example, does not “Stimulating the introduction of information systems in order to increase the transparency and mutual control of the rector's management and the heads of the main units” mean that we have moved too far away from the “third generation universities” systems and with such measures we will hardly escape this impasse of poorly executed autonomy? The subject of academic autonomy has both its supporters and its opponents, but both parties share the view that it does not function according to democratic rules and its content is not very effective, and in some cases – even harmful.

### 3. WHAT STRATEGY SHOULD WE CHOOSE AFTER ALL?

The current development of higher education creates an impression of solving problems “piece by piece”, dictated by various reasons – inconsistencies in the development of the academic staff, the demographic crisis, uneven distribution of specialists, oversaturation with staff in certain areas or fields, shortage of habilitated teachers, discrepancies between criteria of the European and National Qualifications Frameworks, outflow of those wishing to engage in scientific and research activities, difficult career development in academic and scientific circles, irrational determination of the criteria for career growth (teaching and research) and many others. All these issues really need solutions, but if their genesis is not analysed, it is difficult to make a complete decision to achieve high quality higher education. The quality of higher education is determined by the level of knowledge (plus skills and competencies) achieved during certain period of time and acquisition of a corresponding diploma. The quality of knowledge, though is determined by several factors – the competence of teachers and teaching models, the quality of curricula, the ratio between theoretical and practical training, the ratio between the duration of education and the initial indicators of knowledge. Each of these factors has a set of criteria and indicators that have their own national basis, but that also are with a sufficient number of individual features in the individual structures.

We often observe a discrepancy between national and individual requirements, criteria, indicators and practices in achieving them, which make the academic community dependent on models that are not particularly suitable for higher education, or on people who have received high positions and are individually defining the rules.

#### 4. STRUCTURE AND FUNCTIONALITY OF HIGHER EDUCATION

Historically, higher education in our country corresponded to a traditionally imposed structure: colleges, higher education institutions, institutes and universities. The change imposed in 1999 turned all structures of higher education into universities – only a few independent colleges and universities are left (we can use the report on the number of universities per 1 million inhabitants in European and some other countries, presented in Table 2). An attempt was made to unify these structures, which created a certain imbalance both in the teaching staff and among students by region, as well as in research. Higher education is clearly differentiated on a regional basis and almost two categories have stood out: those in the capital and outside Sofia. However, the quality of knowledge and teaching is different, functions of research are fading and striving only for scientometric research /data/, related to the requirements for habilitation procedures and insufficient attention to teaching have become their typical features. This has distanced the academic staff from the real criteria for career development, despite the frequent legal changes in this regard. In many universities there were misunderstandings related to the arrangement of lecturers, habilitation procedures, division of the habilitated lecturers into Lecturers habilitated by the Higher Attestation Commission (VAK in Bulgarian) and Lecturers not habilitated by the Higher Attestation Commission, and a number of others.

Country	Population / million inhabitants	Number of higher education institutions	Number of higher education institutions per 1 million inhabitants
USA	331,002	1790	5,4
Germany	83,784	367	4,4
United Kingdom	67,886	161	2,4
France	65,274,	236	3,6
Italy	60,462	82	1,4
Spain	46,755	75	1,6
Poland	37,847	126	3,3
Romania	19.238	78	4,1
Netherlands	17,135	54	3,2
Czech Republic	10,709	59	5,5
Greece	10,423	36	3,5
Portugal	10,197	93	9,1
Sweden	10,099	39	3,9
Hungary	9,66	42	4,3
Austria	9,006	73	8,1
<b>Bulgaria</b>	<b>6,948</b>	<b>52</b>	<b>7,2</b>
Denmark	5,792	26	4,5
Finland	5,541	35	6,3
Slovakia	5,46	32	5,9
Norway	5,421	29	5,3
Croatia	5,105	44	8,6
Ireland	4,941	29	5,9
Slovenia	2,079	31	14,9
Estonia	1,327	16	12,1

Table 2: Population, number of higher education institutions and number of higher education institutions per 1 million inhabitants for different countries, sorted by population size in descending order

The proposal to divide universities into research and education is untenable, at least in terms of the meaning of the word “university”. In addition, restoring diversity in higher education structures can solve problems, differentiate educational degrees and thus facilitate all procedures, as well as create a real environment for development without contradictions and conflict situations.

#### **4.1. Restructuring educational degrees and programmes**

The introduction of bachelor's and master's degrees has proven to be effective. However, there is a need for a change in the content of the training, as well as the ratio between the duration of the bachelor's and master's degrees. Unfortunately, overlapping of information and content in bachelor's and master's programmes of study is common nowadays. The “strength” of master's programmes is lost, and it must be the other way around – a broad profile in the bachelor's degree and a strong specialized profile in the master's degree. The widespread diversity between bachelor's and master's programmes allows acquiring diplomas in a wide variety of fields without a sufficient foundation and specialized knowledge. In some professional fields it is possible to get a bachelor's degree in three years (so-called fast education), but in others it is impossible. Expert groups in professional fields should be created to discuss this possibility as objectively and thoroughly as possible. The master's programmes and their curricula should be defined much stricter. The current level of these programmes is in some cases unsatisfactory. Here, too, the quality of training and the quality of the acquired knowledge must become leading.

#### **4.2. Management of the processes**

The autonomy of higher education creates conflicts that are difficult to resolve on the one hand, and on the other hand, they create preconditions for illegal actions that cannot be overcome. Unfortunately, autonomy in some cases becomes self-government and self-sufficiency, disregarding moral and ethical norms and criteria. The separation of university elites and other professors is a phenomenon that exploits the principles of universalism. Autonomy must exist as defined in the Law for the development of academic staff – teaching and research, however the state should be allowed in the administration of universities (structures of higher education) to have its influence and intervention – as in setting priorities for research, as well as for the distribution of the types of orders for training courses and financial control. This will happen quite naturally in the eventual restructuring of the system, but it will be difficult to accept.

#### **4.3. Special attention to teaching**

Completely new specialities, new curricula and programmes addressed to the needs of business and society and in accordance with the national strategy for intelligent development should be created, as well as a completely new strategy for accreditation. Requirements for teaching a foreign language should be introduced. Another steps include definite introduction of digital models in teaching, as well as creation of digital infrastructure for learning. Definite change in the credit system (i.e. its proper functioning). Clear regulations for career development and regulation of the various degrees shall be introduced. The universities` task is to determine the relationship between the two elements – teaching and research. The higher education institutions should focus only on teaching, establishing clear and precise criteria that will not allow the publication of pseudo-monographic books that have nothing to do with teaching or research. The vicious practices of “friendly juries” and a complete change in procedure should not be allowed.

#### **4.4. Special attention to research**

Establishing compliance with national priorities for economic development and targeted funding by priorities (national level). Freedom for basic research co-financed by the state and the university. Isolation of research in the humanitarian field (the peculiarity here is the fact that the infrastructure for publishing is insufficient, and publishing in a number of humanitarian fields is not of interest to foreign publications). Research for the industry taking into account efficiency and economic effects. Introducing a requirement for building partnership networks between structures of higher education as well as between the structures of higher education and industry would be a good prerequisite for integration and synergy both in the educational part and in the scientific part. Clear criteria for career development in science. Creating the necessary infrastructure for publishing. Although we are part of the common European educational and scientific community, it is normal to have a publishing infrastructure for Bulgarian science and in Bulgarian. It is obvious that the absence of Bulgarian higher education from the international rankings requires compliance with international assessment criteria and imposed standards, as we cannot assess and habilitate according to our own standard and wonder why we are absent from these international rankings.

#### **4.5. Financing**

Achieving the European standard for funding science. Determining uniform standards for funding according to the quality of education in different types of structures, without determining the financial contribution of one student. Priority financing of professional fields, defined as priorities in the economic development of our country. Regulation of state admission depending on the quality of education. Minimum fees to enter the higher education system. Rethinking the admission of foreign students. When funding the research and development activities of universities, their role in various partner networks should be taken into account, and in the case of a leading one, they should be additionally supported. When funding research, the own contribution of universities should be taken into account, as well as their collaboration with the business environment.

### **5. CONCLUSION**

All these processes are complex enough and cannot be easily analysed and be offered easy and quick solutions. However, these solutions should now be objective enough and determine the perspective of what is happening. Unfortunately, our not-quite-realistic expectations do not happen, or more precisely, do not coincide with the attitudes and behaviour of the communities around us. It is always good to look for the best in ourselves and present it in the best way, but above all we need to have a clear and accurate idea of where we are, what we expect to happen to us and most importantly – how it should happen. Not only because today, when overcoming the consequences of the pandemic crisis situation, it is very important to wake up and realize that not everything starts and ends with us and that we should start looking for the future perspective to implement and fulfil our ideas that would stimulate our social development.

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## INDONESIAN PERSPECTIVE ON HAGIA SOPHIA

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### ABSTRACT

*This paper has a novelty about the narration about Hagia Sophia, because this paper does not just discuss the historical aspect of Hagia Sophia, but also shows Hagia Sophia from Indonesian perspective; why Hagia Sophia is lovely discussed by Indonesians and why Hagia Sophia is part of Indonesian Islamic identity, including the intellectual debate after Turkish President Recep Tayyip Erdogan has changed the function of Hagia Shopia, from museum into a mosque, whereas Hagia Sophia is a well-known museum destination for Indonesian tourists. For Indonesian tourists and students in Istanbul, Hagia Sophia is a symbol of unity, peace, and solidarity between West and Eastern culture, as well as the sacred place for 3 (three) religions; Roman Catholic, Byzantium Orthodox, and Islam Sunni. To analyze Indonesian perspective on Hagia Sophia, this paper is using qualitative method of descriptive analysis with 4 (four) theories; Modernism, Cultural Heritage (Museum), Secularism&Laicite, and Historiography. The theory of Modernism will explain the intellectual diplomacy of Hagia Sophia, the theory cultural heritage (museum) will explain the background theory why Hagia Sophia as the museum-building is the best decision for humankind, despite of what is the Turkish Presidential Decree of 10 July 2020. Then the Secularism&Laicite will analyze what is the inward looking of Turkish people right now and the Historiography will explain the importance of Hagia Sophia for world history, including Islamic history. This paper is hoped to be an eye opener for both academicians and non-academicians, especially Indonesian tourists who love to explore international heritages around the world, to understand deeper about Hagia Sophia, because even though it is located in Istanbul Turkey, it belongs to each heart of us and it connects our shared values in the world history.*

**Keywords:** *indonesian perspective, hagia sophia, erdogan, cultural heritage, identity*

### 1. INTRODUCTION

July is month of history for Turkey nation. In 15 July 2020, Turkish people still remember of what have happened 4 years ago while there was coup d'etat against President Erdogan was failed because Turkish people is still loyalist to the existing constitution<sup>1</sup>. Then in 10 July 2020, Turkish President Recep Tayyip Erdogan on his speech, has stated his presidential decree to change the function of Hagia Sophia from a museum, to a mosque, that effectively will be

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<sup>1</sup> Source: <https://www.timeanddate.com/holidays/turkey/>. July 15 Democracy and Liberty Day. A coup attempt was made by terror organization of Fetullah Gülen on 15 July 2016. But this coup attempt couldn't be successful thanks to the willpower of the Turkish nation. The coup attempt becomes a public holiday as a day that freshens the beliefs of democracy and liberty.

happened in 24 July 2020. This issue becomes debatable around intellectuals in historical buildings, as well as politicians and historians, because Turkey as the sole nation of Kemalism, is now pointing out the highlight of Islamism glorification, above the value of historiography. Likely said of what Mr. Trias Kuncahyono said on his book “*Turki: Revolusi Tak Pernah Henti*”, Turkey is just like France, as the nation of full revolution and perhaps this is the moment to rethink that Turkish government demands a new revolution once again and this time is too “Islamic”, unless there is successful of new coup d’etat. Hagia Sophia, in its famous historical background repeated in many books and journals, has been completed as the Cathedral of Constantinople by Emperor Justinian in 537, converted into the Mosque of Aya Sofya by Sultan Mehmet in 1453, decreed a museum in 1934 at the instigation of Mustafa Kemal, the president of the Republic of Turkey (Cohen, 2011, p.1). Aya Sofya was also place of all Byzantin emperors had been ordained. Even though Mehmet allowed Christianity to remain in the Ottoman Empire, he took away the Patriarchal home of Orthodox Christianity - the Hagia Sophia - by converting it into a mosque. (*Op.cit.*, p.3). One of the first things that Mehmet did to visually change the architectural appearance of the Ayasofya was to place a wooden minaret in the southeast corner of the building's exterior. It was the first minaret to be built in the city and a symbol of Istanbul's conquest and rebirth. Mehmet later replaced the wooden minaret with a polygonal brick one. The second minaret to be built was done by Sultan Seli II (1566-1574) on the northwest corner of the building. The remaining two minarets, which complete the framing appearance of the structure, were started during Selim's reign but finished during that of his successor, Murad III (1574-1595). The minarets were an important change to the outward appearance of the Aya Sofia (*Op.cit.*, p.50). Turkey country is 6<sup>th</sup> most favorited destinations now and near Hagia Sophia, there is also 2 (two) importance objects; Blue Mosque and Turkish kale (Turkish gate in the era of Byzantium) but still people tend to admire the beauty of Hagia Sophia. In 2015, there are more than 36 million tourists coming (31 billion US Dollar) in Turkey, including Indonesians tourists (Sujibto, 2020, p.209, 241).

## **2. METHOD**

This paper are using 4 (four) theories: Modernism, Cultural Heritage (Museum), Secularism&Laicite, and Historiography.

### **2.1. Modernism’s Alain Tourraine of Turkey’s Mustafa Kemal Attaturk**

Alain Tourraine (2007)'s version of Modernism is the study of the instability of the times, economic warfare, intelligence, and how citizens must contribute in a just and sustainable democratic climate. Modernism can analyze the four actual threats, such as terrorism acts in Turkey<sup>2</sup>. The theory of modernism from Alain Tourraine will be used in research to explain that in this modern era, the Turkish government needs to use modern technology in terms of preservation and management of Hagia Sophia that was built in 6<sup>th</sup> century. Preservation here as part of the national interest, because it becomes the nation's identity, which will appear every time other people see the people of Turkey issue, or what the Turkish diaspora represents. Cultural heritage is not just observation, or tourism, but also unlimited identity, which belongs to Turkish identity to enrich the history of the nation-state itself. The modernism in Turkey itself has started in 1830 in the era of Tanzimat, with 2 (two) factors; reformation of government system and bureaucracy that adopts European values of law. This era was prior of what is called Attaturk modernism; Al Quran has been translated to Turkish language, abolition of Ulama in parliament, and construction of art and opera buildings.

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<sup>2</sup> Source: <https://www.aa.com.tr/en/turkey/turkey-prevents-96-terror-attacks-in-first-half-of-2020/1884764>.

## **2.2. Secularism&Laicite: Kemalism in Question**

There is big difference between Secularism and Laicite. In laicism, the government's purpose is not to separate religion from the State, but to allow the State, rather than religious authorities, to control religion. Laicism does, however, share certain characteristics that are similar to secularism - mainly the fact that the State is responsible for protecting the rights of its citizens to practice freedom of religion (Cohen, 2011, p.58). This part of theory is related to previous theory about Attaturk modernism. Some scholars said that Turkish ideology is not full secularism, not full laicite, but it is called Kemalism, that is the combination between secularism and laicite. It is said that Turkish “Kemalism” status is later not so successful, because the secular movement is ideally from the top down, which is not a form of collectivity as a result of public awareness will not run, it will ultimately result in resistance groups (Sudjibto, 2020, p.234), especially in urban areas where Islamic values are highly respected. For author, Kemalism is just idealism on the paper, because now in reality Turkish President is implementing the form of full Secularism, because in the case of Hagia Sophia, Turkish President did give Presidential Decree to change the function of Hagia Sophia. Turkish President did not give this role to religion authorities, nor demanding international opinion (such as UNESCO). He did it by his own action.

## **2.3. Cultural Heritage (Museum)**

By definition, the word "inheritance" comes from the Old French words "iritage," "éritage," or "inheritance," which means "what is inherited." (Lingling Bi et al, 2016, p.194) and based on their functions, the inheritance approach can be conceptually divided into three groups (Konsa, p.126):

- a) inheritance as a set of valuables;
- b) inheritance as part of the environment;
- c) inheritance as a socio-cultural construction

Article 1 of the United Nations Organization, Education and Cultural Convention (UNESCO) (1972) has three broad categories of cultural heritage; monuments, building groups and sites. The term cultural heritage includes movable heirlooms such as paintings, sculptures, coins and manuscripts, immovable inheritance such as monuments and archeological sites and underwater cultural heritage such as shipwrecks, underwater ruins and cities. This also includes intangible items such as oral traditions, performing arts and rituals (UNESCO, 1972) (O'Brien, et al, 2015, p.99). To determine which sites and historic buildings need preservation, this paper uses analysis that historic buildings or historic sites are defined as official locations where pieces of political, military, cultural, or social history have been preserved because of their cultural heritage values (Othman & Elsaay, 2018, p.1705-1707):

- Level 1 (buildings with extraordinary achievements): in this type of building, every effort must be made to be preserved if possible.
- Level 2 (buildings with special privileges): in this type of building, efforts must be made to protect selectively.
- Level 3 (buildings with several advantages): in this type of building, preservation in some form will be desired and alternative means can be considered if preservation cannot be carried out.

Related to this Convention, Prof. Kresno Yulianto (2020) said that International Council of Museums (ICOMOS) defines that museums are permanent institutions that are not for profit (not for profit), are dedicated to the interests and development of society, and are open to the public. The museum collects, preserves, researches, communicates, exhibits evidence of human material and its environment for the purpose of study, education and pleasure.



Based on this Convention and definition of museum, Hagia Sophia has fulfilled all criteria to be regarded as museum that belongs to the world, not a mosque belongs to Turkish government.

## **2.4. Historiography**

March Bloch's historiography theory will be used in this research. In politics between 1917 and 1919, Bloch used the idea of non-simultaneity to explain how responsibility for the outbreak of World War I could not be considered only for the imperialistic struggle of capitalism but must also be sought in non-simultaneous cultural formation and anachronistic social ideals specifically for power centers, such as Prussian militarism and Austrian clericalism (Durst, 2002, 172). Bloch's theory is also connected to the concept of memory places or "Lieux de mémoire" by Pierre Nora (Bloembergen & Eickhoff, 2015, p.894) who studies the importance of places for people. Hagia Sophia with its grandeur history already mentioned in Introduction, has shared international values of three big moments; Byzantium, Utsmani, and New Turkey. Hagia Sophia is a proof that a building can be so delightful for 3 (three) religions and admired by all people from diverse background. It means that Hagia Sophia has completed one part of historiography and as a "place to remember" for many people. Hagia Sophia then belongs to the world, not just for Turkish government, nor Turkish President property.

## **3. ANALYSIS**

### **3.1. Hagia Sophia, Turkey, and Erdogan**

Hagia Sophia construction<sup>3</sup> is standing in her place since 6th century, long enough before current Turkish state had been established and very very long enough before Erdogan was born. While discussing about Hagia Sophia from Islamic perspective, people tends to connect it with Utsmani/Ottoman Kingdom. Author agrees with Halide Elib thought that Ottoman civilization is Eastern Roman civilization and it is wrong to call it only related to Islamic civilization, although Islam is the dominant face of the Ottomans (Sudjibto, 2020, p.217). Narration of changing Hagia Sophia to become a mosque is not a new issue. November 2013 Deputy Prime Minister Bulent Arınç already had said the Hagia Sophia was better to become a mosque, a revenge quotation against Pope Francis I argument on the recognition of Armenian massacre. Moslem scholar from University of Muhammadiyah Prof. Dr. HAMKA Dr. Desvian Bandarsyah (2020), said that History is a collective memory of a nation society, then history is then represented in historical relics, historical writings or historiography which can be interpreted through the process of reading about such things for the interests of the nation that lives today, for the time front. With the changing function of the Hagia Sophia, Turkey can become an economically deprived country in Europe. His political elite did not have a good historical perspective and President Erdogan himself was ahistorical politician. Yet if you want to find sympathy for the Islamic world alone, Turkey can create a new mosque, also has a Blue Mosque, or just dismantle abandoned buildings. The conversion of Hagia Sophia It was an insult to the Turks themselves. It is not only non-Muslims who should protest, Muslims must protest too, because as explained in the theory of cultural heritage in the form of museums, the Hagia Sophia contains three great epochs of civilizations that have become important for the full history of Islam. For example if Muslims who want to study the early history of Ottoman infiltration in Turkey, it can be drawn from religious icons in the Hagia Sophia Museum which was once a Roman Catholic Cathedral and a restored Orthodox Catholic Church. If the Hagia Sophia functions as a mosque, all the icons will be removed and leave no trace of history about the entry of the Ottoman Empire. As written in the theory section, the thought of historiography is the way every nation reaches maturity, not a political tool, not a means to demean the nation itself, therefore the way of thinking of President Erdogan is very ahistorical.

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<sup>3</sup> Yellow and red during restorations of Hagia Sophia in the 19th century at the direction of the Fossati architects (Cohen, 2011, p.6).

If the Hagia Sophia was made into a mosque that violated the historical life of the Turks themselves. As per the Museum's definition in the Theories section, on July 24, 2020 Hagia Sophia is no longer a Museum, with the consequence that there are no more collections and architecture inherent in the structure of the Hagia Sophia building to maintain its historical memory. Perhaps this is a sign of the demise of social science and humanities for the Turks, which could also cause the death of the humanity of the Turkish government for the feelings of Roman Catholics and Orthodox. Indonesian intellectual muslim Prof. Dr. Amien Rais once said that "A country without a comprehensive understanding of social science and humanities means that the nation is experiencing a setback". Ideally someone who does not have a social science and humanities perspective such as President Erdogan, then his thinking has been "frozen and will die" in time. The threat is serious because of technological developments, which make humans experience a slow but amazing process of alienation. All historic building researchers such as the writer await whether later Hagia Sophia objects will be discarded, sold by the government, corrupted, or left alone because President Erdogan has promised in his decree announcement, that even though the function of the Hagia Sophia becomes a mosque, the Hagia Sophia will remain open to all nations and all religions. Humans tend to want to be practical and all-round benefits are immediately visible. By changing the function of Hagia Sophia, Turkey's one-man political show is increasingly visible, especially when a Presidential Decree is announced publicly. The Turkish President should look more at the long-term future of Turkey, not just preparing for the 2023 Presidential Election. It is precisely the majority of Indonesian Muslims who have claimed to be pro on the progress of Islam, held a demonstration in front of the Turkish Embassy. Because the change in function of Hagia Sophia, is insulting the Islamic world also because it eliminates the historical process of the narrative of the entry of Islam into the Turkish state. Moreover, Islam is a religious teaching that *rahmatan lil alamin* and the Prophet Muhammad came for all people, from any religion, who want to learn the goodness. If you quote great Islamic scholars Sheikh Muhammad Abduh and Prof. Siti Musdah Mulia, meaning that Islam that is derived is that kind of Islam that respects historical civilization and the universality of Islam in its monotheistic teachings is reflected in the neutrality of Muslim in cultural and historical understanding. Islam is not a new cultural entity, but rather it is able to unite with existing cultures. Although not many, Muslims in Turkey and Indonesia are progressive and secular, very disappointed with the political decision of the Turkish President who is ahistorical and does not reflect political Muslims who should be progressive and respect history. As noted in the Theory section, the loss that Turkey will suffer from the conversion of the Hagia Sophia is not only tangible, but also intangible, namely the international community's trust in Turkey's view of world history. This means that there are indications that Turkey, during Erdogan's time, will always claim world history from the point of view of one religion and not respect free struggle regardless of religious identity. Moreover, the author as a historical building researcher hopes a lot with his Muhammadiyah friends, because many Muhammadiyah figures who struggle to support the Pancasila philosophy as the sole foundation of the nation's ideology. This means that Muhammadiyah Muslims can become the pioneers of Indonesian Muslims to be more mature in responding to President Erdogan's decision. Muhammadiyah can do some related research on the economic impact of tourism on Hagia Sophia, collaborate research with progressive research institutes in Turkey, and young Muhammadiyah intellectuals can apply for scholarships to Turkey. Related to first effect, Turkish government has an ambition to make Turkey as the center of history and technology research in 2023, but this is quite difficult to happened after Hagia Sophia new status, because majority of west states are against Erdogan decision, while we knew that West states are still dominance on research funding. Besides, UNESCO disappointment on Hagia Sophia changing-function will make a burden for Turkish government. UNESCO and international restoration funds will not give any donation to Hagia Sophia, although restoration efforts since the

Ayasofya has become a museum have at times pitted Christian and Muslims against each other. There have been moments in the restoration process when the restorers have needed to decide whose art plays a larger contribution to the historic preservation of the building (Cohen, 2011, p.81). Don't forget the history that Americans and foreign investors have contributed to restoration. With Erdogan's egoism, UNESCO will not give any support for restoration and Turkey must be prepared with its own budget if restoration is needed.

### 3.2. Indonesian Perspective on Hagia Sophia

- First factor: New era of Kemalism

As stated on the theory section about Kemalism, for author Turkey is implementing instant Secularism, because it was imposed by Mustafa Kemal Attaturk, then he changed it into Laicite, yet with the public participation. The process of secularism Turkey's is 9 years since secularism implemented into constitution in 1937. Secularism and nationalism are two ideologies of Turkey as the foundation of modernism (Rusli, 2018, p.69). The process of westernization and instant secularization carried out by Ataturk is arguably unsuccessful. In contrast to the emergence of secularization in Europe based on the Movement against the hegemony of the church, where the Movement emerged as a collective awareness both by the elite and the community, Attaturk secularization had implications for resistance in the grass roots, where Osmani's influence was still very strong (Sudjibto, 2020, p .227). Because of this turmoil between de facto and de jure secularism, Turkey has become like Indonesia. According to Prof. Munawir Syadzali, Indonesia is not a religious country, nor an Islamic country. Sometimes the attitude of resistance of the Indonesian people towards their government, is exactly the same as the attitude of the resistance of the Turkish people towards their government.

- Second Factor: History Narration of Hagia Sophia in Indonesian Media

There is rarely Indonesian media reminding that legally the UNESCO Convention for Cultural Heritage, the transfer of the function of Hagia Sophia has violated the 1972 UNESCO Convention where it is clearly stated that UNESCO's World Heritage ownership cannot be taken privately by individuals, or by the state. In addition, in Indonesia there are not many narratives that say that his decision, Erdogan became the first leader who has hurt the Roman Catholic Pope and the Orthodox Catholic Popes, especially the Orthodox Catholic Byzantium Catholics. Indonesian media also never shows up Article 24 of the Republic's constitution states (Cohen, 2011, p.83): “No one shall be allowed to exploit or abuse religion or religious feelings, or things held sacred by religion, in any manner whatsoever, for the purpose of personal or political influence (in this case: Erdogan presidential Decree), *or for* even partially basing the fundamental, social, economic, political, and legal order of the state on religious tenets”.

- Third factor: Erdogan as idol for Indonesian moslems

Erdogan is an idol for the majority of Indonesian Muslims and the party formed by the AKP is likened to PKS. Anies Baswedan was also expected to be the President to follow in Erdogan's footsteps because Erdogan had also been the Mayor of Istanbul. Besides that the Muslim Brotherhood (IM) in Turkey infiltrated values since the 1960s. The AKP's victory today cannot be separated from the figure of Erdogan who has been influenced by his IM friends since he was young. IM was received very openly in Turkey. While in Indonesia, the influence of the IM is in direct contact with the thinking of IM, and then brought to Indonesia by preaching and training. IM propaganda is very modern, namely through recitation and online propaganda via the Internet. Therefore young people both in Turkey and in Indonesia are affected by the IM preaching, one of which is the figure of Erdogan

who is likened to the new Ottoman. It is also often framed and repeated by propaganda media in Indonesia. The AKP itself experienced a change in the direction of the political wind. The 2002 elections were very secular. At that time it was a mistake to consider the AKP as an Islamic party, instead the AKP was hated by HTI and the AKP officials wanted Turkey to become an EU country. But since 2007, the AKP has become very Islamic which has had a profound influence on small towns in Anatolia.

- Fourth factor: Young intellectual moslems  
There are so many things that unite Indonesia and Turkey in the most positive terms: football, neutrality: the teachings of Sunni Islam, and the most political thing: the issue of the defense of Palestine (Al Aqsa). In the early 1900s, the Nationalist Movement mushroomed with the emergence of youth organizations which became the initial spirit of the Indonesian independence revolutionary Movement (Sudjibto, 2020, p.223). At the same time, the Youth Movement also emerged in Turkey. In Turkey there are groups of Young Turk lovers of Montesquieu thinking like Ziya Gokalp. In the bilateral history of Turkey and Indonesia, what can be highlighted here is the D-8 Group formed by Prime Minister Erbakan: Turkey, Indonesia, Iran, Malaysia, Bangladesh, Nigeria, Egypt and Pakistan (Sudjibto, 2020, p.104). In terms of religious freedom, in Turkey the only freedom to feel free is Sunni Muslims. In the report of the Turkish Atheist Association, there are many injustices against Turkish atheists. Just like in Indonesia, in Turkey identity cards mention religion.

Related to the Hagia Sophia issue, in Indonesia alone historic cities are half-heartedly protected because the ruling regime also does not have a complete historical perspective. For narrow-minded people, history cannot be used as a foundation for past and present life. The Turkish government was very good in September 2011, another new property law was passed in Turkey. This time however, the law was designed to help harmonize with the legal provisions of the European Union, which Turkey has been anxious to join for over a decade. It stated that all property confiscated after the 1974 court decision was to be returned. This decision has been considered a large victory for the non-Muslim community in Turkey, which was, for the first time in a long time, given the equal status under the law that the law itself had required (Cohen, 2011, p.75 ). In this time, Roman Catholic Pope has its sole power to lobby international governments to keep away on Erdogan egoistic politic, because Ortodox Patriarch distances himself from any and all discussion regarding the return of the Ayasofya to a place of Christian worship. He is afraid that involving himself in this controversial conversation will lead to his position being eliminated by the government, which would have significant impact of Orthodox Christians worldwide. It would appear that for now, as long as the Turkish government has this kind of control over Orthodox Christianity. Although *International Parish of Hagia Sophia Association*, which has filed a lawsuit with the International Court of Human Rights. The purpose of this lawsuit is to challenge the Turkish government's legal stance that prayer is not allowed inside the Ayasofya, since it is currently a government-run museum (*op.cit.*, p.71, 78).

#### 4. CONCLUSION

Based on tourists experience written in Tripadvisor.com, Istanbul already have many mosques, equal one mosque for 3.400 *ummat*. 300 meter from Hagia Sophia there is already the beautiful Blue Mosque, so that the Erdogan presidential decree is not urgent enough for Turkish people, neither for moslems in the world. Turkey is already involved in many wars, the Syrian war, not to mention Israel, Kurdish affairs, and increasingly difficult entry into the European Union. Erdogan has had many problems, even adding to the problem by changing the function of Hagia Sophia.

Several recommendations for Indonesians concerning Hagia Sophia issue are: Rethinking the Ottoman Empire: Not only Islamic elements; Get to know more deeper about Turkey and Erdogan (for example both of his children are in America and often speak about religious freedom. Politics is never black and white); and doing International research collaboration on Hagia Sophia to international advocacy so that the status of the museum is restored, for example with Historical Research Association (Turk Tariki Tetkik Cemiyeti), that was in 1935 with the special task of examining pre-Islamic history in Turkey to find out the extent of its position and nobility in the Turks (Rusli, 2018, p.73).

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## THE DIZZYING FREEDOM OF THE CAGELESS PRE-PARADIGM

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### ABSTRACT

*The quest for knowledge and understanding is as old, if not older, than humanity itself, and has evolved along with human culture and civilization. Abstract language, an ability seemingly unique to our species, is our main tool for forming models and maps of the world, and the development of language has shaped and been shaped by our understanding of it. The frontier of our knowledge and the depth of our language is the edge of the unknown, where instead of certainty we meet a nebulousness, we are forced to feel our way around and discuss what we encounter with the tools and certainties that are behind us, however inadequate they may be. This bridge state is rife with uncertainty, ambiguity and what could be called ‘tacit-ness’, and is usually dispensed with as quickly as possible by finding points where we can fit the new into the old. Looking at the work of the scholars of our transdisciplinary school, we argue that holding the bridge state is a valuable state in itself because there is knowledge that can only be held and articulated here, and valuable elements of it can be lost if we are too quick to try and abstract, categorize, generalize and enumerate. If we do these, we often close ourselves in where patterns and data are fed back into themselves, and while we may get clearer within that demarcated zone, we argue that the novelty we miss through it outweighs any value of over-analysis. The language of metaphor and uncertainty and the freedom it provides from established and sometimes even encaged patterns and disciplines must be recognized as valuable in and of themselves as we continue the never-ending journey of understanding.*

**Keywords:** *beyond disciplines, metaphor, nebulous knowledge and understanding*

### 1. INTRODUCTION: AN APOLOGY

*"...I do beg this of you now: leave aside the manner of our speech—for perhaps it may be worse, but perhaps better..."* (Apology of Socrates<sup>1</sup>). Let us begin with a strange pearl of wisdom that will make more sense as the reader reads on. Attempting to translate a short piece about Sarajevo slang can be surprisingly difficult, but here it goes: *"My father, in those rare moments when he was sober, said, 'My son, he who does everything for his buddies and neglects tactics, will end up playing in a lower-class club.'"*<sup>2</sup> It is, of course, a football metaphor for life. At our school, we try to encourage, and even persuade, but not force, our students to use such language - the perhaps more artistic language of the street and the coffee house - because it is through this that tacit knowledge can be expressed, and is precisely the only kind of knowledge that *can* be expressed, outside the ‘cage of disciplines’. Otherwise, and indeed most often, all you find, or even come up against everywhere are the true-false frames of reference - but nowhere are their scopes of validity properly defined. *"But medical diagnosis, scientific research, metaphysical inquiry are also examples of conjecture. After all, the fundamental question of philosophy (like that of psychoanalysis) is the same as the question of the detective novel: who is guilty? To know this (to think you know this), you have to conjecture that all the events have a logic, the logic that the guilty party has imposed on them."* (Umberto Eco 2014, 57)

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<sup>1</sup> (West 1979, 22)

<sup>2</sup> anonymous, circulating urban anecdote

It is precisely in trying to discover rather than force any logic that we will use metaphors and figures of speech in this essay, instead of scholarly words. While figures of speech and metaphors often only have meaning in context, in the ‘here and now’ of the utterance, they may by far serve us better than the now-emptied concepts of caged disciplines that no longer mean anything anywhere, never mind the here and now.

## **2. METAPHOR AND MYTH**

The language of metaphors, of course, is not “truth” in the scientific sense, and yet it forms the foundation of all human understanding of the world, because it allow us to grasp something from nothing, to temporarily pin down something nebulous and then build upon that something. It is, to paraphrase C.S. Lewis, “a lie that conveys a truth.” Lewis originally talked about myth in this way, and the idea of myth, though now pop-culturally equated with something that is “wrong”, originally, and still according to one of the most complete theories (e.g. Jung, ed. Segal, 1998), means a symbolic, organizing narrative or meta-narrative of a culture, its origins, aspirations and explanations of the world. And science is the best explanation for the world we seem to have come up with so far, at least when it comes to applicability in shaping the world. *“Fundamental similarities occur in the nature of science and myth. The line of demarcation between science and metaphysics cannot be drawn too sharply, and it may be argued that most scientific theories originate in myth (Popper, 1963). Science is much closer to myth than scientific philosophy may be prepared to admit and the two overlap in many ways (Feyerabend, 1975).”* (quoted from Liebenberg 1990, 96) Lest we alarm the reader, we are not suggesting that science is myth, but that the organizing principles, in essence narratives, and the frontiers of it have much in common with myth and metaphor as we try to organize and convey things we do not yet have precise language for. Myths and metaphors are symbolic stories that convey the ideas that form the foundations upon which a culture’s knowledge is built. In this way, they have indispensable value in the search for understanding. Even if we are reluctant to admit, they are useful in offering us a language for grasping something that is yet hard to articulate or impossible otherwise. We end up using them to convey knowledge, especially outside the cages of disciplines. This is the point where we might alarm the reader, because we believe that there is valuable knowledge that can only take the form of such language.

## **3. BETWIXT AND BETWEEN**

Six years ago, the idea to create a novel doctoral school was born from a desire to create a place of learning that is not trying to be like any other. It started, however, with this distinctly not novel idea: *“Yet we [humans] do not all live in one big city, nor does the world economy concentrate production of each good in a single location.”* (Krugman 1999, 142, emphasis added) Humans, economy and location. Upon hearing these three words, we think about the relations of humans, wealth and place, and we heed Daniel Kahneman’s warning of well-being being more important than wealth. So how does place enable the well-being of a person, or how does a person create their well-being, and where? Which of these two questions we choose to follow and hold, not to mention the other possible iterations, will determine the way we look and interact with the world. With one, we look at the level of society and it’s shaping force, while with the other, we look at the level of individuals and their own agency. While Latin words abound in this area, we will paraphrase Molière’s hero in dismissing them for now: so what if we learn the Latin name for what we already know and am doing? And with that, we keep to our original promise regarding the use of language in this essay. Put simply, our purpose here with the reality-level approach idea is to show that if we are able to both declare and deny something on a given level, then it is impossible to find a solution to that dilemma on that same level; it is the old, oft-quoted adage of needing to shift levels. But that can be difficult indeed, usually coming through more a force of necessity than volition.

Especially when there seems to be no level to shift to. Very few people are interested in phenomena such as the astrophysical events that may occur with comets (unless their relevance is brought into sharp view by one heading straight for us), nor do many people give a second thought to the hidden world of lightbulb components (until they flick a switch and it is still dark in the room). In everyday reality, in their day-to-day routines, people are usually interested in two or three levels of reality that are neither too big nor too small. People are interested in where their place is in a space, or where they can find the space in which they have a place. And this metaphorical search holds true from the physical to the psychological, from the individual to the group. This is not to say that it is specific individual dilemmas that are relevant to understanding the world, but rather dilemmas at the level of the individual. However, let us not conclude from this that humans have ‘average’ dilemmas. There are, on the other hand, dilemmas of those who believe in the average. But more on that later. Without having to lecture the reader on the Classical Era and then the Renaissance and the Scientific Revolution, it is clear that the human ability to abstract and craft models of reality has proven incredibly powerful. While that power has helped us create scientific miracles, it is that same power that has become so seductive that we religiously pour over our maps of the world for their own sake, neglecting new territory that could expand them (or require burning them). To blend the wise words of George Box<sup>3</sup> and Alfred Korzybsky<sup>4</sup>, *all maps are wrong, some are useful*. The creation of a map or model requires simplification, deletion and distortion. If we do so without looking up from the paper (or GPS), we might systematically miss certain features of the new landscape – this can be just patches of a certain grass species, but also the cliff edge. Thus the problem is not that we follow this powerful and unquestionably useful “abstraction and positivism”, but we seem to do it too fervently for our own good, trying to apply it everywhere and every-when. We seem to trade a sensitivity and uncertainty of the here-and-now for a belief in an abstract ultimate, especially if it can be enumerated. But maybe certain new terrain, especially in the social sciences, requires a whole new approach to cartography. With the journey through all these ideas and metaphors, we not only argue the more obvious conclusion that we have to be able to use multiple ways of thinking: to use a level, a lens, a discipline to look at something but not get stuck when it no longer serves. Nor do we simply reiterate “*not everything that counts can be counted*” (Cameron, 1963, 13). No, we venture a far step further and suggest that the pre-paradigm, the ‘freedom from the cages’ is not a waiting room of transition but *is in itself a state*. What’s more, we dare posit that there is knowledge that can only be found and expressed in this state. Call it pre, inter, trans, or meta, or even paradigm-less, it is a legitimate, creative and fruitful way of being that should not give way to the anxiety of trying to unduly and often prematurely build a cage of certainty, never mind of ‘truth’. “*Anxiety is the dizziness of freedom,*” says Kierkegaard (1946, 61), and learning to work with that dizziness is the price we pay for this kind of knowledge. Getting there, however, is a whole other journey.

#### 4. IGNORAMUS ET IGNORAMIBUS

In the tradition of classical academia, the goal is to produce a passionate and curious ‘cultivated person’ who is more or less proficient in the seven liberal arts. Just as the essence of Greek animal fables has not changed in two thousand years, so can we be certain that grammar, logic, rhetoric, arithmetic, geometry, astronomy and music are not things we learn from, but teach to, our children. It is the ‘vulgar’ skills that change so quickly that we must learn it from them. Weaving, blacksmithing, architecture, sailing, farming, hunting, acting and healing - and all that these hint at in modern equivalence are skills where the youth can, by virtue of their youth, be ahead.

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<sup>3</sup> “*All models are wrong, some are useful.*” (Box, 1976, 791)

<sup>4</sup> “*The map is not the territory.*” (Korzybsky, 1931, 58)



With this special distinction or its name, we do not degrade ‘vulgar’ skills; we are very much aware of the importance of craftsmanship. Modern ‘artisans’ are well acquainted with the main concepts of their own field, its tools and operations. These ‘partially cultivated persons’ see the world through the lens of descriptive operations and are able to make good use of the tricks of their trade, perhaps even think about them and advance them. Currently there are two-dozen curious people in the doctoral school who we have to coax and cajole out of their cages. Amongst these students, there are passionate but only partially cultivated ‘craftsman’ who wonder questions like: Where do the neo-agrarians get their essential knowledge? Who is fired from a company if their managers can’t find them work to do? How do traffic jams form on access roads in big cities? And even: Does the handyman trust the robots? These inquisitive students, arriving from real time and space, these ‘partially cultivated persons’, are thinking about the liberal arts, and thus try to express their words in perfect rhetoric and expand upon them logically. Well, if they want to answer their questions in a valuable way, these are precisely the kind of people who need to be freed from the cage of disciplines, and so we somehow have to force them into lateral thinking. In time they understand that it is time that stops everything from happening at the same time, and it is space that stops everything from happening to a single observer. Then the ‘partially cultivated person’, here and now, acknowledging their limitations, tries to understand the world not with the concepts of those average (non-)thinkers who are locked in their discipline cages. The language they need to use is, in a way, like crafting a joke, where the punch line is a strange idea that is only acceptable in a way of thinking that is outside the cages, a way of thinking that does not even try to view them as or make them into ultimate knowledge of truth. It is similar to those strange ideas that do not come from the ordinary way of looking at things, but when they are born, and we think about them again, we realize in hindsight (and only in hindsight) that they make ‘ordinary’ sense as well. It is, however, very difficult to break free from the cage of the average crowd, because one-way thinkers will always try to send you back to ‘safety’. It is similarly difficult to break free of the usual habits and currents of thought. If we want to break free, we have to go against the tide both with our thinking and our experience. And this may be counter-intuitive and even counter-instinctual, at least to the dominant paradigm.

## **5. THE INSTINCT TO CATALOGUE**

*“And whatever the man called each living creature, that was its name. So the man gave names to all the livestock, the birds in the sky and all the wild animals.”*

– Genesis 2:19-20

*“Cognition is not a representation of an independently existing world but rather a ‘bringing forth’ or ‘enacting’ of a world through the process of living” – Capra on the Santiago Theory of Cognition in The Patterning Instinct<sup>5</sup>*

Both ancient wisdom and modern neuroscience recognized, albeit through very different words and approaches, that humans have an innate instinct for pattern recognition, and what is more, if there seems to be no pattern, they will construct one. The sciences are an ultimate refinement of this ‘instinct to catalogue’. Perhaps it is physicists and chemists who most respect the principle that if one thing cannot be distinguished from anything else, it does not exist. Biology stumbles upon the existence of the duck-billed platypus and it has trouble classifying it. Literature does not even want to deal with clear concepts and classifications. In literature, concepts only have readings in context, there and then. We who think in a well-defined distant world should not be envious of physicists or biologists. Naming is nothing but the product of the human mind, but the important thing is how and where we classify things once we have

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<sup>5</sup> Lent (2017, 18)

named them. There can be many classification principles, but not an unlimited number. It is not good, if there are two or more places for categorizing a single thing, but nor is it good if there is no place for something. It becomes truly horrible when we create a new cage purely to house a new pet concept. Something that is impossible to define with a single compulsory reading is the realm of metaphors and figures of speech, as they somewhat replace our ambiguity, that is, our lack of conceptualization. These metaphors will become accepted after a while, and it might then seem as if they were born of conceptualization, although they come from precisely the lack of conceptualization that arises when naming new phenomena. As an example, let us look at some of the already familiar cases where we don't even notice metaphorical thinking anymore. If we say "He knows, what feeds the fire of his genius", then we have not said anything obvious, but presented two metaphors or images that come from similar patterns of thought. Mind and genius can be personified easily – since they cannot exist outside of a person, and it is impossible for several people to have the same mind. The metaphor and image furthermore suggests that a person can be someone who is fiery or icy. The metaphor is strong and clear-cut enough that it blends into 'normal' language – nobody asks "Wait, *what* is burning?!" If we were to say: "They are prying into things beyond science", then we are saying that there is a delineated time and space where there are verified claims about natural phenomena. There are many things 'beyond' science: magicians, witches and much more. In other words, this is a weak metaphor, because it only defines where something (the things being pried into) does *not* belong, and not where it *does*. In a way, it is a negative categorization. Umberto Eco (2001, 173) writes this imaginary dialogue: "*Mr. Manzoni, would you summaries your novel in ten words?*" "*Well, let's see: Two people love each other, it doesn't work, then it does...*" "*That was eleven, but not to worry, we'll redact it. So it's a love story?*" "*Not exactly...*" "*When do you think about what to write?*" "*Well, that depends. We are always thinking. Thinking is the same as living.*"<sup>6</sup> There are very few obviously defined, 'positively categorized' concepts outside the cages of disciplines, but it does not mean that you are not thinking. You can have multiple readings of concepts that are essential to understanding the phenomena. Their reading is given by context and subjectivity, by space and time. There are even different readings of a phrase as simple as the name of a street here and now than there was a hundred or more years ago. What is the reading of the following, at first glance, obvious phrase: "Linden Allee"? We can say that this is at once inexplicable and understandable, for the rules of explanation are different from the rules of understanding. If you know Königsberg, today's Kaliningrad, and have some idea of the peculiar and famous habits of Immanuel Kant that his contemporary citizens were rumored to set their watch to, then it is more than enough that you understand that "Linden Allee" is not a geographical concept even without us being able to explain it. Ah, but for this to work, there is one more thing; at least some of the concepts must be obviously defined with an agreed upon, single reading. Both Kant and Linden Allee must be the 'one and only' Kant and Linden Allee, even if there are more of each in time and space. As for the geographic 'allees', or alleys, they form parts of settlements, form a subgroup of pedestrian ways, and pedestrian ways are a subgroup of roadways. As we look upon the map of metaphors, there is a certain order even outside the cages. Free doesn't mean disorganized.

## 6. CONCLUSION: THE CONTINUOUS JOURNEY OF BREAKING FREE

The human journey and in it the quest for knowledge is never finished. There are only waypoints on an eternal path, where we rest, take stock, see how much is useful, erect monuments, and when the time comes, abandon them, though often not willingly. Again, this human element of searching has been known for a very long time; here are two different takes on it.

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<sup>6</sup> translated by the authors

*"Foxes have dens and birds have nests, but the Son of Man has no place to lay his head."* —  
Luke 9:58

*"Tiger got to hunt, bird got to fly;  
Man got to sit and wonder 'why, why, why?'  
Tiger got to sleep, bird got to land;  
Man got to tell himself he understand."*  
— From *The Cat's Cradle* by Kurt Vonnegut<sup>7</sup>

For ten years now we have been pondering the approach and the attitude that allows one to break out of the cage of disciplines. For six, we have been trying to give it a go. For four, we have been watching those who have given it a go. And what have we found? Those who are trying to fill the real knowledge gaps in the 'here-and-now' sooner or later have all flown out of the cages of learned disciplines. We will boldly state that these 'partially cultivated persons' are facing gaps of knowledge in spatial and temporal (as well as cultural) context that they are not able to solve if they stay within their learned professions. The more work we want to make measurable in cages based on tacitly accepted standards, the more we try to hammer an amorphous shape into the circle or the square hole of the child's toy, and the more the true essence of the work will become immeasurable. In the confusion, armies of people are deployed and paid to figure out how to measure the immeasurable. Afterwards, another army works to come up with some standards for the useless work of the previous army. And these armies are expensive, not just in monetary terms. For nearly half a century now, we make a living from immeasurable work. To those who are willing to sacrifice anything on the altar of measurability, we pose the question: If sitting amongst a few hundred people you would listen to our forty-five minute lecture on this topic and then we passed our hat around, how much would you put in it? How do you measure such a strange idea? Sure, there would be those who wouldn't give a cent, but there are those who might toss in a 20-euro bill. Four preachings a month would either pay our bills or not, who knows. In our work, we have learned and taught the need to avoid false knowledge gaps and to pay attention not only to what has been resolved, but also by whom. This isn't easy ground to tread. Contemporary thinkers are also fully 'mechanized' people who can talk to anyone, anytime, anywhere. They were born into a space where there is a device that can connect anyone with anyone else. As we type these lines in Covid-19 lockdown, nothing new is happening to them except that they would have to spend more time "in front of the screen" - but there is no more time as they have always been there. Even on personal meetings, where it was appropriate and polite - and sometimes even mandatory - to switch off their phones, there came the silent-mode flashing and the "I'm sorry, I have to take this." This level of being immersed in 'connectivity' can surprisingly leave us out of touch, for it runs along predetermined and both subtly and overtly limited lines. What better metaphor for our cage? Many people who dreamt of working from home are discovering that an all-singing-all-dancing HD picture is not the same as being in touch, especially if it is forced upon them. What was once a privilege and a choice, and indeed an extraordinary tool, has now become a yoke, albeit an elegantly baited one. In the era of stimuli abundance, everything is happy to come to us, no further thinking required; it is the stimulators who compete for the victim's attention. Now that we spend time watching plays, literary shows and films in a new medium, and not where we have done so for five decades, we can see the unscrupulousness of pushy agents. The show on screen is sometimes interrupted by commercials; so far we've only seen this on sports broadcasts on TV. We could have seen it during other shows, but we were not watching, because it was precisely the "buy, buy, buy" of aggressive pushing agents that turned us off, and we turned it off in return.

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<sup>7</sup> Vonnegut (1963, 81)

What if this has happened - and yes, we say it has - to the marketplace of ideas? Nassim Nicholas Taleb, not even keeping his tongue in his cheek, writes about the problems that mechanized thinking in the wrong place can cause: “*Popper, irritated by some of the philosophers of his time who believed in the scientific understanding of history, wrote, as a pun, The Misery of His Toricism (which has been translated as The Poverty of Historicism). Popper's insight concerns the limitations in forecasting historical events and the need to downgrade "soft" areas such as history and social science to a level slightly above aesthetics and entertainment, like butterfly or coin collecting. (Popper, having received a classical Viennese education, didn't go quite that far; I do. I am from Amioum.) What we call here soft historical sciences are narrative dependent studies. Popper's central argument is that in order to predict historical events you need to predict technological innovation, itself fundamentally unpredictable. "Fundamentally" unpredictable? we will explain what he means using a modern framework. Consider the following property of knowledge: If you expect that you will know tomorrow with certainty that your boyfriend has been cheating on you all this time, then you know today with certainty that your boyfriend is cheating on you and will take action today, say, by grabbing a pair of scissors and angrily cutting all his Ferragamo ties in half.*” (Taleb, 2007, 161). Caught in such a trap, the big question is whether there will be a new renaissance. It is not one we can answer, but we can point to what we have been talking about all along. In this world that is both recycled stimulus-rich and novel stimulus-poor, the observer observes the observed. In order to be able to give the new phenomena we are seeing some sort of reading, it is essential to have, or at least be able to assume, a different attitude to the view of reality than that held by those swimming with the mainstream of science. We would stress that this is a *different* attitude, not necessarily an antagonistic one. The key lies in accepting that this world is, but perhaps the older ones were, too, at once both knowable and unknowable. As a parting thought, in his *The Evolving Self*, Mihaly Csikszentmihalyi gives us some consolation to ponder: “*But isn't it discouraging to know that, no matter how much we strive to understand, ultimate reality will always remain hidden? Only if the search for the truth is motivated by the desire to reach an absolute, definitive answer. The person looking for certainty is bound to be disappointed. He will be like Faust, who after spending his life studying theology, philosophy and the sciences despairs at the discovery that he has not learned one single truth he can confidently hold on to. If on the other hand we realize that the partial truths we uncover are all legitimate aspects of the unknowable universe, then we can learn to enjoy the search and derive from it the pleasure one gets from any creative act.*” (Csikszentmihalyi, 1993, 93). It is precisely this creative act that the freedom of the pre-paradigm state allows, and it is the essence of being human. We would beg that, at least in the social sciences but better if everywhere, we let humans be humans and leave puzzle-solving to the machines. Otherwise, we all might end up playing in a lower-class club.

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## STUDYING THE PERCEPTION OF THE EU MEMBERSHIP IMPLICATIONS ON CROATIA: A COMPARATIVE ANALYSIS

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### ABSTRACT

*Six years after Croatia became an EU member state and despite the current positive macroeconomic indicators, the country is faced with severe social challenges, mainly expressed through the demographic exodus of mostly younger and more educated population, as well as rising social and regional economic development inequalities. Aware of the afore-mentioned developments, we have decided to perform a focused online survey about the various aspects of the perceived impact of the EU membership for Croatia, emphasizing possible perceived benefits, negative influences, missed opportunities, and potential risks. The survey was performed on students of the University North, a public university located in two cities, Koprivnica, with 30 000 inhabitants, and Varazdin, with cca 50 000 inhabitants. Both cities have work intensive food production, pharmaceutical and consumer goods industries, with mostly medium low wages. We used the CAWI method. Google form was used as a survey method, combining mainly single and multiple choices, obligatory and voluntary questions. The sample size of 174 participants can be thought as a constraint and authors plan to widen the sample size with further research. In order to test the hypotheses, we set in this paper the data were further analysed using SPSS. Kolmogorov – Smirnov normality test showed the data do not have normal distribution. After testing for normality, Kruskal – Wallis test was employed. The results indicated there is a statistically significant difference in attitudes by age, sex and enrolment status. Following this initial conclusion, a post – hoc Mann-Whitney test was used to analyse which groups have statistically significant different means.*

**Keywords:** *the European Union (the EU), Croatia, online survey, CAWI method, perception*

### 1. INTRODUCTION

At the time of Croatia's accession to the European Union (hereafter: the EU), this supranational organization and economic-political integration represented a final destination of a long path that started almost a decade and a half ago. The Stability and Accession Agreement between the EU and Croatia was signed in October 2001. Croatia applied for the membership in the EU in February 2003, whilst the positive opinion (Avis) was received in the spring of 2004. The negotiations for the accession of Croatia to the EU were opened on 3 October 2005. The goal regarding the accession of Croatia to the EU was set early in the 1990ies, however due to the Homeland War and its aftermath, the real start of the process can be set at the beginning of 2000ies and the release of European Commission's favourable Report on the feasibility of

negotiating the Stabilisation and Association Agreement with Croatia (May 2000). Croatia became the EU member state on July 1st, 2013 after six years of negotiations (the negotiations ended successfully in late 2011). The EU membership of Croatia was preceded by the accession into NATO Alliance, which took place in April 2009. The referendum on Croatia's accession to the EU was held in January 2012. Out of the voters that participated in the referendum, about two-thirds (66.27% precisely) supported the membership of Croatia in the EU. The turnout was actually very low (only 44%), suggesting a very low interest of the voters. However, one of the causes for such a low official turnout was the fact that at that time, Croatia had more voters enlisted in voters lists than inhabitants, which was obviously a consequence of outdated voters records. The real turnout was by estimates between 55 and 60%. Hence Croatia accessed the EU in the period of severe economic crisis (the economy was in the recession for the fifth straight year), the positive effects of the membership did not occur when they should have. It has to be noted that the GDP of Croatia shrunk by more than 13 percent from 2009 to 2015. After six (or at the time when the survey was performed more than five) years of Croatia's membership in the EU, it is time for analyses, quantitative and qualitative, of the effects of membership. We performed an anonymized survey in which we collected opinions about the effects of Croatia's membership in the EU at different areas of social system.

## 2. CONSULTED RESEARCH

In his research of the sceptical relation of Croatian citizens towards the EU, Blanusa (2011) analyzed the ways of conceptualizing Euroscepticism, analysing Euroscepticism at the public opinion level from 2006 to 2010 and through the regression analysis tries to determine how much is it possible to forecast the result of the (then) future referendum on Croatia's accession to the EU, on the base of various forms of Euroscepticism. Grbesa (2011) investigated the form of presentation and the type of articles that were published about the EU in the period analyzed and studied the values expressed towards the EU in these articles. The author also identifies concrete topics connected with the EU that have been occurring in the Croatian press and studies their representation, as well as the key actors of the articles about EU-related topics. Ilisin (2007: 102), studying the political preferences and potential of the Croatian youth, showed that the Croatia's accession to the European Union as a goal was ranked only at 14<sup>th</sup> place at the ranking scale of political priorities in youth and adults, respectively. Socio-economic priorities (reducing employment; fighting crime and corruption; economic growth and development; ensuring social justice and security for all; ensuring human right and freedoms; improving the position of youth; environmental protection; improving the position of women; developing private enterprise; stimulating population growth) prevailed at the top of the list, and the accession of Croatia to the EU was obviously not perceived as such, at the time of the research (2005) being distant and all but uncertain. Radin (2007: 198-201) analysed Croatian youth with the intention to determine possible differences and correlations between the factors of national identity and attitudes about European integration. The most representative attitudes from each of the factors (the highest saturated statement for each latent dimension summarized into three categories of answers), and by the  $\chi^2$  test analyzed the significance of differences in regard to the two attitudes toward the EU: the one signifying a perception of the EU ("What is your general perception of the EU?") and the one measuring the support of Croatian accession to the EU ("Do you support the Croatian accession to the EU?"). The correlation was tested through regression analysis. The item that signified the factor of national identification was: "I feel like a member of my nation and that feeling has priority" (0.76). The factor of ethnocentrism is best represented by the attitude: "One should always be cautious and restrained toward members of other nations, even when they are friends" (0.74). Cosmopolitanism is best represented by the attitude: "No relevant trait comes from one's national affiliation" (0.72).

With these three attitudes the answers were summarized into three categories: “I completely or generally disagree”, “I neither agree nor disagree” and “I completely or generally agree”. The attitude that measures the perception of the EU was also simplified into three degrees of answers: “very or mostly negative” perception, “neutral” and “very or mostly positive”. The participants' support for Croatia joining the EU was dichotomized into Yes or No. Radin therefore concludes that a strong national identification and especially national exclusiveness might contribute to the negative perception of institutionalized Europe and a negative attitude toward European associations. Nevertheless, at the moment the research was conducted, only one fifth of the more ethnocentric participants expressed a negative attitude toward Croatia's accession to the EU. The survey performed in July and August 2012, by the IPSOS PULS Agency, for the Delegation of the European Commission in Croatia, showed the increase in percentage of the citizens (to two thirds) convinced that the Croatian economy is not ready for the accession into the EU. That feeling only fuelled the fears from the possible unwanted economic implications of the EU membership. On the other hand, some positive implications of the future membership of Croatia in the EU (improving the chances of finding employment and studying in other EU member states, more respect for the rule of law and abiding by the regulations, the increased chances for foreign direct investment, environmental protection, respect for human and minority rights, and less corruption in the public sector). However, the perception that that membership will bring more damage than benefits prevailed, especially when it comes to standard of living, agricultural production, the opportunities of finding a job in Croatia, public security and the behaviour of politicians. Nevertheless, if the referendum was to be held at the time when this survey was performed, 53% of the respondents would support the accession of Croatia to the EU. Out of the respondents that would certainly vote in this referendum, 61% would support the accession (the referendum was actually held about six months before this survey, with 66% support for the accession). The last survey before the accession of Croatia to the EU, performed by the same Agency on 1 004 respondents, from April 2nd to April 19th, 2013, showed that 46% of the respondents has a positive opinion about the EU, whilst 29% had a negative, with the rest showing a neutral opinion. If the referendum was hypothetically held again – 61% of the respondents would vote for the accession of Croatia to the EU, whilst 35% would vote against, showed the results. However – the support for the EU membership of Croatia was at steady 60%. The perception of the effects of the EU membership was neither rather positive, nor rather negative. The research performed at the beginning of 2014 (Kurecic et al., 2014), on the target group of 369 students of the Zagreb School of Business, showed a more negative stance towards the EU membership of Croatia, caused mainly by the longevity of the recession, with which Croatia struggled for six years. Grbesa and Tomicic (2013) examined the extent and ways the media in Croatia have covered the country's first European elections. It builds on the discussion concerning the contribution of the reporting of the national media in EU member states and the ways it fosters the perception of the European elections as a “second-order national competition”. Analysis of the articles published in Jutarnji list, Vecernji list and Novi list reveals that the patterns detected in Croatia to a great extent substantiate the findings from other EU countries, primarily in terms of the relatively low visibility of European elections in national newspapers and the dominance of domestic actors in news reports as compared to the presence of European actors. Skoko (2016), doing a study on the Croatian public's perception of the EU on the eve of Croatia's accession in 2013, among other questions, posed a question on the prevailing image of the EU. Dominant is the neutral category that the European Union is a “community of interests consisting of 28 European countries” (42.5%). Selecting the positive description of the EU as “a community that promotes peace and prosperity on the European continent, as well as takes responsibility for economic and social development and the protection of human rights” were 34.1% of respondents, while the assertion that it is “a community through which individual states can



more easily achieve and protect their interests and rights” was selected by 23.2% of respondents, whilst 26.4% of respondents opted for the negative description that the EU is a bureaucratic institution dominated by the interests of large countries. Nearly 20% of respondents believe that the EU is “a supranational organization that takes part of the sovereignty and the right to vote from countries”, 8.6% of respondents believe that this community has lost its purpose and reason for being. Skoko (2016: 73) also brings the results of the poll (Ministry of Foreign Affairs of the Republic Croatia, May 15, 2010, the survey was conducted by the agency GfK in the 2000-2005 period, N=1.000), which showed a steady decline of support for the EU in Croatia, from 2000 to 2005 – in June 2000, the support was 77.6%, and in June 2005, after a steady five years of decrease, it was only 41.9%. Then, in December 2005, it increased for the first time in five years, to 48.5%. In an interview given in June 2018, Stubbs (2018) states that Croatian citizens have not benefited from the EU membership, supporting the claim by concrete economic indicators. In 2013, Croatia’s percentage of average EU GDP was 60%, and in 2016, it was exactly the same, 60%. As for income for the person exactly in the 50<sup>th</sup> percentile in terms of income, which is in euro and adjusted according to purchasing power – in 2013, annual median was 5 078 euros, and in 2016 it was 5 726 euros. However, in 2010, it was 5 810 euros. Stubbs also recognizes the effects of massive emigration. This process threatens the future sustainability of social subsystems and causes problems at the labour market in dozens of economic activities. Croatia has still not been recognized as a desirable country for temporary migrants who would like to work here (however – the situation is changing in that sense, authors’ remark). In terms of trust, the statistics show that 47% of people tend to trust the EU, 45% tend not to trust the EU; so they are kind of split. According to Euro Barometer from May 2017, 36% people in Croatia have a positive picture of the EU, 16 % negative and a lot of “do not knows”; so it has not changed much – Stubbs points out. As for research including attitudes on the EU level, Wike, Fetterolf and Fagan (2019) report that across 10 European nations recently surveyed by Pew Research Center, most say the EU promotes peace, and they also think it promotes democratic values and prosperity. On the other hand, Brussels is described as inefficient and intrusive, and also the EU is out of touch and does not understand the needs of its citizens. Many are worried about the economic future and are concerned about immigration in some countries. Attitudes toward the EU are largely positive but differ within nations according to ideological views and age. Young people and those on the political left have more positive opinions while supporters of right-wing populist parties tend to have more negative views.

### **3. METHODOLOGY**

Based on the research of other authors and on existing scientific knowledge, a conceptual research model has been created, which describes attitudes of participants of the study about accession to the European Union. Parameters include statements that reflect progress in the positive perception of the membership and benefits that Croatia has from being a member of the EU. For more detailed analysis, demographic data have been included in the research. The research has been conducted from 5<sup>th</sup> to 15<sup>th</sup> December 2018, using CAWI methodology (Computer Aided Web Interviewing), by sending a questionnaire on 1000 e-mail addresses from student data base that was made available for this research. The base included 5000 e-mail addresses and by random selection, the questionnaire was sent to every 5<sup>th</sup> address. The number of obtained answers was 174 (N=174), which makes 17.4% of selected sample. First part of the questionnaire includes questions about socio – demographic profile of the participants, age, and sex as well as the enrolment status. Second part includes 13 statements that describe social challenges of the EU accession and membership. The participants of the study evaluate each statement on the Likert scale (1 – I completely agree to 5 – I completely disagree). The third part of the questionnaire includes two statements with yes/no answers and additional questions

with multiple responses possible. The results of the study are then used as an input for statistical analysis. The analysis has been made with SPSS. Various tests have been applied, including Kolmogorov – Smirnov normality test, Kruskal – Wallis test, and Mann-Whitney test.

#### 4. RESULTS

The socio – demographic characteristics of the participants of this study are shown in the table below. As we can see 76.44% female respondents participated in this research and 23.56% male respondents, mostly in the age group 18 to 21 years (58.05%) and with the enrolment status of full time student (55.75%).

*Table 1: Respondents' characteristics*

	%
<b>Gender</b>	
<b>Male</b>	23.56
<b>Female</b>	76.44
<b>Age</b>	
<b>18-21</b>	58.05
<b>22-25</b>	27.59
<b>26-30</b>	6.32
<b>31-39</b>	5.17
<b>40-</b>	2.87
<b>Status</b>	
<b>Full time student</b>	55.75
<b>Part time student, unemployed</b>	25.86
<b>Part time student, employed</b>	18.39
On the day of joining the EU I felt?	
<b>Proud and happy</b>	13.79
<b>I was indifferent</b>	78.16
<b>Unhappy and concerned</b>	8.05
I think that the EU is fault for emigration of workers. This has nothing to do with internal problems of Croatia.	
<b>Yes</b>	7.47
<b>No</b>	92.53
I support joining the Eurozone in the middle run (5 or more years).	
<b>Yes</b>	24.71
<b>No</b>	75.29
If your answer to previous question was NO, what is the reason?	
<b>National currency is part of national identity and should be definitely kept</b>	41.83
<b>We will lose our monetary sovereignty</b>	37.25
<b>Import from EU countries will grow</b>	15.03
<b>Rest/Nothing from above</b>	5.88
If your answer to previous question was YES, what is the reason?	
<b>Foreign payment will be easier</b>	32.00
<b>We won't have to buy euros on a poor exchange rate</b>	28.00
<b>It will be easier for Tourist from Eurozone to spend money</b>	18.67
<b>We will have final confirmation that we are a part of "real" Europe to which we belong</b>	13.33
<b>Rest/Nothing from above</b>	8.00

In the table 2, we can see the description of the research instrument used in this study. Statements are coded as variables for hypotheses testing. The respondents evaluated most statements with average value around 3, indicating their neutral attitude. The statements that differ from this average are the three coded as MEMBER, JOB and ENTREPREN. Thus, the study indicates that the participants think Croatian citizens have benefited very little from the EU membership. Also, the participants agree that the membership makes it easier to find a job in a member state. And lastly, it seems that the EU membership is participated as an opportunity to start a company.

*Table 2: Research instrument description*

<b>Code</b>	<b>Item</b>	<b>Total</b>
<b>PRE-ACCESS</b>	Before Croatia became a member of the EU, I was aware of all the costs and benefits from the membership (Likert 1-5)	3.37 (,814)
<b>INFORMED</b>	I think I am well informed about the impacts of accession (Likert 1-5)	3.07 (,887)
<b>MEMBER</b>	Evaluate economic and social situation in Croatia since it is a member of European Union (Likert 1-5)	2.92 (,889)
<b>BENEFITS</b>	Evaluate the benefits citizens of Croatia have from EU membership (Likert 1-5)	1.64 (1,031)
<b>INTERFERE</b>	I think the EU interferes too much in the internal matters of Croatia (Likert 1-5)	3.25 (1,071)
<b>E GROWTH</b>	I think that the EU membership has contributed to economic growth in Croatia (Likert 1-5)	2.67 (1,314)
<b>GOALS</b>	Aspiration of all the Croatian governments to access the EU where harmful to the development of Croatian economy (Likert 1-5)	3.19 (1,391)
<b>ENTREPREN</b>	I think that the EU membership has created opportunities to start a company (Likert 1-5)	3.79 (1,264)
<b>AUTONOMY</b>	I think that with EU membership Croatia has lost its autonomy (Likert 1-5)	2.95 (,961)
<b>ENROLLMENT</b>	EU membership of Croatia makes it easier to enrol a university in a foreign country (Likert 1-5)	3.66 (,844)
<b>CONTINUATION</b>	I am interested in continuing my study in one of the EU countries (Likert 1-5)	3.02 (1,130)
<b>JOB</b>	EU membership of Croatia makes it easier to find a job in another member state (Likert 1-5)	3.93 (,857)
<b>WORKERS</b>	Workers from less developed countries of the EU have taken job positions in Croatia harming Croatian workers and that will continue in the future (Likert 1-5)	2.89 (1,030)

In this paper Kruskal – Wallis test, which is rank based non – parametric test, was conducted using a Statistical package SPSS. Null hypothesis relies on the assumption that population means are equal for all groups. For the purpose of the test respondents are grouped by sex, age, and enrolment status. Normality of distribution was then checked with Kolmogorov – Smirnov normality test, which showed that none of the tested variables has normal data distribution. All variables had significance level below 0.05 ( $\alpha < 0.05$ ), thus, we can conclude that the assumption of normal data distribution can be rejected. Results of hypothesis test show that there is statistically significant difference in key parameters of the respondents by age. We have found that these are the following parameters:

- PRE-ACCESS, with significance level Sig.=0.000
- INFORMED, with significance level Sig.=0.013
- WORKERS, with significance level Sig.=0.043

When grouped by sex, the results show that there is statistically significant difference in the following parameters:

- INFORMED, with significance level Sig.=0.007
- WORKERS, with significance level Sig.=0.002

And finally, when grouped by enrolment status, the results show that there is statistically significant difference in the following parameters:

- INFORMED, with significance level Sig.=0.007

Post-hoc Mann-Whitney test for different groups – statistically significant are summarized in the Table 3. The results indicated there is statistically significant difference between age and enrolment status for variables coded as: WORKERS, PRE – ACCES, INFORMED and INTERFERE.

*Table 3: Post-hoc Mann-Whitney test for different groups – statistically significant differences (developed and calculated by the authors)*

ITEM	GROUPS	MANN-WHITNEY U	ASYMP. SIG. (2-TAILED)
WORKERS	18-21 years – 22-25 years	1896,000	0,025
PRE-ACCESS	18-21 years – 26-30 years	370,000	0,000
INFORMED	18-21 years – 26-30 years	361,500	0,041
INTERFERE	18-21 years – 26-30 years	334,500	0,020
PRE-ACCESS	18-21 years – 31-39 years	576,500	0,004
INFORMED	18-21 years – 31-39 years	419,000	0,008
WORKERS	18-21 years – 31-39 years	470,000	0,034
PRE-ACCESS	22-25 years – 26-30 years	190,000	0,015
INTERFERE	22-25 years – 26-30 years	164,500	0,042
INFORMED	Full time student – part time student, unemployed	1691,000	0,021
ENROLLMENT	Full time student – part time student, unemployed	1749,500	0,043
INFORMED	Full time student – part time student, employed	1087,500	0,007
GOALS	Full time student – part time student, employed	1207,500	0,049

## 5. DISCUSSION AND CONCLUSION

Various researches on the subject of attitudes towards EU membership of Croatia have shown that people tend to have a realistic view on benefits and costs associated with it. The research conducted in this paper leads to similar conclusion. For the purpose of this study a questionnaire type research has been conducted. The sample size of 174 participants can be thought as a constraint and authors plan to widen the sample size with further research. The sample was deliberately chosen in the student population because of its future impact on overall public opinion, thus, the average respondent can be described as young, female, student. The research showed a rather indifferent attitude among the respondents towards Croatia joining the EU but they do not blame the fact that Croatia is an EU member for emigration problems. The majority of the respondents do not support the idea of joining the EMU. The reasons they think it is a bad idea is that national currency is a part of national identity and that Croatia will lose its monetary sovereignty. In order to test the hypotheses, we set in this paper the data were further analysed using SPSS. Kolmogorov – Smirnov normality test showed the data do not have normal distribution. After testing for normality, Kruskal – Wallis test was employed. The results indicated there is a statistically significant difference in attitudes by age, sex and enrolment status. Following this initial conclusion, a post – hoc Mann-Whitney test was used to analyse which groups have statistically significant different means. The results are that there is statistically significant difference between following groups: age group 18 – 21 and 22 – 25, 31 – 39 in the perception that workers from less developed countries of the EU have taken job positions in Croatia harming Croatian workers and that will continue in the future, between age group 18 – 21 and 26 – 30, 31 – 39, and between groups 22 – 25 and 26 – 30 in the awareness of all the costs and benefits from the EU membership, between age group 18 – 21 and 26 – 30, 31 – 39, also between different enrolment status, in the perception of how well informed about the impacts of accession the respondents are, between age group 18 – 21, 22 – 25 and 26 – 30, in the attitude that the EU interferes too much in the internal matters of Croatia. Further, there is statistically significant difference between different enrolment statuses in the attitude that the aspirations of all Croatian governments to access the EU were harmful to the development of Croatian economy and in the perception that the EU membership of Croatia makes it easier to enrol in a university in a foreign country.

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## UNIVERSITY DEVELOPMENT STRATEGIES: COMMERCIALIZATION AND RESPONSES TO NEW CHALLENGES

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### **ABSTRACT**

*Education like others spheres of life of modern society is in the state of dynamic changes. New formats of universities as well as their missions and roles in the social and economic development are actively discussed by professional environment. A number of external and internal factors that determine the depth and scale of transformation have effects on the development of the system of higher education. The system of higher education is under the influence of the system and institutional dynamics, which dictate the need for changes. The activity of universities as centers of education, science and culture is one of the most important bases of social progress. This role becomes especially important in XXI century, which is based on new knowledge and principles of technological development. First of all a university takes new features in the current conditions of globalization. The fundamental task that needs to be solved in order to achieve the goals of a modern University is the change of meanings, goals and content of education by active participation in the internationalization processes of the system of higher education and by introducing reforms in educational process. Of course new economic conditions (global market and information technologies) require modifications. It was stated that the commercialization of University innovations in Azerbaijan is a relatively new direction, since the country is just adopts the path of an innovative economy. In this regard the transformation of a scientific idea to a product or a service faces a number of difficulties. It was investigated the problem of commercialization of the results of scientific activities of higher educational institutions in Azerbaijan. For the first time Azerbaijan State University of Economics has implemented its rebranding in the educational system of the country in order to strengthen the market position of the educational institution and realization of innovative marketing strategies. The University's strategic goals were defined under the UNEC brand, and the brand development was successfully continued with the support of the scientific and expert community. An integrative educational environment is created in Azerbaijan State University of Economics and such environment ensures the unity of the "education – science – innovation – commercialization – production system". It is important to note that UNEC strategy also provides for clustering of economical education and so that it provides for increasing the integration pace of the University into the world scientific and educational space. The article presents the innovative infrastructure of Azerbaijan State University of Economics connected with its integration into the global scientific and educational environment. The paper studies the matters of the international cooperation issues of the University with universities of such countries as USA, EU, Russia, Turkey, which expands the academic potential of the University and increases its competitiveness. The article substantiates the conclusion that the globalization of higher education increases the importance of commercialization of higher education institutions in the field of education and science.*

*The article reveals the successful experience of UNEC University in the creation and implementation of joint educational programs, expanding academic mobility, attracting foreign applicants, conducting joint researches and international scientific events in partnership with universities in the EU, Russia and Turkey.*

**Keywords:** *Education, Higher education system, commercialization of the results of scientific activity, internationalization of higher education, globalization of higher education*

## **1. INTRODUCTION**

Education and science issues are increasingly at the top of the agenda of various meetings and forums around the world. The social and political, demographic and cultural image of the world as well as technological revolution is changing in rapid pace and of course all of it affects the global educational process. The modern mission of a university is not only the subject for serious discussions but its role in the development of society is being radically rethought. The systems of higher education in economically developed countries are going through radical transformations connected with fundamental importance of universities for both innovation development and economic growth and which leading to the prosperity of states and the growth of the well-being of citizens. Reality shows the changes in social and economic functions of universities. A new field of universities activity includes development and transfer of technologies, commercialization of academic products and their introduction to a market, creation of new businesses as well as management of intellectual property for profit. A modern university takes on a social and economic development mission. For today, the significant part of leading branches of the USA industry, perhaps more than 80%, has come to exist due to discoveries made at American universities. The process of higher education commercialization in Western countries and USA to be actively implemented in the late 1980s, which brought not only increasing tuition fees, but also strengthening ties with business and the transition of University management to the principles of business management. So, one of the most relevant topics for the present day is the idea of commercialization of scientific research and education for universities of Azerbaijan. It is the very field, which is relatively new for the society in general and for educational system in particular, opens up a lot of space for creativity, development of new principles and education models. In General, scientific and higher educational institutions of Azerbaijan are modernizing the science management system. We had and still we have very strong scientific system steeped in tradition. But at the same time we face a systemic challenge to modernize the principles of activity and integration into the world science, to ensure the internationalization and commercialization of scientific research. The focus of the higher education system, which is characterized by both mobility and stability, is the search for a modern management model and, in particular, the commercialization of scientific activities. Under this model university generate knowledge by implementing educational programs and scientific projects and multi-aspect interaction with wide audience ensures their application in creating new products, processes and services. Their essence is connected with the decisive role of universities in economic growth and innovative development. This implies the change of the social and economical functions of universities: along with the traditional educational and scientific mission, there is a sphere of rapidly developing economic activity. The central role is to encourage knowledge transfer.

## **2. THE CONCEPT OF “COMMERCIALIZATION” IN THE ECONOMIC SCIENTIFIC LITERATURE**

Commercialization of higher education is as a positive factor, which appears as a tool for creation of intellectual potential of a university, a mean of accumulation of knowledge capital as well as an incentive to increase competitiveness, a motivational mechanism aimed at meeting the needs of both employers and individuals.



Commercialization process means a transition of universities to market relations in other words to sale and purchase relations, when university management is carried out according to laws of free market, knowledge transforms to a product and university as an economic corporation turns to a seller (provider) of educational services [Miroshnikova, 2015,85]. Commercialization of higher education is a global phenomenon that attracts attention of such scientist as sociologists, economists, philosophers, cultural scientists, teachers, linguists. According to the Austrian sociologist and founder of the theory of innovation, J. Schumpeter, commercialization is the main source of innovative development [Schumpeter, 1982]. The publication by G. Itzkowitz and L. Leydesdorff on the triple helix conception shows the growing interaction between universities, industry and the state and such interaction is interpreted as the creation of new social and institutional structures for the production, transfer and application of knowledge for the development of a knowledge-based economy [Smorodinskaya, 2011, 67]. The article by Phillip Mirowski and Robert Van Horn “Contract research organization and commercialization of science” is devoted to the matter concerning the commercialization of science. This article primarily tells about the dependence of research funding in a number of industries and the increasing role of private financing in the universities activity [Kusliy, Vostrikova, 2018, 101]. Derek Bok, the 25th President of Harvard University writes the following: “By commercialization i.e., the desire to extract income from the activity of any university, is implied only the desire of universities to extract profit from their teaching, research and other activities” [D. Bok, 2012]. Bok believes, that the main reasons for the commercialization of American Universities is the following: cut in public funding that has led some universities and their divisions to search of financing; increased competition between universities; a number of new opportunities for universities to gain income due to high and sophisticated technologies, in particular the Internet. This outstanding academic, like many other western experts, fears “that the commercially oriented activities of universities will move all other activities on the background and educational programs will be judged by their profitability but not by their intellectual merit” [Mamedov, 2018. P 283]. According to some information provided by the author of the above mentioned book, we can talk about the deployment of the process of financing American education. The analysis of the literature by the authors of this article allows us to distinguish two reactions of scientists to knowledge commercialization. Some scientists give an extremely negative assessment of this process. They are concerned that a significant portion of resources is being allocated to research projects of applied significance. Scientists are also dissatisfied with the fact that their results are managed by commercial enterprises at their own discretion, for example, private companies are interested in ensuring that research results are not publicly available, which is contrary to the public interest. Scientists are also concerned that trying to run a university as a business leads to the situation when students see themselves as customers and professors as service employees who sell a certain product [Brown, 2000]. Another group of scientists expresses a more tepid response to the changes taking place in modern science due to the process of its commercialization. The representatives of this group promote the idea that the growth of science commercialization is inevitable in today’s context and that there is no good reasons to tell that commercialization has greatly changed the structure of scientific researches [Nelson, 2001].

### **3. REFORMING IN THE FINANCIAL SYSTEM**

The challenges faced by the system of higher professional education required its reformation and modernization in the financing system. One of the most important issues is the issue of financing higher education, which represent, in fact, an investment in the future. An innovative breakthrough in the search for organizational structures and financing mechanisms that ensure the competitiveness of Azerbaijani higher education is recognized at all levels and by all participants in the educational services market.

This is dictated by the fact that the higher education system is an integral part of the national innovation system, and investments in education, when effective, provide conditions for the emergence of innovative enterprises, the foundation of an innovative national economy. The need to modernize the financial mechanism of the Azerbaijani higher education system is fixed in government documents on the modern educational policy of Azerbaijan. To implement the policy of expanding educational reforms in Azerbaijan and to bring the education system in line with world standards, a need for the formation of a new legislative base arose. To this end, on June 19, 2009, after extensive public discussions in the country's parliament, a new Education Act was adopted and its application began. To implement the policy of expanding educational reforms in Azerbaijan and to bring the education system in line with world standards, a need for the formation of a new legislative base arose. To this end, on June 19, 2009, after extensive public discussions in the country's parliament, a new Education Act was adopted and its application began. Finally, the specificity of the Azerbaijani higher education system is that there are two markets there: the market where the state purchases the services of universities, and the market where the educational services are bought by the population. The state has its own priorities, and the population has its own. Quite often they do not match. But since the state operates in a larger market in terms of the number of students, it is this market that will largely determine the final results of education and the effectiveness of the higher education system - in quality, in the structure of training personnel with higher education, and in response to requests from the labour market. About 12,300 places are allocated annually in Azerbaijan for admission under the state order. In the 2019-2020 academic year, they plan to increase to 20,400 which means an increase of about 65 per cent. This will provide an opportunity for approximately another 8 thousand students to get higher education at the expense of the state budget [Mamedov, Mirzayev, 2020. P. 697].

#### **4. COMMERCIALIZATION OF SCIENTIFIC RESEARCH RESULTS (THROUGH EXAMPLE OF UNEC)**

UNEC is the organizer of the international conference “Modern model of scientific activity management in universities” which was held jointly with Clarivate Analytics and the Center for International Science and Technical Information, as well as with one of the first universities, which has created the idea and signed the Baku Declaration “Modern model of scientific activity management in universities” [Мамедов, 2018, p 284]. The participants of International Scientific and Practical Conference “Modern model of scientific activity management in universities” representing more than 40 universities from more than ten countries of the world, declared the following: “The special attention should be paid to the commercialization of research results. It is necessary to develop some measures to support and encourage commercialization, including through the provision of grant funding. The goal to achieve the practical effect of scientific developments should become an integral part of the educational process. It is necessary to include indicators on the commercialization of scientific research in the overall assessment of the effectiveness of universities”. At present the innovative infrastructure of the Azerbaijan State University of Economics consists of the following departments: department of organization and scientific activity management, scientific technology transfer department; career center, business center, business incubator center. In terms of possibility of sale of the registered intellectual property, the existing innovation infrastructure of the University has a department of organization and scientific activity management. This department carries out specialized research on databases, performs patent search and deals with the procedure for registration of intellectual property. There is a technology transfer department in the structure of the department of organization and scientific activity management that provides assistance in protecting copyrights of intellectual property results.

Also there is an information and consulting department as the division of the technology transfer department; this department provides initial consultations on the organization and conduct of business, conducts informational and consulting seminars and provides assistance in the registration of companies. The UNEC career center works for the purpose of regular study of the labor market. The center is a joint project of the Azerbaijan State University of Economics, the Ministry of Youth and Sports of Azerbaijan Republic and the International Labor Organization. The main goal of the career center for youth is to increase the knowledge, practical skills and habits of young people, to solve their employment problems as well as to implement complex and organizational, technical, informational, consulting, information and awareness-raising activities.

## **5. FORMATION OF UNIVERSITIES 3.0 IN AZERBAIJAN**

“University 3.0”: an institution of society that implements the function of technology transfer and delivery to end users along with educational and research functions. “University 3.0” has an effective process of technology commercialization, it has developed an entrepreneurial culture and created technology startups, it registers patents and this University is able to establish an effective dialogue with representatives of the business community. The universities that make up this sector carry out three main missions: education, research, social and economic development. “The strategy of transition from the University 2.0 (education and science) to the University 3.0 (education, science, social and economic development) highlights the following main components: (1) social and academic: transformation of the University structure; changes in the academic environment, educational process and pedagogical activity, advanced scientific and educational development; (2) scientific innovation – formation of centers for research and technological excellence, development of open innovations, implementation of the concept “University in the center of innovation and entrepreneurial ecosystem”; (3) economic – flexible response in labor markets (dialogue with industry), orientation on the principles of network economy, intellectual property management, economically promising elements of corporate and multi campus University models” [Karpov, 2017, 115]. Perhaps the most demonstrative example of A “University 3.0” is the Massachusetts Institute of Technology (MIT). The total revenues of companies founded by graduates of this Institute can make up the eleventh largest economy in the world. Graduates of MIT have founded 33.6 thousand companies, 76% of which successfully operate in the market and provide 3.3 million work places. MIT’s annual research costs are about \$650 million. Every year MIT receives about 300 patents, and the revenue from licensing activities is about \$70-90 million annually. Stanford is an excellent example of the oldest American Research University operating under the concept of “University 3.0”. Graduates of Stanford have created such companies as Hewlett-Packard, Yahoo, and Google. The annual revenue of companies created by the University is \$2.7 billion. At the same time, 90.4% of fundamental research of the University is translated into commercial R&D. The University licenses more than 100 of its technologies annually and receives proceeding at the rate of about \$90 million per year. About 10 startups are formed annually [Kuznetsov , Engovatova, 2011, 86]. Establishment of University 3.0 is an acute, socially and economically significant problem for Azerbaijan, since such University today plays a critical role in modernizing society and transforming the economy. The evolution of “Universities 3.0” for Azerbaijan is a serious social and economic problem, because such universities as the active parts of economic reforms should play a leading role in modernizing society and transforming it into a knowledge economy [Mamedov, 2019. P 112]. Generally, the universities of Azerbaijan have been able to “raise their level” from educational institutions to development institutions, growth points, centers of scientific and economic development. Thus, the use of innovation and entrepreneurial activity term, based on the research function of the University, becomes justified in relation to educational institutions.

Thus, according to the Global Innovation Index (2014), Azerbaijan ranks 4<sup>th</sup> among the CIS countries after Russia, Kazakhstan and Ukraine (and 53<sup>rd</sup> in the world) in terms of the quality of education (in the context of 3 leading universities). In this ranking and according to the University research, Azerbaijan ranks 4<sup>th</sup> (and 81<sup>st</sup> in the world). However, in terms of patent applications, the country ranks only 6<sup>th</sup> (89<sup>th</sup> in the world). If we consider another important report – Competitiveness Index (Global Competitiveness Index 2016-2017) of the World Economic Forum in Davos, we can see that Azerbaijan ranks 1<sup>st</sup> among CIS countries (and 49<sup>th</sup> in the world) in terms of basic indicators of innovation, mainly because the “innovation opportunities” are very high: 42<sup>nd</sup> in the world. At the same time, we have great opportunities for scientific activities because Azerbaijan ranks 68<sup>th</sup> in the index of “quality of research institutions”. In addition, the country ranks 68-73<sup>rd</sup> in the world for the protection of intellectual property rights, being one of the three leaders in the CIS [Mamedov, 2018]. Azerbaijan’s universities have improved their position in recent years according to the X-index of citations on the Web of Science database. It is created startups, incubators and commercialization centers in leading higher education institutions. The key areas of implementation of innovation policy in relation to universities are the following: the state program for reforms in the system of higher and secondary special education for 2009-2013 (Approved by decree of the President of Azerbaijan Republic No. 295 dated May 22, 2009); the state strategy for the development of education in Azerbaijan Republic (Approved by the Decree of the President of Azerbaijan Republic dated October 24, 2013); Establishment of the category of the National Research University (decree of Azerbaijan Government dated August 09, 2016); On August 22, 2019, the government of Azerbaijan Republic approved “Charter of the Azerbaijan State University of Economics (UNEC)”. The development of international cooperation is one of the priorities of the University. The University actively develops its relations with foreign partners in the following main areas: conclusion of cooperation agreements; exchange of specialists to read lectures; internships for teachers, postgraduates and undergraduates, joint scientific research; joint publications; academic exchanges; international conferences and other scientific and technical events; implementation of joint educational programs with the issuance of double diplomas; joint participation in competitions and grants for international projects. The higher-education teaching personnel of UNEC are constantly working on improving competitiveness of UNEC on the local and foreign markets and also on its recognition in the world. For this purpose, in the field of research and development of the higher-education teaching personnel, scientists regularly present the results of their work at prestigious international conferences and congresses. Teachers, scientists, students as well as undergraduates and postgraduates are actively involved into international projects within the framework of such international programs as Erasmus+, Horizon 2020, IAESTE, DAAD, etc., which gives them the opportunity to gain new experience, establish new contacts and improve their level of professional training. For the first time in 2016 in the higher education system of Azerbaijan UNEC won a competition for a joint project with the University of Siegen in the main office of DAAD. Joint participation of German University of Siegen and the Azerbaijan State University of Economics (UNEC) in the project “EE-KEY-AZ Entrepreneurship Education”: “Key to Job Creation and Employability in Azerbaijan” was approved by the German Academic Exchange Service (DAAD) in Germany. It was provided the following within a framework of 4 year project: exchange of experience in various German and Azerbaijani companies; summer and winter schools, various seminars in both countries (business planning, innovation management, logistics, e-commerce, risk management and other areas); creation of “Consulting financial clubs”; organization of the contest “Small business plan”. Azerbaijan State University of Economics (UNEC) is working out a program for the development of University 3.0.

The development strategy for University 3.0 is formed as follows: become a leading Azerbaijani university in the field of training specialists in economics and management. Based on the stated strategy, the activities of the development program focused on the following key areas:

- 1) Competence development of the University: building up an innovative elevator in order to attract talented people, in particular from abroad; implementing competitive innovative training programs.
- 2) Development of University 2.0. model: development of scientific research activities of the University in priority areas of science of the country; development of service and consulting companies.
- 3) Development of University 3.0 model: accumulation of intellectual property in the framework of created startups; creating a platform for developing of entrepreneurial competencies; establishment of a university – an innovation hub.

Thus, foreign experience confirms that Foresight is a promising direction for the development of “University 3.0”. In order to start the process of realization it is necessary to transform Azerbaijan universities into centers for creating new development models, turn them into participants in the global innovation market, and make them attractive to young talents. Only this approach will allow universities to participate in the development of the system of innovative industrialization by receiving orders that are really in demand in the modern market. Thus, the University has set tasks related to innovative development, such as building an academic reputation through conducting breakthrough research, creating world-class intellectual products and developing interaction between universities and the real sector of the economy. University 3.0 will allow training professionals and working with talented people, it will also provide effective connections with the business community as well as create a new generation of productions that will be more advanced than the previous ones. Such production facilities will be equipped with the latest technologies, they will compete in every area and they will be available to local and global consumers. It is necessary to note, that the current legal, tax and administrative regulations restrict the scope of activities between business and higher education institutions in Azerbaijan.

## **6. CONCLUSION**

One of the most important aspects is the increasing number of transformation of large universities in Azerbaijan with enough high level of education into commercial corporations. The main characteristics of this growing process should be highlighted: focusing on commercial results; replacing the social model with a corporate one; active patenting and licensing of scientific discoveries; creating divisions (companies) in the management structure of universities to manage their financial assets. Merging of business and education has become another stable trend that has been most active in the past decade. The main signs of merging business and education are: increasing the number of businessmen in guardian boards; opening of business schools and research laboratories with private financing; participation of business representatives in the preparation of training programs; sale of patents and licenses to business structures for scientific discoveries. Thus, foreign experience confirms that Foresight is a promising direction for the development of “University 3.0”. In order to start the process of realization it is necessary to transform Azerbaijan universities into centers for creating new development models, turn them into participants in the global innovation market, and make them attractive to young talents. Only this approach will allow universities to participate in the development of the system of innovative industrialization by receiving orders that are really in demand in the modern market.

Thus, the University has set tasks related to innovative development, such as building an academic reputation through conducting breakthrough research, creating world-class intellectual products and developing interaction between universities and the real sector of the economy.

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## THE PROMOTION OF DIGITAL COMMUNICATION CHANNELS BY THE TOURIST BOARD OF THE CITY OF ZAGREB

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### **ABSTRACT**

*In today's society, modern technology plays a key role in initiating and developing strong relationships with tourists and media throughout a variety of channels while posting qualitative content that can easily attract and engage new tourists. As a result, it is essential for every business and organization to maintain strong management of their digital marketing and digital marketing communications. The necessity of digital communication with potential tourists is recognized by the Tourist Board of the City of Zagreb, whose top priority is to promote the city of Zagreb as an enticing destination, along with clearly and effectively communicating while building relationship with tourists. The purpose of this paper is to provide insight on how digital marketing, digital marketing communications and digital marketing channels are used in theory and executed practically by the Tourist Board of the City of Zagreb. The promotion of digital communication channels by the Tourist Board of the City of Zagreb are analyzed, with a focus on internet sites as the medium of marketing in tourism and by e-mails through newsletters with the purpose of promotion and digital tourist brochures. Additionally, they are also researching the how the use of smartphone applications can enhance the overall experience for tourists in combination with the use of social networks for communication and strengthening their brand via Facebook, YouTube, Instagram, Twitter and Pinterest. The Tourist Board of the City of Zagreb conducts research on a sample of 200 participants through a survey questionnaire, which is further examined to identify how their behavior and the role of digital communication channels influences the different phases of the buyer's journey.*

**Keywords:** *Tourist Board of city Zagreb, digital channels, destination marketing, social networks, buyers journey*

### **1. INTRODUCTION**

In the territory of the Republic of Croatia, the Tourist Boards (Berc-Radišić, 2005) are legal entities whose role is to strengthen and promote Croatian tourism and economic interests in the fields of tourism and hospitality. The task of tourist board is "to encourage the development and promotion of tourism and activities in its function, to protect tourist values and collect and publish data on the movement of tourist traffic of the municipality or city" (Berc-Radišić, 2005, p. 134). The tourist board is financed in a specific way, exclusively on the basis of sojourn taxes and membership fees, and not from the city or state budget (Tomašević, 2010). They carry out promotional activities through tourism fairs, tourist information centers, media, promotional

campaigns, presentations and various forms of communication. According to the Act on Tourist Boards and the Promotion of Croatian Tourism (OG 152/08), tourist boards are divided into three types according to the area they cover: tourist boards of municipalities and cities, tourist boards of counties and the Croatian Tourist Board. The Zagreb Tourist Board was established on April 29, 1992 and is based on the law on tourist boards. Today it has 24,548 members, and has received 74 awards and recognitions for her work. In 2019, she participated in 34 world fairs, and for her activities in the world and in the country she had a budget of 80 million kuna at her disposal. "The most important activities of the Zagreb Tourist Board are primarily aimed at creating conditions for increasing tourist traffic in relation to the previous year and the projection of sustainable growth, encouraging the creation of new tourist attractions and events in culture and sports that are interesting for tourism and raising public awareness of tourism of the city" (Tomašević, 2010, p. 213). Marketing activities are planned in the country and abroad in order to achieve the promotional goals, in cooperation with the Croatian National Tourist Board and independently. Digital marketing has a very important role in promotion, including websites that have been translated into many languages, contain a large number of photos and videos, and also allow the creation of a personalized brochure. The promotion also takes place at fairs, independently or in cooperation with the Croatian National Tourist Board. The congress offer is presented at congress fairs, and the cultural offer of the city of Zagreb is presented at cultural tourism fairs. It is an interesting fact that Zagreb is a popular destination for congress tourism, and in fact it does not have a real congress center (Tomašević, 2010).

## **2. ROLE AND USE OF DIGITAL MARKETING COMMUNICATION IN TOURISM**

Marketing communication in tourism is based on communication between sellers and buyers with the aim of modifying consumer behavior, which includes persuading existing tourists to spend the night in a destination where they have not stayed before or keeping existing tourists by re-purchasing an existing tourism product (Senečić and Grgona, 2006). The goal of marketing in tourism is to create a product that simultaneously promotes the tourist destination in the best way and meets the needs of tourists as consumers, but also the needs of marketing holders. The need for a tourist destination is not only profit maximization, but also includes other aspects such as creating a positive image of the destination and contributing to the creation of a favorable public opinion. In order to define digital marketing communication, it is necessary to first define digital marketing. There are many different definitions of digital marketing in the literature. In addition to the term digital marketing, synonyms such as e-marketing, electronic marketing, cyber marketing, web marketing and internet marketing are often used (Ružić, Biloš and Turkalj, 2009). Digital marketing is a type of marketing which, with the intensive application of Internet and information technology, realizes activities on the market (Kraljević and Perkov, 2014, according to Panian, 2000). The second definition states that e-marketing implies "the process of creating an offer, pricing, distribution and promotion with the aim of profitably meeting the needs of customers exclusively in the electronic market" (Ružić et al., 2009, p. 64). "E-marketing is the use of information technology in the process of creating, communicating and delivering value to clients and for managing customer relationships in ways that contribute to the organization and its stakeholders" (Strauss, El-Ansary and Frost, 2006, p. 5). Thus, digital marketing communication is created by applying information technology in traditional marketing. This increases the efficiency of traditional marketing functions and transforms many marketing strategies. This results in new business models that increase profitability or create added value (Strauss et al., 2006). Digital marketing communication in tourism is constantly changing and improving. Recently, there has been a huge increase in the demand for tourist destination information through social networks, and users trust them more than traditional forms of promotion. That is why they are increasingly making decisions about choosing the destination they have been informed about in this way.



Thus, social networks have become a powerful tool for marketing communication, and in addition to influencing users of social network services, they also influence the creation of the image of a tourist destination (Markić, Bijakšić and Bevanda, 2018). The selection of communication channels is part of the process of implementing integrated marketing communication. One of the main characteristics of modern activities in promotion is that the best results are achieved through the combined use of traditional and digital communication channels. In digital marketing communication, the Zagreb Tourist Board uses: website, social networks Facebook, Twitter, Youtube, Pinterest, Instagram, Snapchat, marketing via e-mail, applications and digital brochures. Urbančić (2016) defines a website as an “online platform for the presentation of products and / or services with the aim of promotion, sales and distribution” (Urbančić, 2016, p. 11). It is a basic tool for positioning on search engines and in the market (Urbančić, 2016). The content offered also depends on the positioning. Good content meets the needs of users and solves some of their problems. The information offered by the site can be of an informative, educational and entertaining type based on experience and market research. The Zagreb Tourist Board has two websites: infozagreb and tzgz. Infozagreb site is intended for tourists and citizens, and is focused on travel planning, exploring Zagreb and events in the city. There is also a lifestyle category that gives recommendations for nightlife, gastronomy, sports and recreation, health and beauty, and places to shop. On the other hand, the tzgz page talks about the business of the Zagreb Tourist Board as an organization and is more intended for business users. On this page you can find out "all relevant information about the Zagreb Tourist Board, get information about the legislative framework, plans, exercise the right to access information, follow the news and other activities." Communication and brand creation on social networks are being strategically considered. Businesses and organizations want to adapt to new trends, which is why they carefully plan strategies on social networks. Keeping up with social networks is a very demanding task due to the frequent innovations and the emergence of new social networks (Kraljević, Perkov, 2014). Social media marketing is a long-term process of building community and relationships with potential and loyal customers in order to gain their trust. This creates a better connection with customers. It is important to note that the goal of social media marketing is not aggressive sale, but raising awareness and create incentives for the target audience to think about the product on offer. The Zagreb Tourist Board is in charge of running a Facebook page called Zagreb. The Zagreb page is the main center of communication of the Tourist Board via Facebook, and special pages have been created for Advent in Zagreb and Meet In Zagreb, which refers to the congress center of the Tourist Board. The Zagreb Tourist Board publishes on Twitter under the name Zagreb Tourist Board, or @zagreb\_tourist. It has been verified by Twitter, and the two most common hashtags or tags it uses are #Zagreb and #VisitZagreb. Posts often contain a picture or short video that further attracts the attention of followers. On the Youtube platform, the Tourist Board publishes under the name Zagrebtourist, and the most popular video is about Advent in Zagreb 2018, which has more than 4 million views. The efforts of the Zagreb Tourist Board in creating videos and promoting them through digital channels are internationally recognized. A short film promoting the city called We love Zagreb won second prize in the City International category at the Berlin International Tourism Film Festival. The Zagreb Tourist Board uses Pinterest on the model of many world destinations. The boards he publishes are divided into those focused only on the city of Zagreb, on the whole of Croatia and on travel in general. It presents itself in a positive light and highlights its competitive advantages by highlighting achievements such as the award for the best Christmas fair in Europe. The Tourist Board is actively posting on Instagram under the name zagrebtourist and under the name Zagreb Tourist Board. He uses a short and attractive description in English to present his activity: "Welcome to Zagreb, Croatia's stunning capital!" And the main tags #Zagreb, #VisitZagreb and #ZagrebSummerTour. The Zagreb Tourist Board has not created a profile on the social network Snapchat.

Apart from communication between the two parties, e-mail (Urbančić, 2016) is also used for e-mail marketing. This form of communication is called a newsletter, and is defined as a letter that conveys information, and its purpose is to inform the user about a particular topic. The Zagreb Tourist Board sends a newsletter once a month, each created according to the same model and consists of the main event for that month and other events, addresses by Mayor Milan Bandić and director Martina Bienenfeld and LoveZagreb recommendations in English. Mobile applications recommended by the Zagreb Tourist Board on its official website are *Zagreb be there*, *VoiceGuide Zagreb*, *ZAGREB360*, *Spotted by Locals Zagreb*, and many others. According to Dobrinčić, Dvorski and Staničić (2008) the role of the brochure is to provide a detailed graphic presentation of the product or product range, including additional extensive explanations, ie presentation of the product to the client. The Zagreb Tourist Board offers brochures that can be downloaded in person at offices or in digital form on the official website. Brochures are divided into brochures that provide general information about the city of Zagreb, brochures about specific events or a certain period of time, brochures about a specific form of tourism and brochures intended for specific groups of people. The brochures that are currently available are: Welcome to Zagreb, City Colors, Step by Step, Zagreb Center of Medical Excellence and Surroundings. Zagreb-the capital, Meeting Planers Guide, Zagreb Time Machine 2019, Zagreb-the city of film, Weddings in Zagreb, Zagreb-culture & events guide 2019, Mirogoj, Did you know, Safe on vacation.

### **3. EMPIRICAL RESEARCH ON THE ROLE OF DIGITAL COMMUNICATION CHANNELS IN THE PROMOTION OF THE ZAGREB TOURIST BOARD**

The problem that needs to be investigated is insufficient information on the analysis of the use of digital communication channels of the Zagreb Tourist Board. Based on the defined research problem, the research method is determined: a survey on the importance in the impact of digital communication channels on the consumer's purchasing path, whose answers are then compared with the activities of the Zagreb Tourist Board.

#### **3.1. Research description**

In order to investigate the impact of digital marketing communication and the impact of digital marketing channels as credibly as possible, and to obtain answers to research questions, a quantitative type of research and survey techniques were used. A survey was conducted on a sample of 200 respondents. The attitudes and habits of people from the Croatian market regarding tourism, digital communication channels and travel are examined. The survey questionnaire is used as a research instrument, and the survey was conducted online. The survey was conducted during January 2020 until the required number stated in the application was met. The survey was completely anonymous. The paper focuses on the following research questions:

- Q1: What tools of digital marketing communication are used to promote the city of Zagreb?
- Q2: Which communication channels are key for the successful implementation of communication activities of the Zagreb Tourist Board?
- Q3: What activities are carried out to create campaigns through digital channels?
- Q4: What are the attitudes and opinions of respondents on the impact of digital communication channels on travel and tourism?

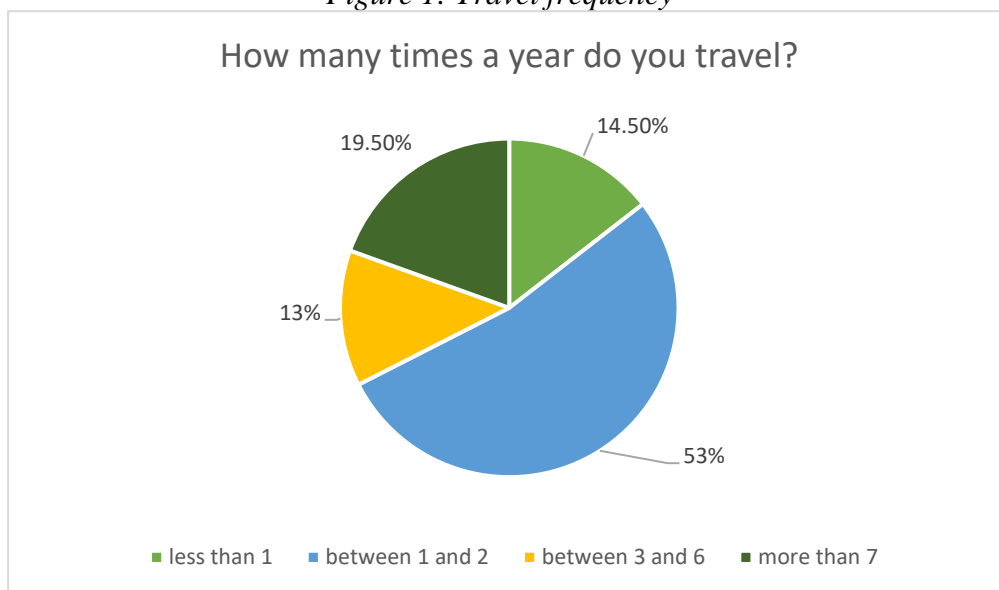
The questionnaire consisted of questions related to the socio-demographic characteristics of the respondents, questions about their travel habits and the use of digital communication channels. This was followed by questions that were divided according to the stages of the user path. The third part and the first phase of the user path represent issues related to the creation of the destination image. The next and fourth group of questions talks about the role and importance of digital channels in making a decision on choosing a destination.

The fifth unit talks about the behavior of users when they come to the selected tourist destination. The last section talks about the use of digital channels in the context of post-purchase behavior of respondents. The answers to the questions are directly related to the digital communication of the Zagreb Tourist Board. The most important research results are presented below.

### 3.2. Review and interpretation of research results

The largest number of respondents was between 18 and 25 years old, which was expected given that the survey was published in student groups. Most respondents were from Zagreb and Zagreb County. Figure 1 shows that the majority of respondents, 106 of them, travel two or three times a year. The next segment are people who travel frequently, more than 7 times a year and make up 19.5% of respondents who participated in the survey. 29 people travel once or not at all, and 26 people travel between four and six times.

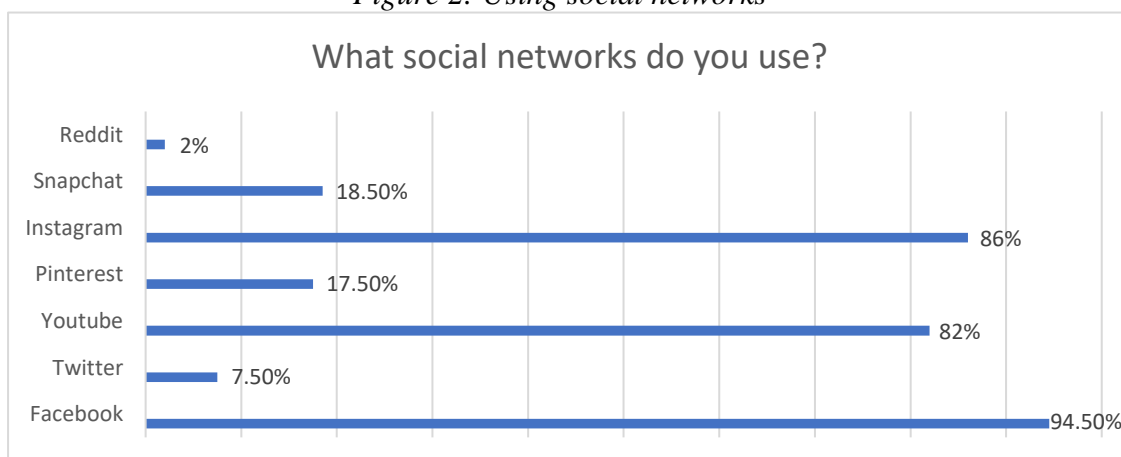
Figure 1: Travel frequency



Source: authors' work

Respondents mostly prefer traveling with friends or a partner, and it is interesting that 17% of respondents most often decide to travel alone.

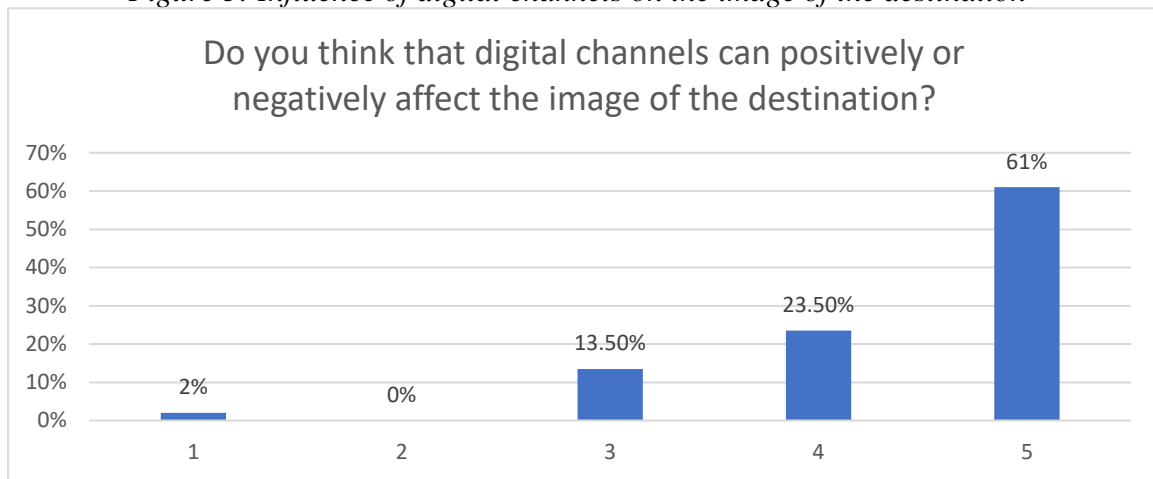
Figure 2: Using social networks



Source: authors' work

The social networks most used according to this research are Facebook, Instagram and Youtube, which is shown in Figure 2. Less represented social networks are Snapchat with 37 votes and Pinterest with 35 votes. Twitter in Croatia has never managed to achieve the popularity it has globally, and given that this survey was conducted mostly on the Croatian market, it is expected that only 7.5% of respondents use it. Snapchat would probably have had better results had more respondents under the age of 18 responded to the survey questionnaire. The Zagreb Tourist Board is present on all these social networks except Snapchat, Reddit and Tik Tok. Respondents were asked a question that examines consumer awareness of the impact of digital channels on the destination image. A value of 1 indicates a statement I completely disagree with, and on the other hand a value of 5 indicates that the respondent absolutely agrees with the statement, and the answers are shown in Figure 4. 61% of respondents said 5 and 23.5% with a score of 4, concludes that 84.5% of respondents are aware that social networks and websites have a large or extremely large impact on the positive or negative image of the destination. The results are shown in Figure 3.

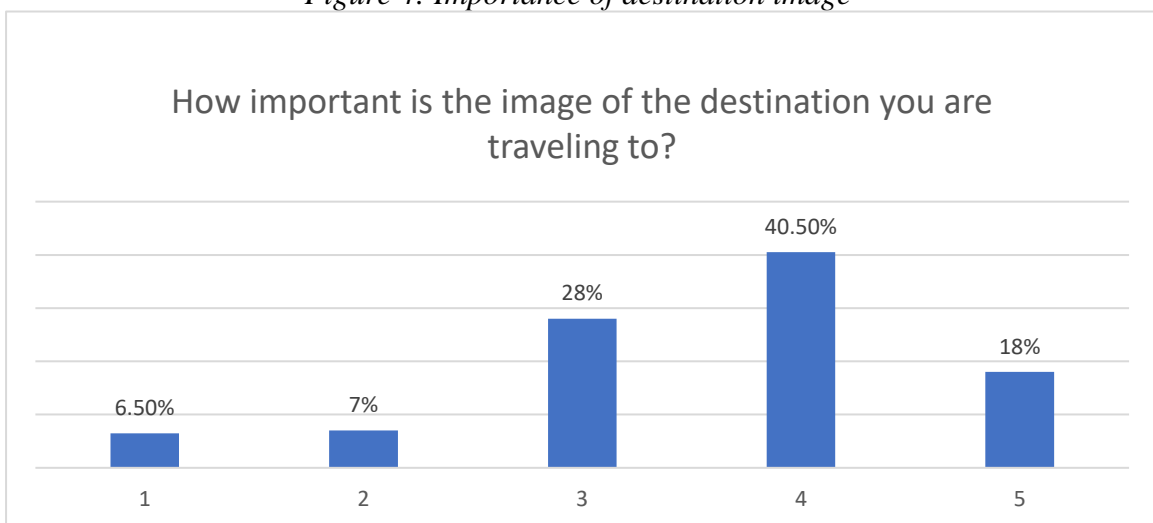
*Figure 3: Influence of digital channels on the image of the destination*



*Source: authors' work*

Given that the results show the exceptional importance of the image, it is important that the Zagreb Tourist Board contributes to the creation of a positive image by using social networks.

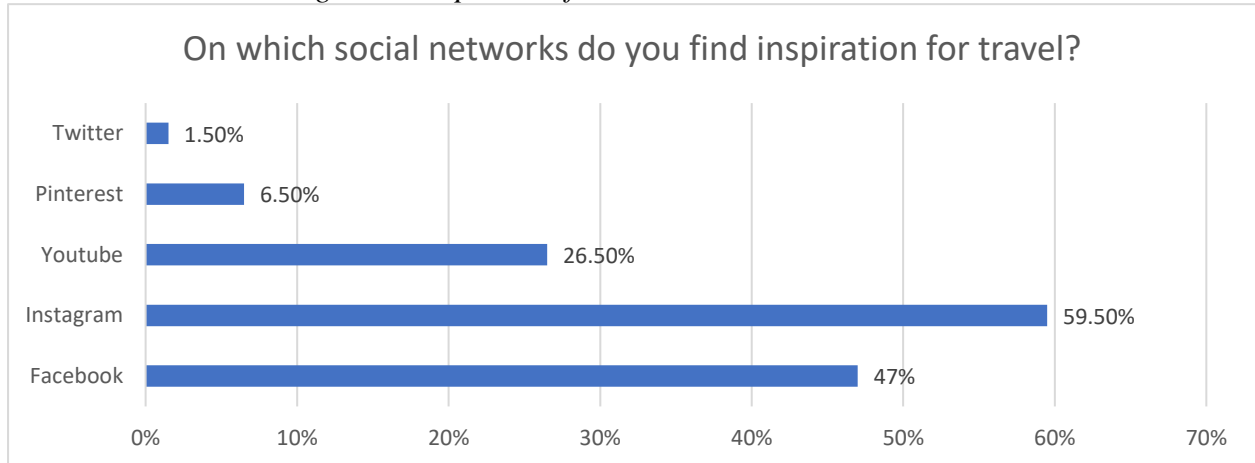
*Figure 4: Importance of destination image*



*Source: authors' work*

Figure 4 shows the answers to the question "How important is the image of the destination you are traveling to?" And the values from 1 (not important to me) to 5 (extremely important to me) are offered. The importance of the image of the destination is examined, and 40.5% of respondents consider it important, 18% attach great importance to it, while 28% of respondents are indifferent.

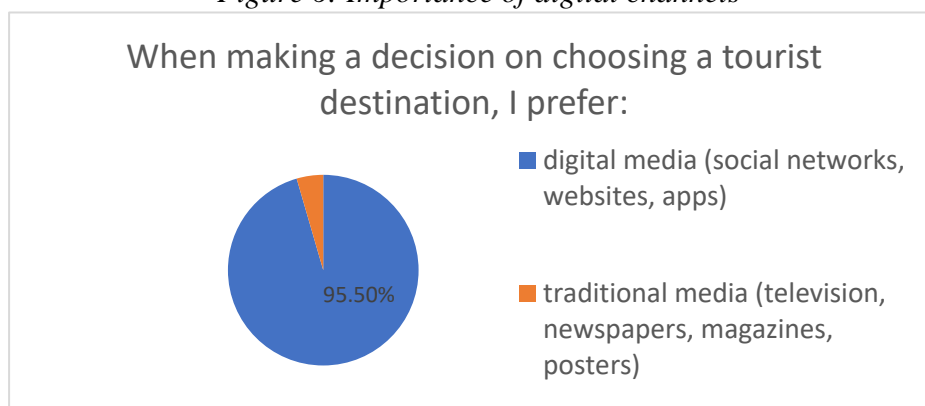
Figure 5: Inspiration for travel on social networks



Source: authors' work

Figure 5 presents the most popular social networks where users seek inspiration for travel in the first phase of the user journey. Instagram leads convincingly with 119 votes which shows that respondents watch the posts of friends and / or influencers and this inspires them to travel to a certain destination. This is helped by the fact that Instagram is predominantly a visual medium so users can judge if they like a destination based on images and can easily imagine themselves in a particular destination. Since the rest option was offered, respondents also mentioned TripAdvisor and Reddit. 27.5% of respondents claim that they do not use social networks for this purpose. The Zagreb Tourist Board is present on the social networks Facebook, Instagram, Youtube, Pinterest, Twitter.

Figure 6: Importance of digital channels

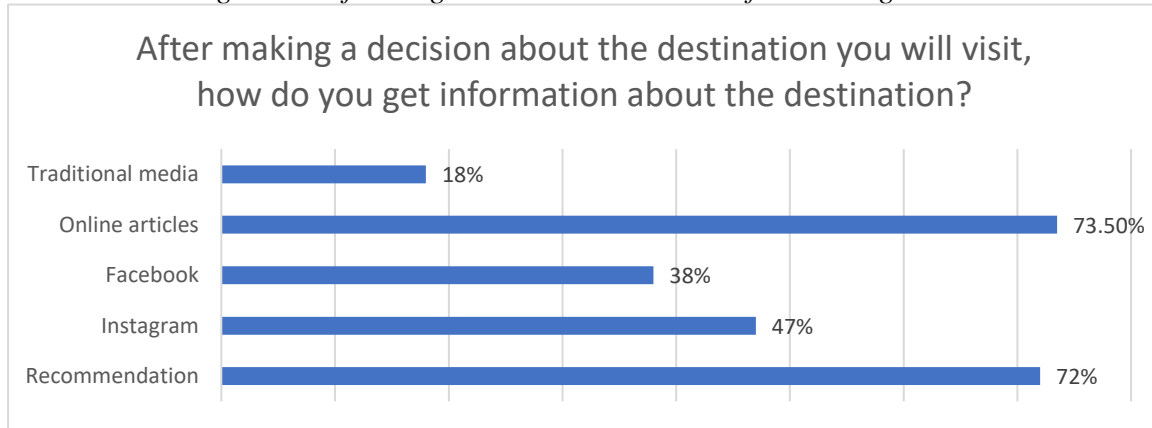


Source: authors' work

This question begins the second phase of the buying journey called the consideration phase. Digital channels are convincingly prevalent, as shown in Figure 6, 95.5% prefer social networks, websites and applications when making a travel decision. This answer was greatly influenced by the fact that the largest age group that completed this survey questionnaire was between 18 and 25 years old and that the survey was conducted online.

There is a possibility that the ratio would look different if the survey was conducted in the field with target age groups between 45 and 60 years and over 60 years. This result confirms the exceptional importance of digital marketing communication in the promotion of the Zagreb Tourist Board.

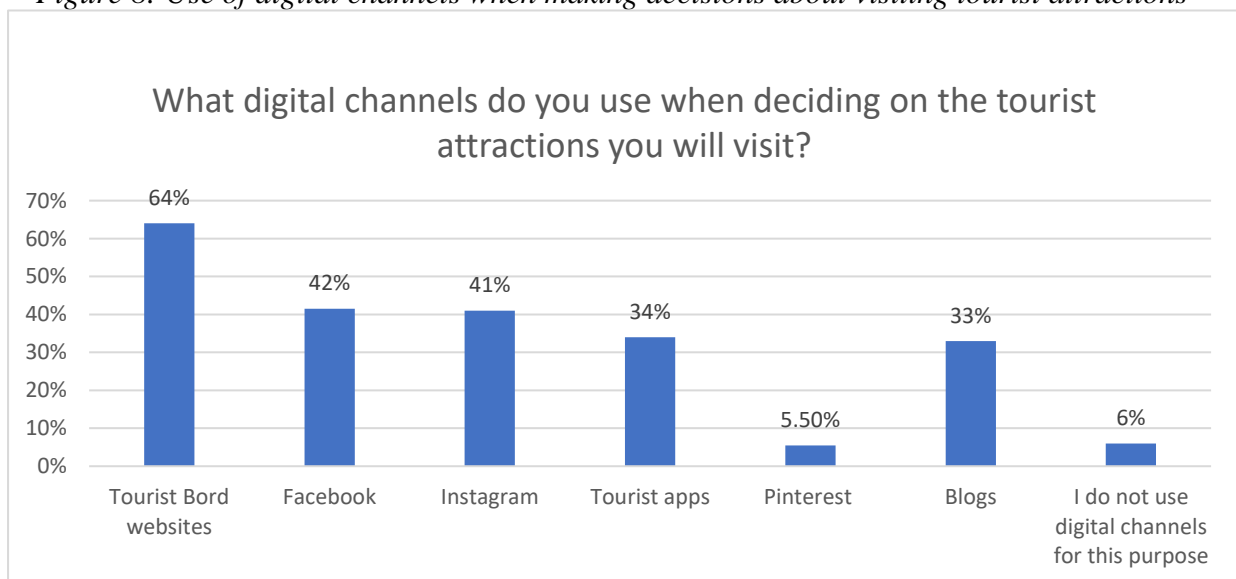
*Figure 7: Informing about the destination after making a decision*



*Source: authors' work*

The next statement reads: "If I choose between two destinations, I will give preference to the one that has a better image on social networks." 111 out of 200 respondents consider the image of a destination on social networks to be a decisive factor in making a decision when choosing between two destinations. This fact can be related to the question: "How important is the image of the destination you are traveling to?" By which 40.5% of respondents claim that their image is important (value 4 out of 5) and 18% claim that their image is extremely important to them. destinations (value 5 of 5). In the third phase of the purchase trip, a decision was made on the destination that the tourist plans to visit and he plans his trip in more detail. Here, the possibility of multiple answers is offered and it can be concluded that the tourist uses more than one medium to be informed at this time. Respondents most often indicated that at this stage they read articles on portals (147 answers) and seek the recommendation of family or friends (144 answers). This shows the extreme importance of Word of Mouth communication.

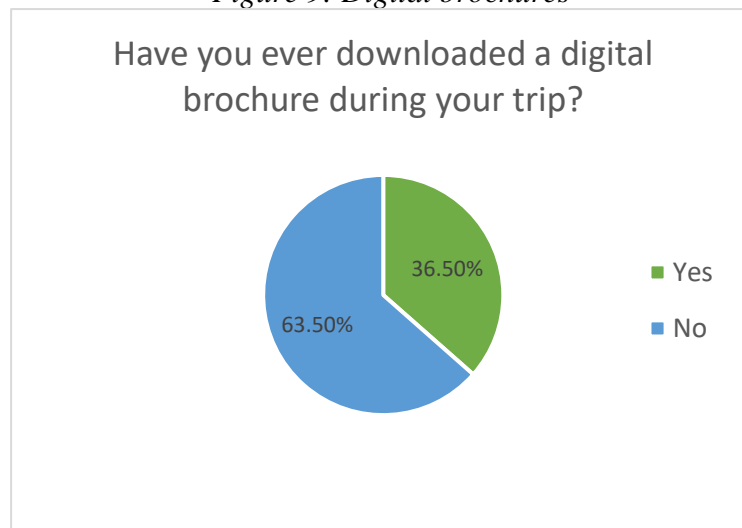
*Figure 8: Use of digital channels when making decisions about visiting tourist attractions*



*Source: authors' work*

When asked about tourist attractions and the use of digital channels, the results are shown in Figure 8. The channel most often used when choosing tourist attractions is the websites of tourist boards and is used by 64% of respondents (129 answers). If the number of visits to the websites of tourist boards is observed exclusively by persons who use digital channels for information, ie if 8% of persons who do not use digital channels for this purpose are deducted, this percentage is even higher, which speaks of the exceptional importance of websites of tourist boards. . Of the social networks, Facebook (83 responses, 41.5%) and Instagram (82 responses, 41%) are almost equally important, while Pinterest is less important (11 responses, 5.5%). However, it should be noted that only 35 respondents who participated in this survey use Pinterest. 34% of respondents use tourist applications, while 33% read blogs on the topic of tourist attractions in the selected destination. Under the rest, Tripadvisor and Booking are listed, which can also be classified with the listed 68 answers of people who use tourist applications. In the previous question, the importance of quality articles for Tourist Boards was proven, while in this question, the type of content that offers exceptional value to tourists visiting the destination is emphasized. So, there is a demand for articles on the topic of tourist attractions.

*Figure 9: Digital brochures*

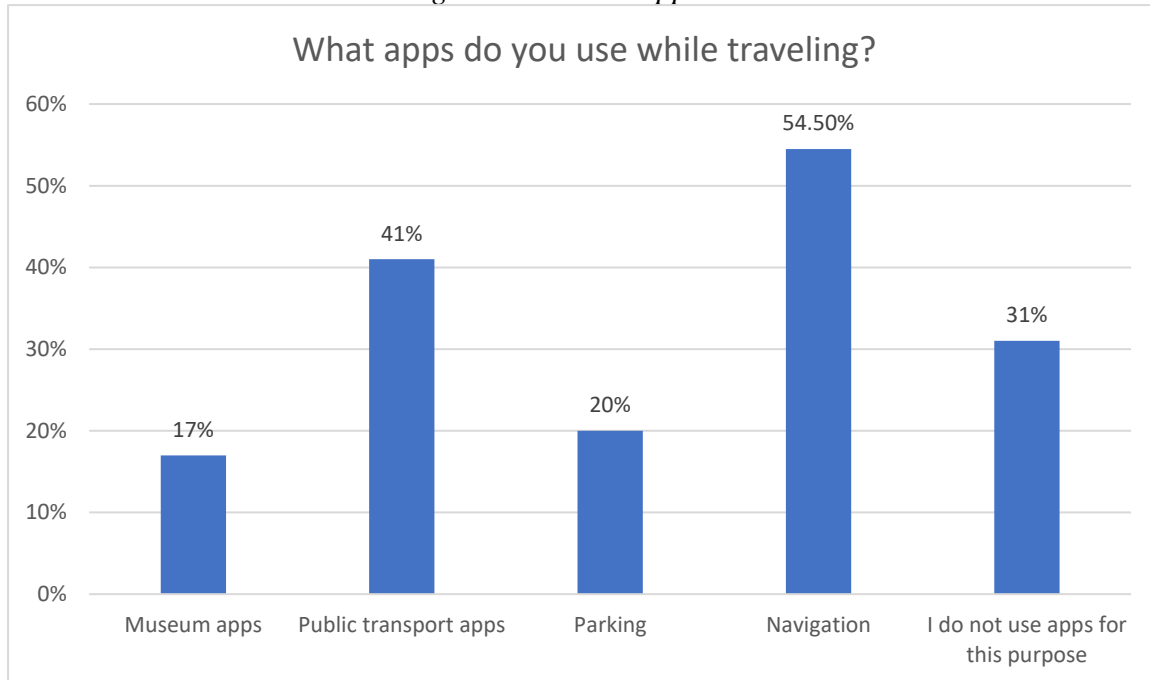


*Source: authors' work*

Furthermore, based on Figure 9, it can be concluded that 36.5% of respondents download digital brochures when traveling, ie 73 people answered yes. 36.5% of respondents download content in the form of digital brochures, which is useful for the Zagreb Tourist Board to have them in addition to other forms of content they offer.

*Figure following on the next page*

*Figure 10: Travel applications*



*Source: authors' work*

Respondents who use applications while traveling, most often use navigation applications (54.5%), shown in Figure 10. This is followed by applications for public transport 40.5% and applications for parking with 20% response. 17% of respondents use museum applications. This information provides guidance to the Tourist Board on the types of applications of interest to respondents.

#### **4. CONCLUSION**

Research has proven that digital marketing communication is extremely important, from the moment a tourist gets inspiration to visit a destination to writing reviews after the trip. In accordance with one of the objectives of the research, it was concluded that in order to successfully communicate through digital communication channels, the Zagreb Tourist Board carries out certain activities for each digital communication tool. The role of the image of a tourist destination is emphasized, and most respondents are aware that social networks and Internet sources can positively or negatively affect the image of a destination. The survey shows the attitudes and opinions of respondents on the impact of digital communication channels on travel and tourism, and the following information could be useful for digital marketing of the Zagreb Tourist Board: respondents believe that social networks have a significant impact on the positive or negative image of the destination. The destination they travel to is very important to them, almost all respondents prefer more digital channels than traditional ones and mostly spend more than 3 hours online, when deciding to visit tourist attractions 64.5% of respondents visit the websites of Tourist Boards, 63.5% respondents download digital brochures, most respondents answered that they always post photos or videos from the trip on social networks. Digital communication channels, including social networks, are constantly changing, which is why it is recommended that the Tourist Board continue to follow the trends in digital marketing and to adapt to them. The Tourist Board of the City of Zagreb still has a lot of room to improve its digital marketing communication in order to strengthen its image of a desirable tourist destination on the market and ultimately increase the number of tourists.



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# THE ROLE OF FOREIGN DIRECT INVESTMENT IN TECHNOLOGY TRANSFER PROCESS AND ECONOMIC GROWTH: A THEORETICAL OVERVIEW

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## **ABSTRACT**

*Technology is one of the key factors of economic growth and technological progress plays an important role in economic development. Foreign direct investments (FDI) present an important source of financing the capital needs of the receiving country. In addition, FDI are one of the most effective means of technology and knowledge transfer that will bridge the technological gap of the receiving country and lead to economic growth. Technology and knowledge transfer process is, in general, a dynamic process of application and use of technology. For efficient technology and knowledge transfer process the important factor are intellectual property rights (IPRs) since there is a positive link between the inflow of FDI and effective systems of IPRs protection. This paper presents a theoretical overview of the role of foreign direct investments (FDI) and intellectual property rights (IPRs) on technology transfer process and economic growth with the special focus on developing countries.*

**Keywords:** *economic growth, foreign direct investments (FDI), intellectual property rights (IPRs), technology, technology transfer process*

## **1. INTRODUCTION**

Technology, or technological progress, plays an important role in the process of economic development (Nelson and Phelps, 1966; Jovanovic and Rob, 1989; Segerstrom, 1991). Technology is the product of investment in research and development with the aim of creating new products or methods of production, or both (Petrochilos, 1989). Technological progress is the main source of economic growth and development and is a very important determinant in the transformation and modernization of economic structures. The development of modern technologies occurs most in developed countries that have sufficient resources for these extremely expensive activities and therefore have an interest in reducing costs and mitigating uncertainties that may arise due to the process of technology transfer, while protecting their rights to profit from such transfers. Effective protection and support in policies increases the interest of foreign companies to provide access to their knowledge and production methods to companies in developing countries. Recipients of modern technology, which are still developing countries and undeveloped countries, see their interest in acquiring new knowledge and technologies at minimal cost. In most cases, it is cheaper and more efficient for developing countries to adopt and use modern foreign technologies than to develop their own (Dobrzanski, Grabowski, 2019). The transfer of scientific and technological know-how into the valuable economic activity has become a high priority of national economies (Bezic et al., 2012). Technology transfer means the transfer of economically applicable solutions (new products, new production processes, etc.) and technical knowledge and experience (know-how) from one economic entity (technology provider) to another economic entity (technology recipient) for a certain fee. There are several ways to interpret the technology transfer process. According to the conventional interpretation, transfer as a process can be characterized as a dynamic process of application and use, i.e. use, of technology. Contrary to such an interpretation, the process of transfer can be described as the use of knowledge, without the development and adoption of the same, so in this case it is a static transfer of technology.

Since technology transfer is still considered a more dynamic process, it includes the physical movement of technology from one place to another as well as the spread of transferred technology. The availability of capital in a particular national economy is an important factor in economic growth and development, especially for developing countries. FDI as a form of capital import can bridge this investment gap and create preconditions for economic growth and development in these countries. However, it is important that both the recipient and the provider of foreign direct investment have a common interest. There are several motives of the recipient countries for foreign direct investment: the transfer of modern technologies through foreign direct investments provide savings in financial resources needed for research and development activities, but also the introduction of modern technologies; more efficient use of natural resources; the use of modern technology introduces a new organization of production and production processes that quickly adapt to the requirements of the global market; and transfer of modern technology through FDI increases the volume of production, and with the rationalization of production certain costs are reduced and the competitiveness of the economy is increased. The transfer of modern technology through FDI can make great progress in economic growth and development, and bridge the technological gap of the recipient country. Also, vice versa, FDI inflows are positively influenced by openness, market growth and potential as well as adequate infrastructure (Das, 2020). Technology transfer through FDI has a positive macroeconomic effect on the economy of developing countries through changes in production methods, volume and structure of consumption and culture, which ultimately leads to an increase in living standards. In addition, one of the important roles in the process of technology transfer is that of IPRs intellectual property rights (IPRs), so it is important to examine if there is a need to limit the system of protection of IPRs where such restrictions can encourage or improve the process of international technology transfer (Bezic, Karanikic, 2014).

## **2. FDI, TECHNOLOGY TRANSFER PROCESS AND ECONOMIC GROWTH**

Investment liberalization has become a driver of economic growth and integration of developing countries into the world economy. FDI are an important source of financing the capital needs of the recipient country. Comparing them with other forms of foreign capital inflows, foreign direct investment is more stable. Also, they are an effective way of transferring technology and knowledge from developed countries to countries with a lower rate of economic development, and the technology transferred in this way usually includes expertise, knowledge and skills and capital to use the transferred technology appropriately. Johnson (1970) considered technology transfer a crucial factor in the inflow of foreign direct investments. Dunning (1992) argues that there is something other than financial capital involved in foreign direct investment. Through foreign direct investment, the transfer of managerial or technical skills in management is carried out on the one hand, and on the other hand the transfer of knowledge in the form of research and development, modern technology, marketing knowledge, etc. The significant increase in foreign direct investment inflows and fast-growing economies has led to many theoretical and political debates. Although economic models can help to assess the costs and benefits of foreign capital inflows, the role of FDI remains vague and are the subject of many research. The issue of FDI is not just an academic question as a large number of countries have adopted and implemented various policies to attract foreign direct investment (e.g. through financial incentives and tax breaks). The link between FDI and economic growth has motivated many researchers to empirically establish a positive link between these two variables by focusing on developed and developing countries. Neoclassical and endogenous models of economic growth provide the basis for most empirical research on the impact of FDI on economic growth. In the neoclassical model of economic growth, also called the Solow-Swan model, the growth rate is determined by technological progress.

Contrary to the neoclassical theory of economic growth, the newer theory of endogenous growth has given a different explanation for economic growth. The source of economic growth in endogenous models is determined by the accumulation of knowledge. Within the endogenous models of economic growth, there are three main ways in which FDI stimulate economic growth. First, FDI increase capital accumulation in the recipient country by introducing new inputs and technologies (Dunning, 1993). Second, FDI increase the level of knowledge and skills in the recipient country through human capital education (De Mello, 1997 and 1999). Third, FDI increase the competitiveness of the domestic economy by overcoming entry restrictions and reducing the market power of existing companies (monopolies). The link between FDI and technology is considered very important in analyzing the effects of foreign direct investments on the economic growth of the recipient country since it is believed that technology is a vital source of economic growth in general. Particular attention is made to the way in which the technology is transferred in order to avoid the possibility that developing countries cannot take advantage of the positive effects of that technology. In a typical technology transfer process, the rate of economic growth of a developing country depends on the ability to adopt and use modern technologies already used in developed countries, with the adaptation of modern technology to the country adopting it playing a key role. Foreign direct investments often involve capital inflows along with technology transfer which implies a positive effect of FDI on the economic growth of the recipient country. There are several claims that support this thesis. First, the positive correlation between the volume of FDI and economic growth in cross-country regressions may reflect the fact that countries with higher economic growth rates attract higher volumes of FDI. Second, multinational companies often increase the required capital in the recipient country, in which case the capital inflow associated with FDI can be significant. Third, FDI through technology transfer process or technology spillover effect has a positive impact on the economic growth of the recipient country. Romer (1993) argues that FDI can have a positive effect on the economic growth of developing countries by enabling them to bridge the technological gap relative to developed countries. Higher volume of FDI inflows have a positive impact on economic growth and this impact is more pronounced in countries where institutions are more effective in protecting intellectual property rights and where bureaucracy is more efficient, indirectly facilitating the adoption of modern technologies (Olofsdotter, 1998). Therefore, administrative efficiency, but also the political stability are important factors for attracting foreign direct investments, and thus economic growth. In the last thirty years, the number of studies on the correlation between the protection of IPRs and the inflow of FDI has increased. Theoretically, the relationship between the protection of IPRs and decisions on FDI, as one of the forms of foreign investment, is extremely complex. A company will more likely decide to invest in countries with a stronger IPRs system since such protection system reduces the risk of imitation and leads to a relatively higher net demand for protected products (Primo Braga and Fink, 1998). For this reason, the protection of IPRs affects the volume of FDI, enabling foreign companies to compete effectively with domestic companies that possess certain ownership advantages (Smarzynska Javorcik, 2004). Not only does the protection of IPRs have a positive effect on the inflow of FDI, but it also affects the decisions of multinational companies where to direct their investments. Intellectual property rights are territorial in nature and therefore their protection varies from state to state. In this regard, stronger protection of intellectual property rights in certain developing countries may represent a locational advantage that will positively influence the decisions of multinational companies where to invest (Primo Braga and Fink, 1998). In contrary, developing countries with a weaker IPR protection system will be less attractive to foreign companies. However, it is reasonable to consider that the harmonization of intellectual property rights, in the context of TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights), will offset these locational advantages.

Accordingly, countries with weaker intellectual property rights protection systems will become more attractive as they strengthen their protection systems, and the relative attractiveness of those countries that already have stronger intellectual property protection systems will decrease (Maskus, 2004). The protection of intellectual property rights can also affect the nature of FDI. Strong protection of IPRs can stimulate the inflow of FDI in high-tech sectors where this protection plays a very important role (Smarzynska Javorcik, 2004). Empirical research has mainly focused on the effects of intellectual property rights protection on the inflow of foreign direct investments from the perspective of developed countries, and a relatively small number of studies have examined the effects of these protection rights on developing countries. In general, the link between the protection of IPRs and foreign direct investments has a positive impact on economic growth.

### **3. IPRS, TECHNOLOGY TRANSFER PROCESS AND ECONOMIC GROWTH**

The impact of intellectual property rights protection on the process of economic growth is complex and based on several factors. The effectiveness of the IPR system depends to a large extent on the specific circumstances of particular country. Theoretically, stronger IPRs protection systems can both increase and limit the economic growth. Nevertheless, recent research concludes that stronger and more effective protection of IPRs can positively affect a country's economic growth, encourage beneficial technological change, and thus improve economic development opportunities if structured to promote effective and dynamic competitiveness. While the global system of protection of IPRs is strengthening due to the implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), concluded under the auspices of the World Trade Organization (WTO), many questions arise about its impact on economic growth. Economists define several ways in which intellectual property rights can stimulate economic growth. Intellectual property rights can play a significant role in fostering innovation, new product development and technological change. Developing countries are trying to develop systems for the protection of IPRs that give priority to the flow of information through imitation of foreign products and technologies. Such systems show the attitude of a particular country that domestic innovations and inventions are insufficiently developed to justify the protection. However, inadequate IPRs systems could discourage technological change even at the low levels of economic development. This is because most inventions and innovative products are intended for domestic market where the benefits of domestic patent protection and trade secrets can be realized. In most cases, the invention encompasses minor adaptations of existing technologies and products. The cumulative effect of these minor inventions may be crucial in the creation of new knowledge and production activities. To become competitive, companies in developing countries need to adopt and apply new management and organizational systems and quality control techniques which can have a significant positive impact on productivity. Such investments are expensive, but tend to realize higher returns as they are of great importance in raising productivity against global norms (Evenson and Westphal, 1995). In order to strengthen their intellectual property rights protection systems, unilaterally or through TRIPS, developing countries are seeking to attract a greater inflow of modern technologies. There are three independent ways of international transfer of modern technology: international exchange of goods, FDI by multinational companies, and contractual licensing of technologies and trademarks to companies and branches in the recipient country, and joint ventures (Karanikic, 2013). Economic theory confirms that all three of these ways of international technology transfer depend in part on domestic protection of IPRs (Maskus, 1998). The strength of the intellectual property protection system can have a positive or negative impact on economic growth. There are two studies that have empirically considered this issue. Gould and Gruben (1996) linked economic growth rates in many countries with a simple strength index of patents and other

variables. They found that there is no strong direct impact of patents on economic growth, but there is a significant positive effect when patents interact with a measure of openness of international trade. Park and Ginarte (1997) studied how the protection of intellectual property rights affects economic growth and investment. They did not find a direct link between the power of patent protection and economic growth, but they did find a strong and positive impact of patent protection on investment and investment in research and development, which in turn increases the impact on economic growth. The result of this research is consistent with the result of Borensztein et al. (1998) who found that foreign direct investment has a significant positive effect on economic growth, but only in those countries that have reached a certain threshold of an educated workforce. In this sense, the protection of intellectual property rights, the openness of the economy, foreign direct investment and the accumulation of human capital together affect the increase in productivity and economic growth. The protection of intellectual property rights can indirectly increase economic growth by encouraging international trade, foreign direct investment and licensing. Each of the mentioned ways represents a certain way of technology transfer. It is clear that the protection of intellectual property rights, the openness of the economy, foreign direct investment and the accumulation of human capital increase productivity, and consequently economic growth. It should certainly be emphasized that the role of protection of intellectual property rights in economic growth is intertwined with other development processes.

#### **4. CONCLUSION**

The globalization of the economy is the driving force of technological economic growth and affects the nature, manner and quantum of technology transfer. The precise impact of globalization is difficult to predict but it is likely that with a more effective system of intellectual property protection and increasing the volume of foreign direct investment, the role of technology transfer and international exchange will increase. Foreign direct investment can have a significant effect on technological progress (through the transfer of modern technologies), and therefore on economic growth and increase the competitiveness of the economy of the recipient country. There are certain preconditions that need to be met in order to fully realize the positive effects of foreign direct investment on economic growth. Namely, foreign direct investments will have a positive effect on the economic growth of those countries that have a high level of human capital, so the level of human capital becomes an important factor not only in economic growth but also in the successful process of modern technology transfer. Also, the effect of foreign direct investment on economic growth and competitiveness will be more pronounced in countries where institutions are more effective in protecting intellectual property rights, in this way facilitating the adoption and application of modern technologies that foreign direct investments bring. As economic theory has emphasized, technology, that is, technological progress, is the main source of economic growth and competitiveness of any country. The link between foreign direct investments and technology is extremely important in analyzing the effects of foreign direct investment on the economic growth of the recipient country because technology is a vital source of economic growth in general. Special attention should certainly be paid on the way how the technology is transferred. The impact of intellectual property rights protection on the process of economic growth is complex and based on several factors. IPRs protection has a significant role in fostering innovation, new product development and technological change while inadequate IPR protection systems discourage technological change even at the low levels of economic development. Intellectual property rights are an important component of technological progress, so by introducing a stronger system of intellectual property rights protection (through TRIPS or some other initiative), developing countries need to find a balance between the need to acquire modern technology, access to the global market and technology expansion.

An important component of attracting foreign direct investment, and therefore the successful process of transferring modern technology, is the development of domestic technological capacities. This can be achieved in several ways: through public and private investment in education and training of human capital, development of national innovation systems that encourage dynamic competitiveness, encouraging the basic research capacities of the domestic economy, encouraging the applied research and development and commercialization of results, creating programs to develop domestic innovation capacities, and taking advantage of access to scientific and technological information within the global infrastructure.

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## MEDICAL BUSINESS: PROBLEMS AND SOLUTIONS

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### **ABSTRACT**

*The medical business has become one of the most lucrative businesses in recent decades. Against the backdrop of steadily increasing health care costs, private financing for health care is expanding, which is increasing competition, increasing the availability of services, increasing the income of health workers, and using innovative methods of research, diagnosis and treatment. At the same time, the integration of private financing without taking certain measures from the state can reduce access to medical services, worsen the health indicators of the population and pose a threat to national security in the long term, reduce coordination in the treatment process, increase costs, involve patients in shadow relations, and lead to household financial disasters. Thereby, government regulation in this area is reasonable and detailed, which creates certain barriers in business. At the same time, a medical service as a product has a number of specific features that create certain difficulties. Another important problem is the training and retraining of medical personnel. The professional requirements for medical workers cover more and more criteria, while the income is not always satisfactory. This gives rise to the problem of migration of doctors and nurses to the countries with high incomes. The rapid growth of drug supply costs has led to the adoption of a number of measures to regulate the pharmaceutical market in order to ensure the availability of safe and effective drugs of guaranteed quality at an affordable cost for society and the patient, and stimulate the rational use of drugs. Globalization has contributed to increase of competition in the health sector as well. As a result, new opportunities have appeared, however, competition, the increasing impact of the external environment force us to adjust long-term plans and strategies. This became especially evident in the light of the latest world financial crisis.*

**Keywords:** *medical business, private financing of health care, drug supply, migration of medical workers*

### **1. INTRODUCTION**

All over the world private financing complements public financing of health care to some extent, but its share in the total structure of financing is insignificant in the vast majority of countries. Various types of risk pooling prevail to protect people from the financial consequences of illness. In developed countries, the state fully fulfills its guarantees for the provision of free medical care, however, declared guarantees are not always economically justified in countries with a developing economy. This economic conflict contributes to the formation and development of paid medicine. However, even in developed countries, the private sector is expanding more and more, which is associated with the growing needs for medical services that create problems in the national health care system, as well as with the provision of fast, comfortable and higher quality medical services. The formation and development of medical business in recent decades is associated with several factors:

- the uncontrollable growth of healthcare costs and government incentives to attract private capital to the sector;
- increasing importance of health as a social category;
- improving well-being of people;
- increasing requirements and expectations for the healthcare system;
- deepening specialization in the sector;

- emergence of new, atypical diseases, expansion of the range of medical services;
- introduction of innovative technologies and equipment;
- globalization, increased competition and the ability to choose the most appropriate options in different countries.

## **2. PROBLEMS RELATED TO THE PECULIARITIES OF THE MEDICAL SERVICES MARKET AND GLOBALIZATION AND THEIR SOLUTIONS**

### **2.1. Problems associated with the specifics of the medical services market**

Thereby, the medical business has its own specifics, which creates certain barriers and opportunities for the government intervention. First of all, it worth mentioning that some types of medical services are allocated to the category of public goods, because of their properties. If the costs and benefits affect not only those who are directly involved in the market transaction, but also others, then there is an "external effect" or "externality". The externality is positive if the procedure rendered is useful to the others. For example, vaccination or chest fluorography can also prevent those people in close contact with a sick person from getting sick. The patient does not have sufficient competence and knowledge to select the necessary medical services and needs a consultation with specialists to obtain, first, information about what he needs to buy, and then directly the service itself. Hereinafter, the manufacturer determines all decisions about the range and scope of services, and it leads to the establishment of intermediary relationship. The situation when a patient is imposed a service, without which it is possible to achieve the desired clinical result, but which is economically beneficial to the manufacturer, is called supply-induced demand. The situation is especially aggravated if the doctor acquires financial benefits. International comparisons show that in countries, where outpatient care is paid for each individual service (fee principle), the volume of these services is significantly higher than in countries using per capita funding. Therefore, the fee method is increasingly used in order to stimulate doctors to achieve certain indicators, for example, vaccinations or screening, rather than the main method of payment. Private health insurance allows patients with serious chronic diseases to share their risks with a large number of patients with various degrees of risk. However, at the same time, a negative effect is created when those who have a high probability of risk and know about it, turn to insurance organizations. Moreover, insurance companies, possessing sufficient knowledge and a database, are trying to conclude contracts with a relatively healthy contingent, while screening out the obviously seriously ill, elderly, with chronic diseases ("skimming effect"). From the commercial point of view, insurance companies may not allow first-time applicants over 65 years of age to purchase insurance, not cover the costs of illnesses present at the time of purchase of insurance, or charge them a large fee. As a result, the most vulnerable segments of the population may suffer, such as patients with chronic diseases, the elderly, persons with disabilities. Therefore, over the past decade, the intensity of state regulation has grown, which was aimed at increasing the financial availability of VHI and strengthening financial protection for the population with VHI policies. In addition, the activities of VHI are regulated by EU directives as well. Council Directive 2000/78 / EC of November 27, 2000, which determined a general framework for equal treatment at work and by occupation, prohibits discrimination on the basis of age; in the future, this may change the practice of limiting VHI coverage for people aged 65 and over. The differentiation of contributions based on gender was prohibited by the European Court of Justice in the Test-Achats case, and EU member states were required to implement this decision by the end of 2013 (Sagan A .; Thomson, S. (2016), p. 63 , 66) [10]. In order to reduce the number of unreasonable requests, voluntary medical insurance programs with co-payment or deductible are introduced. Research confirms that co-payments can reduce the number of both reasonable and unreasonable requests, purchases of necessary drugs, use of preventive services, especially since they are accompanied by additional costs, such as loss of income, parking fees, etc.

Fixed co-payment constitutes a significant portion of the income of people with lower incomes than those of the wealthy. (Mamedova S. (2019), p. 553-554) [5]. However, the negative consequences of co-payments in the VHI are less significant than in the CHI system, based on the fact that people with relatively high incomes usually join the private insurance system. The problem becomes more serious if the VHI system is one of the main mechanisms of access to medical services, for instance, it replaces the mandatory medical insurance. In these cases, the state, which can subsidize this mechanism, as, for example, in Georgia with the issuance of vouchers to pay for insurance with a certain percentage of population participation, which implies a further increase in state participation (Mamedova S, (2020), p. 685-686) [6]. The healthcare market is characterized by a number of features that help to limit the competition of medical service providers such as the following: the impossibility of keeping several hospitals of the same type in the regions, the accumulation of large medical institutions in large cities; in order to ensure the work of specialists, a certain contingent must be retained; production factors in healthcare are less mobile, which makes it difficult to make the right choice regarding the effectiveness or ineffectiveness of a particular solution, etc. The specificity of the medical services market determines the possibility of a contradiction between local and structural efficiency. In order to increase structural efficiency, it is necessary to manage the volume and structure of medical care provided to the population. The management is carried out by financing parties who purchase health care services from a health care provider. The financing party controls the activities of medical workers, preventing the impact on the cost mechanism, enters into legal relations with medical organizations and their employees in case of violation of the patient's rights, finds new ways to ensure the participation of doctors in the researches for resource-saving technologies. Uncertainty in the field is a serious issue. In the light of the recent events related to COVID-19, we can undoubtedly say with confidence that the systems of the countries turned out to be unprepared; neither medical personnel, not technology and equipment were ready to cope with the flow of patients. Actually, uncertainty determines the increased riskiness and profitability of business in this area. At the same time, it complicates forecasting and liability under critical conditions. Direct payments (purchase of services with payment at the time of fully receiving services) allow expanding the coverage of medical services; to provide the best quality services at the right time, taking into account special preferences; to increase competition in the medical services market. However, according to the experience, the proliferation of direct private payments reduces access to health services, impairs public health and pose a threat to national security in the long term. These payments are unconsolidated, regressive, and unfair both horizontally and vertically. Direct payments stimulate demand for services and increase health care costs. In some cases, there are real opportunities to involve the patient in a shady relationship. At the same time, the payment for the treatment can be too high for the patient and lead to catastrophic financial losses. The likelihood of financial catastrophe and impoverishment decreases to an insignificant level if the share of direct payments falls to 15-20% of total health care spending. The danger is that generating revenue from paid services can become a major factor in the activities of providers, especially during a period of reduced government funding. Therefore, measures taken by the state contribute to the spread of more solidary and fair mechanisms for attracting private financing: voluntary health insurance and co-payments (Mamedov Z, Mamedova S., Mirzayev M. (2019) [4].

## **2.2. Problems associated with the provision of medical personnel**

Another important problem is the training and retraining of medical personnel, which are important points of health care expenditure, especially in the background of new technologies and nosologies. The professional requirements for medical professionals cover more and more criteria. At the same time, there is a shortage of doctors in many countries.

For instance, a WHO study reveals a global shortage of about 12.9 million qualified health professionals (midwives, nurses, and doctors) by 2035, along with a current deficit of 7.2 million. The lowest deficit will be in United States and Europe in 2035 making up 0.6 million (5%) and 0.1 million (1%), respectively (Campbell et al. (2013), p. 36) [1]. The main reasons for this are followings:

- the transition of medical workers to higher paying jobs;
- lack of specialists for new vacancies;
- insufficient number of young people wishing to obtain or have already obtained the occupation of a doctor;
- internal and international migration of health workers.

Undoubtedly, this creates new problems for the governments of the countries and requires corrections in the short- and long-term planning. From the point of view of meeting the population's need for medical services, improving the quality of services and reducing costs, the interchangeability of personnel is given. Within the framework of personnel interchangeability, three areas are considered:

- replacement of less expensive and less qualified personnel;
- expanding the powers of the existing staff;
- the emergence of new specialties.

Taking into account given the above features of the healthcare market, the number of doctors, their division by specialties is the prerogative of the state. However, medical universities are guided by the training of doctors of "capitalized" specialties, i.e. designed primarily for effective demand, as well as insufficient training of specialists for mass medicine in the public health system; there is a shortage of primary care physicians and a surplus of many categories of narrow specialists (Sheyman I.M., Sazhina S.V. (2018) p.133) [7]. The issue is that the incomes of doctors of narrow specialties are several times higher than the income of general practitioners (GPs). Thus, in the United States, only 10% of medical students plan to become general practitioners, and by 2025, the shortage of GPs will be approximately 30% of the projected figure. (Gauld. R. (2015) [2]. Although the requirements for medical workers are growing, incomes and working conditions are not always satisfactory. At the same time, the problem of income disparity exists both within countries by regions and externally, by country. This creates a problem of migration of doctors and nurses to regions and countries with higher incomes. The main donor countries for medical workers are India, China, Germany, Great Britain, etc. Poor countries are especially affected, where the number of doctors is already small, however, their training costs are high: the public health system suffers, the economy suffers as a result of the outflow of relatively high-income population and depletion of the middle class. Consequently, the political, social, crime situation and health status of the population is deteriorating, and this provokes a new flow of migrants from countries. The main recipient countries are developed countries. It seems like the global migration of health workers solves the problem of unemployment in donor countries. However, migrants face issues on language barriers, financial problems, lack of competence, as well as unemployment in recipient countries. As a result, 45% of expatriate doctors in the UK worked in a demoted position or rank, and 27% of them faced unemployment. These figures were 39% and 30% for people from low-income countries, 63% and 31% from India, respectively. (Kangasniemi et al.,(2004), pp. 18, 39)[3]. Certainly, developed countries benefit from the migration of medical workers:

- the deficit of highly qualified medical personnel is being replenished without additional investment in their training;

- the participation of foreign personnel has a positive impact on the innovative development of the industry;
- unfilled niches in the labor market are being filled;
- Savings are observed on wages and social packages for other non-resident specialists (partially limited due to the cost of additional training for migrants);
- the needs of emigrants for the location of work are less pronounced, which contributes to the more rational distribution of medical workers across the country;
- non-resident medical professionals can be actively involved in highly specialized market sectors targeting migrant patients and medical tourists.

The losers are donor countries, especially if they are low-income countries and the global health care system. Taking into account the global nature of the shortage of health workers, which poses a threat to national and global health systems, as well as the problems associated with their migration, WHO initiated the implementation of the Global Code of Practice on the International Recruitment of Health Personnel. The Code was adopted in 2010 and nowadays, it is ratified in 86 countries around the world. The Code establishes ethical principles applicable to the international recruitment of medical personnel in such a way as to strengthen the health systems of developing countries, countries with economies in transition and small island states, mitigate the negative impact of medical personnel migration on health systems in developing countries, and protect the rights of medical personnel. Member States should strive, to the extent possible, to create a sustainable health workforce and work towards establishing effective health workforce planning, education and training, and retention strategies that will reduce their need to recruit migrant health personnel. Policies and measures to strengthen the health workforce should be appropriate for the specific conditions of each country and should be integrated within national development programs.

- 3.7 Effective gathering of national and international data, research and sharing of information on international recruitment of health personnel are needed to achieve the objectives of this Code.
- 3.8 Member States should facilitate circular migration of health personnel, so that skills and knowledge can be achieved to the benefit of both source and destination countries.

In addition to the migration of the health care workforce, general migration for the purpose of study, work, asylum, etc. should be noted, which forms an additional segment of the medical services market and entails changes in the demand for these services. In some cases, the purpose of moving is precisely to receive medical services, veiled by another reason. This creates an additional burden on the healthcare system, reducing the capacity of the healthcare system, as well as the efficiency and quality of services received. This has forced some countries to restrict access to medical services to non-residents. Likewise, migration can contribute to the spread of infectious diseases, the consequences of which are evident after the current situation due to the pandemic COVID-19. At the same time, there are particular features in the needs for medical services of migrants. Migrants are generally in good health, at working age, ready to work hard, therefore, they visit medical institutions less than the local population (although they pay taxes regularly). Medical tourists make up a significant part of migrants. This flow is formed by people who travel to a foreign country in order to receive cheaper medical care, of the highest quality, which is not available in their own country. Unlike the majority of migrants, medical tourists need treatment, however, they pay for the medical services they consume, contributing to the formation of a special segment of the medical services market for foreign patients and, in general, to the development of health care in recipient countries. In 2015, the volume of this sector of international trade was estimated at USD 46–72 billion with the prospect of doubling it by 2022. (Tsapenko I. P., Sautkina V. A. (2018), p. 90)[9].

Consequently, migration of population serves as a mechanism for territorial redistribution of needs for medical services in time and space, simultaneously increasing their load, as well as modifying their structure in host societies. The result of these processes not only increase in need for medical personnel, but also in the demand for specialists who understand the existing cultures of healing, in the pharmaceuticals that are most effective for treating representatives of specific racial groups, and who are able to take into account the characteristics of different national health systems, which stimulates the migration of such workers seeking better job opportunities and professional fulfillment.

### **2.3. Problems in the pharmaceutical business**

The goal of the pharmaceutical market is to meet the needs of people in maintaining, improving, and prophylaxis of health. The pharmaceutical industry is knowledge-intensive, includes long-term research, and involves the cooperation of various specialists. The development and breeding of innovative drugs take about 15 years and, according to various studies, costs about \$ 1-2.5 billion. The development of the pharmaceutical business is closely related and has an impact on other industries. It worth mentioning that the pharmaceutical market is one of the dynamically developing, and the development continues even during the economic crisis. The global pharmaceutical market will exceed \$1.5 trillion by 2023 growing at a 3–6% compound annual growth rates over the next five years – a notable slowdown from the 6.3% seen over the past five years. (IQVIA Institute (2019, p. 2)) [8]. By 2023, the global market for oncological drugs will reach to \$ 140-150 billion, retaining its leading position among other therapeutic areas in terms of costs; the market for drugs for the treatment of diabetes will amount to \$ 115-125 billion. ((IQVIA Institute (2019, p. 146) [8]. However, in addition to diseases that are traditionally implied in the list for the development of drugs (cancer, HIV infection, respiratory diseases, diabetes mellitus, etc.), correction is required taking into account new factors: demographic factors, an unfavorable environmental situation, the emergence of new diseases and a new pathogenic microflora. This poses new challenges for the pharmaceutical industry and the state. The development of new types of drugs requires not only the improvement of scientific knowledge, but also the modernization of the entire process of production and sale of drugs. Applying technological innovation to healthcare delivery can help reduce costs and improve treatment efficiency. A transition from mass chemical synthesis to biotechnological production methods is already taking place. Therefore, the future in the pharmaceutical industry lies with biotech drugs. Drug developments await market entry that has the potential to fundamentally change known treatments, significantly reduce the side effects of drug therapy, or, for the first time in the history of medical science, cure diseases that are not yet curable. All this requires serious long-term investments with a high level of risk. Moreover, competition is gradually increasing, new risk factors appear, and all this puts forward new requirements for market participants. Only those companies can survive that have stable sales of sufficient volume, an optimized structure, and a flexible strategy. Small and medium-sized pharmaceutical companies will go through a tough time. If some leading companies unite or consolidate their business, create joint ventures, strategic alliances, partnerships, then in the actions of others we observe the optimization of the product range: reduction of activity areas and focus on the most profitable and promising segments. At the same time, for many companies, the segment of over-the-counter medicines intended for self-medication, self-help and self-prophylaxis has become unprofitable. As a result of the development of sales of these drugs on the Internet, the American MSD and Pfizer, the German Boehringer and Merck KGaA decided to bid farewell to the costly and unpromising business. However, finding a customer will not be an easy task. If we talk about the commodity structure of the pharmaceutical market, it should be noted that there is a trend towards an increase in sales of generics (branded and non-branded analogues of patented drugs produced by other manufacturers after the expiration

of the patent), while sales for original or innovative drugs are declining. Wherein, a significant share of consumed drugs in developing countries are precisely generics, which is stimulated by the state in order to reduce costs in this direction. In addition, there has been a gradual shift in the geographic balance of the global pharmaceutical market, and ultimately its R&D base, from developed to developing countries. Almost in all countries some measures have been taken in order to regulate the pharmaceutical market. The rate of increase in drug spending exceeds the rate of growth in health care costs and inflation. This contributed to the adoption of several measures to regulate the pharmaceutical market. The policy of developed countries in the field of pharmaceuticals is aimed at ensuring the availability of safe and effective drugs of guaranteed quality at a cost acceptable to society and the patient, as well as to stimulate the rational use of drugs. A number of measures were also taken to contain the cost of medicines: direct regulation of prices of producers and distributors, regulation of producers' profits, establishment of estimates for the prescription of drugs.

### **3. CONCLUSION**

Like in every field, business in medicine has its own complexities and peculiarities. Medicine is an area in which decisions cannot be made only from the point of view of economic expediency. Savings often can lead to significant increases in costs in the future. In addition, the specifics of medical services as a product and the market for medical services require more significant government control and intervention. As a result, the state is forced to take certain measures and set restrictions in order to ensure full coverage of the population with medical services, solidarity and fair funding when receiving them, as well as take into account the interests of the most vulnerable groups of the population. Restrictions are set by international organizations as well. Therefore, the development of VHI is stimulated, exemptions or upper limits for co-payments for certain strata are introduced, differentiation of the amount of contributions by gender, age discrimination is prohibited, etc. A significant issue is the training and retraining of medical personnel, which are an important item of health care expenditures, especially against the backdrop of new technologies and nosologies. Important components are the followings: a general shortage of medical personnel, their uneven distribution across countries and territories within the country, a shortage of primary care doctors, a heavy workload of existing medical workers, the orientation of universities towards training doctors of "capitalized" specialties, the emergence of new specialties, internal and international migration healthcare workers. Undoubtedly, this poses new problems for the governments of countries and requires corrections in the short- and long-term planning. Given the global nature of the problems and the vulnerability of developing countries, international organizations are also taking appropriate measures. Along with this, general migration for study, work, asylum, etc. forms an additional segment of the medical services market and entails changes in the demand for these services. Population migration serves as a mechanism for territorial redistribution of needs for medical services in time and space, while increasing their load, as well as modifying their structure in host societies. Pharmaceutical realm is one of the dynamically developing, and the development continues even during the economic crisis, even though this area is characterized by long-term investments along with a high level of risk area. The state expenditures on the development of this sphere, as well as the private expenditures of the population on drugs, are constantly growing, especially in developed countries. On the other hand, the pharmaceutical industry is knowledge-intensive, includes long-term research, and involves the cooperation of various specialists. The impact of external factors namely demographic factors, new pathologies, changes in the environment, innovations in computer technology, etc. change the picture of consumption by country, by nosology; contribute to structural, organizational changes in companies; pose new challenges to the pharmaceutical industry and the state as a whole.

Almost in all countries some measures have been taken in order to regulate the pharmaceutical market. The policy of developed countries in the field of pharmaceuticals is aimed to ensure the availability of safe and effective drugs of guaranteed quality at a cost acceptable to society and to the patient, as well as to stimulate the rational use of drugs. Various measures were also taken to regulate the cost of medicines: direct regulation of prices of producers and distributors, regulation of producers' profits, establishment of estimates for the prescription of drugs.

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## SOFTWARE AND HARDWARE FORENSIC TOOLS - AN OVERVIEW OF THE ACCOUNTING AND TAX FRAMEWORK IN PORTUGUESE NON-STATE INSTITUTIONS

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### **ABSTRACT**

*The main goal of this paper is to research the accounting and tax treatment of the hardware and software's good purchase by the private companies that provide forensic services. For this purpose, it studies accounting and taxation law in Portugal. Concerning to the accounting issues, it analyses the Portuguese Accounting Standardization System, and the other and, about taxation matters it assays the Value-Add Tax and the Corporate Income Tax law. The results show that accounting rules determine the recognition of computer equipment, as a tangible fixed asset. In the purchase moment, that equipment is a non-current asset, and the corresponding cost is the depreciation' recordation of each economic period. In taxation sphere, in particular, in Corporate Income Tax Law, the treatment is similar, and the depreciation is a deductible tax cost. Furthermore, the company does not support the VAT tax of the purchase because the entity is a VAT taxpayer.*

**Keywords:** *Portugal, Accounting, Taxation, Hardware, Software, forensic activities, non-state, forensic tools*

### **1. INTRODUCTION**

The digital age in which the world subsists is evident. Individuals and companies can not survey without technological resources (Mendonca, Goncalves, Ferro, & Ferreira, 2016). That dependence has been gaining more and more strength because users are dependent without their use (Wallin, Zannakis, & Molander, 2013). On the corporations' activity, technological evolution presents not only definite advantages but also, the relevant risk from its use. Computers equipment, mobile phones, internet services are indispensable and essential tools in companies. Enterprises have many reasons for the resource to digital media. They are, for example, to help the business starting and planning, to products and services marketing, to cost's production decrease, to sale's promotion, to employee's contract, to contact with corporation clients and potential ones, to streamline business transactions, to innovation's promotion. However, they do not exhaust, and there are several other motivations to the informatics tools use. However, the technological era not means only positive questions. Companies have to identify and manage technological risks, also. The cybersecurity and information security, are the main important question that worries managers, directors, and auditors, according to reports Flora and Rai (2018). One of the most relevant risks about cybersecurity is the fact that external entities can seize sensitive and stealthy data, meaning extensive damage to the brand and reputation of the company (Mirman & Santugini, 2014). Although the last point is relevant, information security is another point of concern for businesses. In that case, it refers to the confidentiality's protection, and the critical information's integrity and availability for the organization, so, it can represent misconducts as technological crimes (Mambetova, Shibzuhova, Shidov, Abanokova, & Mashukova, 2018). The cybercrime corresponds to wrongdoing using digital means as computer and internet. Between those practices, it is noted the obtain, hold, or use of data sources online. The entity's theft can represent high costs to companies of differences activities, such as banks, insurance companies, goods, and services suppliers' corporations in general (Harbawi & Varol, 2016).

This lousy behaviour implies not only direct costs but also indirect ones. Indirectly, enterprises lost the overall confidence because it falls into disrepute of society. Though computer equipment serves has meant to practice cybercrime, but also private, and public forensic institutions use it as forensic tools. Legal institutions need to recur digital equipment in order to can develop forensic activity to combat cybercrime (Kao, Chao, Tsai, & Huang, 2018). The scholars demonstrate their interest in to investigate the issue, so, it is why continue to publish relevant international research about it (Altayar, 2017; Broadhead, 2018; Irina & Alexander, 2017; Kuz'min, 2016; Nadir & Bakhshi, 2018; Olaoye, Ogundipe, & Dada, 2019; Varol & Sönmez, 2017; Xingan, 2018; Zhanna, 2019). Irina and Alexander (2017) investigate the legal questions about the activities' license of non-state legal institutions, and Varol and Sönmez (2017) researches about the relevance of web activities for computer forensics. Hence, it likely to understand that though exist specific research referring to this matter, the issue is still unresearched, and for the better understanding, there are no studies about Portugal case. In particular, it is relevant to comprehend better how is the accounting and tax treatment of forensic tools in the sphere of Portuguese private companies, in specific, in business and tax magnitudes. This research reports this gap by analysing the legal dispositions that approach the treatment of these items in accounting and tax dimensions. The research questions addressed by the study is: How are the hardware and software forensic tools of a private company treated in the accounting and tax field? What are the differences and similarities when we compare the two domains? For this purpose, the study investigates the most relevant Portuguese legal norms. Fourth sections compose this paper. First, the introduction, it refers to the subject's framing and explains why it is crucial and modernized to study this issue. Second, the background, it refers to the conceptual framework. Third, it explores the Portuguese case study, and it examines the accounting and tax legal norms. Also, it presents a results' schematization about the actual legal rules between both business and taxation domain. Finally, in the fourth point, the paper's conclusions.

## **2. BACKGROUND**

According to Valdez (2018, p. 1), forensics "is an emerging field that applies science and law to solve crimes." The same author refers about the divisions of science's forensic, in specific: i) digital forensics, ii) forensic accounting, iii) forensic toxicology, iv) forensic odontology, and v) criminalistics. Relating to the digital forensics implies an examination of the electronic equipment available; it means to analyses cell phones, computers, administrative machines (print or fax). The digital forensics' actions do not result, necessarily, in proof of the entity's guilt or innocence. (Harbawi & Varol, 2016). Olaoye et al. (2019) defend forensic accounting is proper practice for fraud and control detection's activities, and it permits the discovery of non-legal financial behaviours by individuals or organizations. So, Mishra and Singh (2017) recognize this branch of forensic as a "method of investigating financial transactions and business situations," with the primary goal of detection of the fair about financial activities in order to detect potential fraudulent situations. The accounting's forensic implies exportation areas, they are, the litigation support, and fraudulent accounting research. Olaoye et al. (2019) consider that it includes the request of the accounting judgments and methods. It means an analysis of the organization's financial operations that implies the processes' actions of the recordation, the classification, the summarization, and interpretation (Valdez, 2018). Those practices imply for forensic accountant enough knowledge not only about misleading financial statements but also about legal procedures and concepts, to can develop that activity correctly. So, Özcan (2018) identifies forensic accounting areas that expertise's accountings realizes litigation support, they are: "a) detection of the tax evasion, and creative accounting practices; b) supporting anti-money laundering activities; c) giving an opinion on the firms' financial position and health; d) estimation of possible firm loss; e) the evaluation of firms' liquidation

process; f) determining the fundamental reasons for firms' bankruptcy.” Also, that author evidences the division of forensic accounting practices in differences areas, such as the investigative auditing, litigation support, and criminal investigation. Being the first, the investigative auditing, consider has become one of the main gears of forensic accounting. Thus, it is the auditors' responsibility to practice investigative auditing's activity (Asare & Wright, 2018; Jenkins, Negangard, & Oler, 2018). It is because of that some judicial branch, as accounting ones, need to recur to private entities to develop this activity, they are the enable and authorized entities for their promotion. The development of that legal activities implies the resource to human and material means, in particular, to digital ones. Hardware and software are technological equipment essential to develop forensic activities by state or non-state organizations (Jenkins et al., 2018). So, the purchase of that tangible and intangible goods made part of the entities' life, and therefore it is essential to know the issues related to their accounting and tax treatment.

### **3. FORENSIC TOOLS, HARDWARE AND SOFTWARE EQUIPMENT**

#### **3.1. Accounting perspective**

Portuguese accounting and financial reporting standards - *Norma de Contabilidade e de Relato Financeiro* - determines accounting rules for items' recognition. In particular, NCRF 6 makes the regulation of the intangibles assets (AI), and NCRF 7 is the Portuguese accounting standard that explains about the treatment of tangibles fixed assets (TFA). On the other hand, Portuguese Conceptual Framework – *Estrutura Conceptual* (EC) – is a relevant document that explains accounting concepts determinants to understand Portuguese NCRF better (Gonçalves, Santos, Rodrigo, & Fernandes, 2017). Portuguese Conceptual Framework (EC) – exposes the concept of an asset (Monteiro, 2013). It determines the asset's concept, and it means it is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow into the entity. TFA and AI observe the asset definition (Monteiro, 2013). Thus, the NCRF 7 determines accounting rules about tangible fixed assets, and it means about property, plant, and equipment. According to the § 6 of the same standard, is tangible fixed assets if it observes two conditions: i) that these assets help in the production of the goods and services supplied, the rental case, or, in administrative purpose; ii) is expected they be useful more than one period. The recognition criterion determines that the cost of a TFA is an asset, only if it will not be a problem that this item can generate future economic benefits for the entity, and it is possible to measure the item cost with reliability (NCRF7 §7). They are considered TFA's cost: a) the acquirement or building cost, b) later, the cost of asset addition or replacement, c) assistance cost, d) costs of replacing parts of the asset. The assistance and replacing parts cost asset recognition depends on the observation of the recognition criterion mentioned in the NCRF 7 §7. The acceptance of an item as a TFA implies its measurement of the cost (J. Rodrigues, 2016). In that case, the cost is the value paid in cash or cash equivalents or the fair value. So, the cost of a TFA comprises 1) item's purchase price, 2) directly attributable costs to allocation's asset in local and necessary conditions for its correct function, 3) initial cost estimate of dismantling, removal, and site restoration in the TFA's location. The asset will be subject to depreciation and impairment losses. The determination of depreciation depends on the useful life considered by the managers about each TFA items. NCRF 6 determines the concept of intangibles assets. They are non-monetary assets without physical substance that can be identifiable. They are main characteristics: 1) the nonexistence of physical substance, 2) to be identifiable, 3) to have the control over the resource, and finally, 4) the existence of future economic benefits (§ 8 § 10). The first characteristic, the nonexistence of physical substance, is a particular feature of this kind of assets. A. M. Rodrigues (2011) consider that this feature is not fundamental for the definition of intangibles, because some intangibles may have solid substance, such as software (disk) or a certificate mentioning that a given patent

(Costa & Alves, 2014). Paragraphs 11 and 12 of NCRF 6 studies the identifiability. In these terms, for an intangible asset to be identifiable, it is necessary to meet one of the two following assumptions. The first condition is to be separable (individually or jointly), meaning that this asset can be separated or divided by the entity so that it can be sold, transferred, licensed, rented or exchanged. The second assumption is that it may result from contractual rights or other legal rights. It is not relevant if those rights are transferable or separable from the entity or other rights and obligations (Castro, Cunha, & Rodrigues, 2015). According to § 13 of NCRF 6, the control is related to the power to obtain future economic benefits flowing from the resource, and the power to restrict others' access to those benefits. In the opinion of Cañibano, Garcia-Ayuso, and Sanchez (2000), control is the entity's ability to exercise its rights (in other words, it is the possibility to claim rights or services legally) (Castro et al., 2015). The accounting standard adds that the entity's ability to control future economic benefits is related to legal rights, referring explicitly to the copyrights as an example. It also mentions that a team of qualified personnel, technical talent, client portfolio, and market share cannot be recognized as intangible assets due to the lack of control by the entity (E. P. d. Silva, Silva, & Jesus, 2010). Paragraph 17 of the NCRF 6 refers to the existence of future economic benefits (FEB). The accounting rule indicates that revenues from the sale of products or services, cost savings, or other benefits resulting from the entity's use of the asset can be FEB's. It is the case of the use of intellectual property in a production process which can lead to the reduction of the costs of production. For the initial recognition of the item as an intangible asset, the entity needs to demonstrate that the asset satisfies two conditions (Borges, Rodrigues, & Rodrigues, 2010). First, it complies with the definition of an intangible asset, and second, it obeys to the recognition criteria set out in § 18 of the NCRF 6. the paragraphs § § 21 to 23 clarifies the second requirement. They declare that the recognition of the asset can only happen if, and only if: a) the expected future economic benefits that are attributable to the asset are likely to flow to the entity; b) that the cost of the asset can be reliably measured (Palma, 2011). Thus, the computer's software of a machine is an integrant part of the equipment, so, it is a TFA. If the software does not be an integrated part of the respective hardware, the software computer is an intangible asset. The forensic software tools respect the first condition, so, it means they are TFA and not an IA.

### **3.2. Tax perspective**

#### *3.2.1. Value Add Tax*

The PVAT Code establishes that the goods' transfer and the services effected within the Portuguese national territory are taxable operations for this tax (Palma, 2011). Therefore, those commercial operations are due's one when i) the taxpayer realizes that kind of transfers ii) they occur in Portugal, and finally, iii) they imply a payment price (article 1). For PVAT purposes, a transfer of goods' concept implies a tangible good's existence (Lança, 2012). They can be movable or immovable, so it approaches, in general, physical goods are material things, palpable, with physical reality. They are not included in this concept the goods' transfer of immaterial goods, as they do not observe the condition to have physical reality. The transfer of intangibles goods has services' provision treatment (Roriz, Pereira, Esteves, & Bastos, 2015). In the PVAT sphere, between others, a taxpayer is individual or collective persons, that usually develops an economic activity (article 2. 1. a)). For those private companies that develop forensic activities are taxpayer, under this legal disposition (Neves, 2012). Article 6 of the PVAT Code determines the location rules for taxable operations. In particular, it explains the tax treatment of goods' transfers and services' provision location. This legal norm, in article 6, number 1 until n. ° 5 gives the goods transfer's framework, and numbers six and following of the same article provides the provisions services' ones. The rules location are relevant for PVAT rates application.

The taxation occurs over the taxable amount of economic operations, in specific of the goods transfer and provision services. In that case, is the value on which the taxable person must apply the VAT rate. Thus, in that tax domains, the hardware's sales is a goods' transfer and software is a services survey, but both are subjects to a rate VAT of 23%, because those are not included in the list I and II of PVAT Code, that list determines the goods and services that are subject at the reduced and intermediate PVAT's rate. The company need to know the amount of tax paid to suppliers of acquires goods and services, second, determine the amount of assessing the tax to the client, the pay Tax Authority payment will be the difference. However, the tax deduction requires conditions, and it means that it requires that the purchases were determinant to obtain PVAT taxable incomes. As well as, the document that proves the transfer needs to observe specific conditions foresees in article 36 of the PVAT Code.

### *3.2.2. Corporate Income Tax Law*

Both companies, the hardware and Software seller company, and its buyer are a taxpayer in the Portuguese Corporate Income Tax Law (PCITL) because they are commercial companies. The PCITL establishes the taxable income is the profit, and also considers that the profit is the difference between net equity value in the begin and the end of the taxation period, within the correspondent tax corrections that planned in the Code. This legal disposition imposes a broad concept of taxable income because it extends to any equity increase (A. Silva, 2019). In this sense, the law imputes to the period all the incomes and expenses, including other positive or negative taxable profit components (Sarmiento, Nunes, & Pinto, 2019). In this case, it is not essential for the payment or receipt moment, but it is determinant the consumption of that. Concerning the tax expenses, they are deductibles if they are essential to ensure corporate taxable incomes. Moreover, between them, the law recognizes the depreciation and amortizations, and the impairment losses, correct taxable costs for corporate income tax purposes, although it imposes proper formal conditions for its consideration (Sousa, 2018). The PCITL and Regulatory Decree no. 25/2009, of September 14 (DR 25/2009) constitute the legal precepts with greater relevance in the tax field when it comes to intangible assets. The depreciation and amortization of elements of the asset subject to depreciation are considered as expenses, considering the tangibles and intangibles assets as such (Martín Queralt & Moreno, 1998; Queralt, Serrano, López, & Ollero, 2019). This assumption is assumed by a taxation law, according to article 29, paragraph 1 a) do CIRC. Under the terms of no. 2 of the same legal disposition, assets that systematically suffer a loss of value is resulting from their use or overtime are considered subject to depletion. Article 16 of DR 25/2009 clarifies the tax treatment of intangibles, in its paragraph 1. It confirms the previous consideration and establishes that intangible assets can suffer amortization when they are subject to depletion, in particular, because they are of limited duration. It is possible to consider the tax expense of the amortization of intangible assets with a finite useful life, by this idea (A. M. Rodrigues, 2011). The depletion is made having as basis the specific conditions. According to article 2, § 1, a) of DR 25/2009, the acquisition cost constitutes a depreciable amount of the items purchased to third parties to be taken into consideration. In the case of elements built or produced itself, the depreciable cost is the cost of production. Article 45<sup>o</sup>-A of the CIRC provides that the cost of acquisition of the: a) industrial property elements (brands, licenses, production processes, models or other similar rights) acquired for the onerous title and not limited in time; and b) goodwill acquired in a business combination; are a tax expenditure. Since autonomously recognized in the individual accounts of the taxable person, by accounting standardization. The expenditure is accepted in equal parts, for the first 20 taxation periods, after the initial recognition. It should note that this provision was added to the CIRC through Law no. 2/2014, of January 16, which applies to taxation periods initiated or to tax events occurring since January 1, 2014.

Thus, it is possible to deduce that the provisions of this article apply only to intangibles acquired and that intangible assets generated internally are not included in this standard. On the other hand, it refers to intangibles with indefinite useful lives. Accordingly, the amortization of goodwill acquired in a business combination is accepted in equal parts for the first 20 tax periods after the initial recognition (Article 45-A, n. ° 1, b)). Under paragraph 1 and h) of no. 2 of article 23 of the CIRC, impairment losses are recognized as tax expenses. It is necessary, however, to fulfil the criteria set by Article 31-B of the CIRC. This article addresses impairment losses on non-current assets. It determines that impairment losses on non-current assets arising from proven abnormal causes can be accepted as tax expenses. Some examples of these causes are disasters, the natural phenomena, the speedy technical innovations or significant changes, with an adverse effect, in the legal context. However, in order for this to be possible, the taxable person must obtain the approval of the Tax and Customs Authority, upon a duly substantiated statement (n. ° 2 article 31-B of the CIRC).

#### **4. CONCLUSION**

The goal of this paper is to research the accounting and tax treatment of the hardware and software's good by the private companies that provide forensic services. For this purpose, it studies accounting and taxation law in Portugal. In accounting sphere both, hardware and software, have a tangible fixed asset treatment. This recognition occurs due to observing the TFA's criteria's recordation, they are i) that assets help in the production of the goods and services supplied, the rental case, or, in administrative purpose; ii) is expected they be useful more than one period. The TFA's recognition implies the allowance of depreciation's recordation. In that case, the manager determines useful lives' goods, and the accountability of depreciation takes into consideration the lives period of the equipment. Also, the item can suffer impairment losses. In taxation terms, the study identifies two areas, the corporation income tax and valued add taxation. In the first domain, the computer equipment's purchase implies the payment of VAT. This tax is not considered a cost because, being a private forensic activity company a taxpayer, it can have the possibility to recover the supported tax in the purchase. In the second ones, the PCITL assumes the same sense of accounting law, and hardware and software have a TFA consideration. At the same way, it is possible to recognize depreciation as a tax expense, allowing its consideration as a harmful component in the determination of corporate income tax law's taxable income. Nevertheless, the depreciation needs to observe taxation law rules. It means that the amount determined under accounting rules can be different from the value accepted for tax purposes, imposing with that differentiation a fiscal correction in the taxable income statement of the private forensic entity. The study explains the accounting and tax framework of computer equipment in Portuguese private companies with forensic activities. It analyses the national legal rules, and it made efforts in order to understand the hardware and software treatment in accounting and tax areas. However, this investigation presents a case study only in Portugal. Also, it made descriptive and explorative research for the reason that it only explores the legal rules of one jurisdiction, being both limitations of that research. It would be stimulating, as future research, to develop the accounting and tax treatment in case of the public entities, to understand the primary treatment's difference in both matters, accounting, and taxation domains.

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## ATTITUDES AND PERCEPTIONS OF EMPLOYEES IN THE PROCESS OF DIGITAL TRANSFORMATION OF INSTITUTION - CASE STUDY

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### **ABSTRACT**

*Based on the analysis of the current situation, the authors deal with human resources in the digital transformation process of selected large institution operating in the transport sector. The focus is on the understanding how employees work brings the right solutions inside the business model. On the basis of the findings, we tried to verify the research assumptions set on the basis of the importance of technologies during the digital transformation. Human resources must play an active role in adopting the principles of digitalization and must be part of the adoption of new technologies in the workplace. Their participation must be active and should not only act as an audience, as is also apparent from the analysis of the state of play. Employees should be committed to working with their institution to define the importance of digital transformation and its impact on the business.*

**Keywords:** *digital transformation, business model, employees, attitudes, perception*

### **1. INTRODUCTION**

With the advancement of digital technology, systems, processes and procedures that have been used so far have been disrupted in many businesses and across industries. The technological revolution is fundamentally changing the way we live, work and communicate. In its measure, scope and complexity, this transformation is essential. The response to it must be integrated and comprehensive, involving all stakeholders on a global basis, from the public to the private sector, academia and civil society (Gregor et al. 2006, Corejova, Al Kassiri, 2015). The first definition by Don Tapscott, 1995, discussed how the Internet is changing the basic principles of an economy that goes from production to sales. Mesenbourg, 2001 described three basic parts of the digital economy: infrastructure, e-business processes, and e-business. is The use of extensive data is another characteristic feature of the digital economy. It is a collection of dispersed, aggregated, stored and analysed data that adds value by increasing transparency and improving performance and decision management, and through developing tailored products or services or even new business models (Alstynne et al., 2016, McQuivey, 2014, Ostevalder and Pigneur, 2010). Choosing the right business model for the company is a challenging process. Kastle (2012) argues that the focus of every entrepreneur in designing a business model should be to answer basic questions:

- How to bring lasting value to your customers
- How to ensure value that will keep us on the market in the future.

Charles Baden-Fuller and May S. Morgan (2010) analyze a number of business model definitions in a special edition of the Long Range Planning journal.

They divided theories into three groups. The first group compares business models and patterns that divide them according to business typology. The second group of classification is to be used for academics because it compares the existence of business models to organisms in biology and mathematical models. As biologists explore individual organisms, they try to find out the most detailed information about them, so economists try to analyze how some companies have successfully or unsuccessfully developed their business model. The third group describes business models as receipts or case studies, which should serve the business and which they can use and modify for their model. The third principle provides scope to differentiate the types of business behavior known in the business world. Business models of successful companies can serve as an example, but of course every business has its ingredients. Each model has its own strategic elements, which include resources, capabilities, technologies, customers and so on. Digitalization in the business brings a process of change in areas such as the transformation of business transactions, function but also business models (Skilton, 2016, Bloomberg, 2018, Genzorova, 2019). Digital transformation has a broader meaning than digitization. The company can carry out several digitization projects, from automation to retraining employees to new technologies. Digital transformation is a process that reflects a company's strategic attitude to change, which must be customer-driven, requiring cross-cutting and organizational changes and the implementation of digital technologies. Generally, we define digital transformation as the need to integrate digital technologies into many or all areas of business that extensively affect how customer value is created and delivered (Bloomberg, 2018, I-Scoop 2019). Awareness of the need for change must begin with the mind-set of employees who must be aware during the course of the fact that companies are facing a problem that we may face in the near future. One example is to raise the profile of senior managers inside the company and give junior positions the opportunity to become part of decision-making processes (Tapscott, 1995, Hellard, 2018). The emergence of these innovations gives rise to new insights into the product, its production and can even affect the value of existing products. Digital disruption, because digitization disrupts the established market and the consequence of this disruption is the need to reassess existing systems (Madudova, Corejova, and Valica, 2018). With this in mind, the question arises as to how these systems need to be integrated into the supply chain at several levels to achieve efficiency. This leads to the change or creation of new digital business models. In general, disruption of existing systems occurs when a given market area faces challenges that can add value to the customer without the company having to make direct changes (Geissbauer et al. 2016, Mesenbourg, 2001, Rai et al. 2006). According to Gartner (2017), digital disruption can mainly affect these four elements, business, technology, industry, and society. The Global Centre for Digital Transformation conceptual framework for digital transformation understands transformation as an overall change and organizational change within a company. Based on the results of the Global Centre for Digital transformation research, we know that many companies underestimate the risks of digital disruption and poor preparedness has negative consequences. Business transformation is stimulated by several factors such as demand for change by customers, holding a competitive position in the market, or creating a better supplier relationship with customers (Torben, 2012, Hellard, 2018, DeNisco, 2018, Wade, 2019). The aim of the paper is to present a case study of digital transformation in a selected large institution operating in the transport sector. It is based on the perception of Ostervalder's business model or Canvas model. The Canvas model has an expression on the market in which the institution operates, on the other hand, has several internal aspects. Human resources are a key resource in the business model of this company. Therefore, the subject of primary research has been the approximation of changes to the business model and digital transformation, including the introduction of new technologies and new processes. The outcomes of primary research were subsequently analyzed and selected aspects were further evaluated by inductive and deductive procedures.

The aim of the proposed solutions was to motivate the institution to intensively communicate with all its employees during the digital transformation, not only with its own information technology (IT) department.

## **2. FRAMEWORK OF CASE STUDY**

The objective of this case study is to present the results obtained in the primary research on the attitudes and perceptions of employees during the one process of digital transformation in relation to the changes it brings in the whole institution. The subject of primary research was the institution that was in the process of digital transformation, where the final result is to bring a change in business model and M2M communication (machine to machine communication) with all stakeholders. New digitalization processes also require the introduction of new technologies. The goal of every company should be to support employees in the process of change as well as overcoming the fear of change or resistance to changes associated with digital transformation and business model changes (Genzorova, 2019). The institution has started to use agile principles in the process of digital transformation:

- meeting in regular cycles (sprints),
- validation of Minimum Viable Product with selected real users,
- assembling a team of professionals,
- establishing a closer relationship between workshop participants and the IT team,
- using new working Methods as Design Thinking.

Based on an analysis of the current situation in the institutions, we consider human resources to be the most important key resource in the digital transformation process (Wade, 2015 and Fouad ElNaggar, 2018). In the research problem, we have included finding out the attitudes of users to the new solution or new applications that are associated with the digital transformation of the institution. The research problems, research objectives as well as the research assumptions or the hypothesis are shown in Table 1. We used statistical hypothesis testing to verify the accuracy of our claims. In testing we put two mutually contradictory hypotheses. The hypothesis that we validate is called the tested or null hypothesis. We'll call it H0. Compared to the tested hypothesis we put so-called an alternative hypothesis or research assumption, which we will call H1. The primary research was conducted using the electronic survey. The questionnaire was tested on 3 respondents with the motive to ensure the clarity and accuracy of the questions asked and was verified by experts in practice. The questionnaire was divided into two parts:

- The first part of the questionnaire was focused on user experience (UX) applications, where we used a customized version of The User Experience Questionnaire (UEQ) methodology.
- The second part of the questionnaire focused on finding out the satisfaction and feedback of workshop participants on the working techniques used.

The part of questionnaire was aimed to measure the satisfaction of employees with UX of new application and the other part of survey was aimed to find out the satisfaction of workshop participants with new selected working techniques. The role of the project participants was to work together to create a new application with improved UX according to their requirements. They met on a regular basis with IT experts throughout the entire project. It was applied the Likert Scale for measuring satisfaction in the survey, where is a respondent required to express a level of agreement or disagreement with various statements concerning the opinion on a fact. Also, the Likert scale was used for easier quantification of responses and easier completion of the questionnaire.

The scale used in the questionnaire:

- Strongly agree - 1
- Agree - 2
- Undecided/ Neutral - 3
- Disagree - 4
- Strongly disagree - 5

The primary research was conducted by the electronic survey according to the hypothesized (Table 1).

<i>Research problem</i>	<i>Research objectives</i>	<i>Research assumption - hypothesis</i>
<i>Attitudes of respondents to the techniques</i>	RO1: Identifying respondents' attitudes to the working techniques.	RA1/1: More than half of the participants "strongly agree" or "agree" that new techniques are a suitable way of managing work.
		RA2/1: More than half of the participants stated that they "strongly agree" or "agree" that their ideas in developing the new application were taken into account throughout the process.
		RA3/1: More than half of the participants "strongly agree" or "agree" that the whole process was oriented towards solving the problem.
	RO2: The respondents' attitude to the use of these techniques in the future.	RA1/2: More than 50% of participants mentioned that they would often recommend to their colleagues to participate in the selected process.
		RA2/2: More than 60% of participants stated that the approach chosen would recommend to use for other projects of a similar type.
		RA3/2: More than 50% of the participants are "extremely satisfied" or "very satisfied" with the result generated in 3 months.
<i>User attitude to new apps</i>	RO3: Identification of satisfaction with the final outcome of the pilot project.	RA1/3: More than 50% of app users are "extremely satisfied" or "very satisfied" with the app.
		RA2/3: More than 60% of app users "strongly agree" and "agree" that the new application is better than the previous one.
		RA3/3: The attractiveness, efficiency, reliability, perspective, stimulation and novelty of the application examined are higher than 0.6 points.

*Table 1: The research prerequisites for primary research  
(Source: Genzorova, 2019)*

### 3. RESULTS OF PRIMARY RESEARCH

In identifying respondents' attitudes to the working techniques used during the workshop, respondents commented as follows:

- 84% of respondents mentioned in the survey that they "strongly agree" or "agree" that new techniques in the pilot project are suitable for other similar activities. RA1/1: At the significance level of 5%, we reject hypothesis H0 that the 50% consent ratio is greater than the alternative, i.e. we can say that more than 50% of the workshop participants "strongly agree" or "agree" to claim that new techniques are appropriate at work.

- 68% of participants "strongly agree" or "agree" to have their ideas developed during each iteration included in the project. RA2/1: At the significance level of 5%, we reject the hypothesis H0 that the 50% consent ratio is greater than the alternative, i.e. we can say that more than 50% of the participants in the workshops "fully agree" or "agree" with the claim that their ideas were taken into account. where: *a* – explanation; *b* – explanation, etc. (all symbols must be explained).
- 80% of respondents "strongly agree" or "agree" that the process was oriented to solve the problem. RA3/1: At the significance level of 5%, we reject the hypothesis H0 that the 50% consent ratio is greater than the alternative, i.e. we can say that more than 50% of the workshop participants "strongly agree" or "agree" with the claim that the process was also problem-oriented.

The respondents' attitude to the use of these techniques in the future was as follows:

- 82% of participants would "always" or "often" recommend their colleagues to participate in a similar process. RA1/2: At the significance level of 5%, we reject the hypothesis H0 that the 50% consent ratio is greater than the alternative, i.e. we can say that more than 50% of the workshop participants would "always" or "often" recommend their colleagues to participate in a similar process.
- 80% of respondents would recommend the chosen approach for similar initiatives. RA 2/2: At the significance level of 5%, we reject the hypothesis H0 that the 50% consent ratio is greater than the alternative, i.e. it can be argued that more than 50% of workshop participants would recommend using the approach chosen for similar initiatives.
- 72% of respondents are "extremely satisfied" or "very satisfied" with the result produced in 3 months. RA 3/2: At the significance level of 5%, we reject the hypothesis H0 that the 50% consent ratio is greater than the alternative, i.e. we can say that more than 50% of the workshop participants are "extremely satisfied" and "very satisfied" with the result created in 3 months.

The aim of the questions was to capture the two most important factors:

- Attractiveness - this dimension was created to see if the agile principle was interesting, pleasant, and applicable for the employees.
- Stimulation - the aim is to use techniques that motivate employees to be part of the change process. The aim of the research questions was to determine whether the process was oriented towards solving the problem of the participants and whether their ideas were heard and taken into account during the individual meetings.

Values between (-0.5, 0.5) are neutral and values greater than 0.5 are positive. (Fig.1.)

*Figure following on the next page*

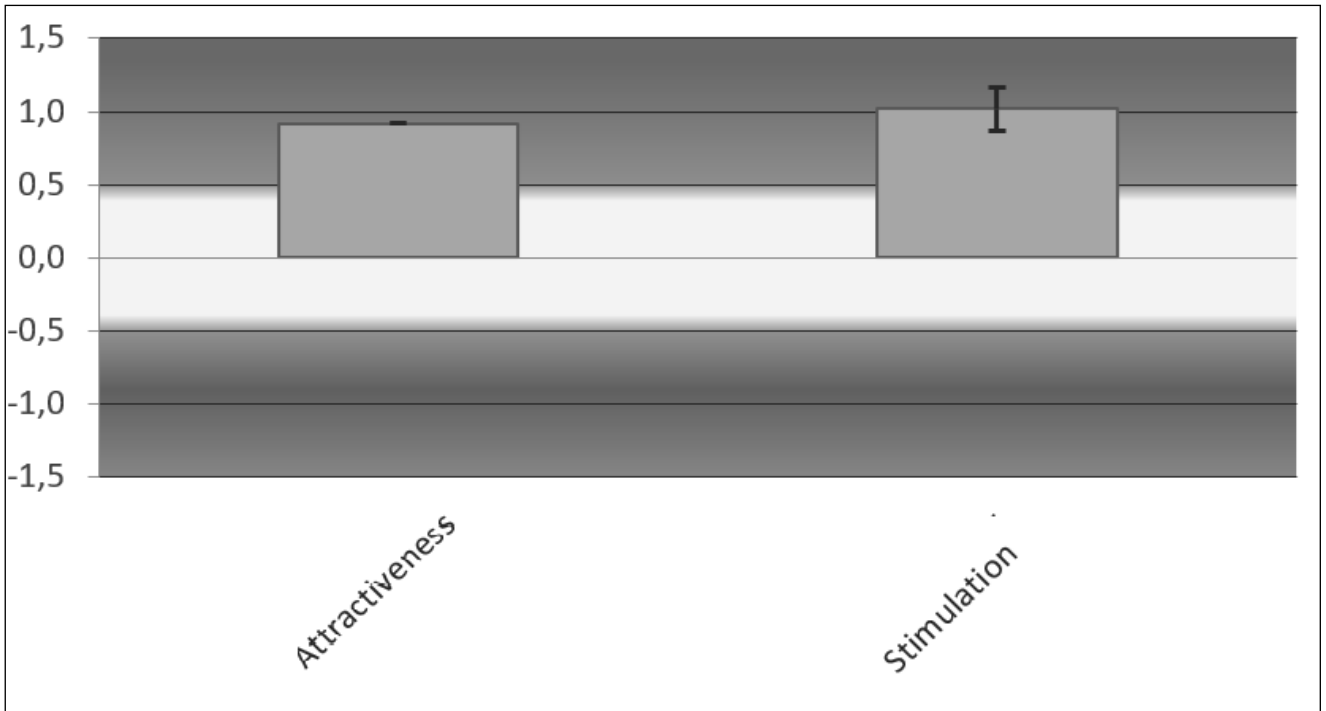


Figure 1: Percentage evaluation of the answers for RA2/2  
(Source: Genzorova, 2019)

We can state that the respondents who have not met agility so far see it as an attractive way of working, which stimulates them in developing new solutions. Based on verified hypotheses, we know that at least 50% of participants would recommend using a similar system for other initiatives of a similar type. It can also be stated that at least 50% of respondents would always or often consider agile as a suitable method for future projects. These results of the primary survey and observation during individual meetings lead companies to create a process that is easy to understand and respond to the real requirements of employees. As was mentioned above, the questionnaire had 2 parts. In the other part of the questionnaire devoted to determining user satisfaction with the new app, we applied the Likert Scale, which required the UEQ methodology, which we modified to reduce the scale and reduce the number of terms. The aim of UEQ was for the respondent to express the level of agreement or disagreement with the various arguments concerning opinion on a fact. Each expression is in the form of a semantic differential, each item is represented by two expressions with the opposite meaning. The scale used in the questionnaire was the same as above. The goal of the questioning was to find out how satisfied the users are with the endeavour of the employees who participated in the creation of the application. The research objective was “Identification of satisfaction with the end result of the project”. Primary research shows that:

- 65% of respondents using the new app are “extremely satisfied” or “very satisfied” with the new app. RA 1/3: At the significance level of 5% we reject the hypothesis H<sub>0</sub> that the 50% consent ratio is greater than the alternative, i.e. we can say that more than 50% of respondents are “extremely satisfied” or “very satisfied” with the new app.
- 80% of respondents “strongly agree” or “agree” that the new application is more user-friendly than the previous one. RA 2/3: At the significance level of 5%, we reject the hypothesis H<sub>0</sub> that the consent ratio of 60% is greater than the alternative, i.e. we can say that more than 60% of respondents “strongly agree” or “agree” with the claim that the new app is more user-friendly.

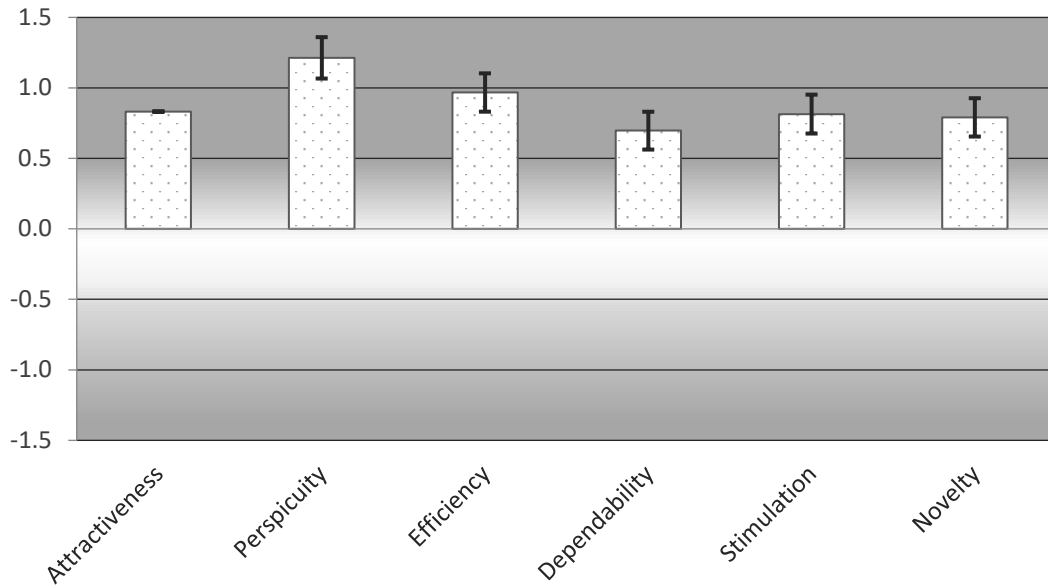


Figure 2: Percentage evaluation of the answers for RA2/3  
(Source: Genzorova, 2019)

By last research assumption RA3/3 we tried to find out whether the investigated factors such as attractiveness, efficiency, reliability, perspective, stimulation and novelty of the application are higher than 0.6 points, which means a positive result for the new application UX. The evaluation of the RA3/3 research assumption is shown in Fig. 2. The mean value is greater than 0.6 and all values are positive. The goal of creating a new application was to create an application that has a better UX than the previous one, which we confirmed.

#### 4. DISCUSSION AND RECOMMENDATIONS

We chose to observe strategic dimension - human resources because of the first attempts to digitize the business model fail on the reluctance of human resources to accept change. Understanding how employees work brings the right solutions inside the business model. Technology itself does not affect the business, but the change of processes within the company. On the basis of the findings, we tried to verify the research assumptions set on the basis of the importance of technologies during the digital transformation (Kliestikova, Krizanova, Corejova et al. 2018). First of all, employees must be adequately informed about the future goals of digital transformation and understand their role in this process of change. Human resources should not only be informed by senior management that the change process will be implemented, but should be an active part in creating new processes that relate to their work. Such a procedure can motivate and encourage them to cooperate. Ultimately, changing the business model is intended to bring new value to the customer, but before doing anything inside the company. Human resources as key resources of the business model should be supported by key activities such as adopting new technologies that can reduce the technological intensity of work, but through processes that effectively lead them to a successful outcome. In companies with a large number of employees and a broad scope of a business, not all departments are directly affected by the changes brought about by the digital transformation and thus are unable to understand the substance and meaning. Employee collaboration to create new processes is essential to create the right solutions within the enterprise. In the process of digital transformation, it should be the responsibility of the enterprise to develop appropriate programs that will encourage digital thinking among employees. That is why a system of product delivery within the company should be created that will respond as soon as possible to the requirements of employees (Digital transformation is here).



Digitalization from a human resources perspective should include:

- change of work organization for the benefit of the employee,
- intensive communication with the employee about the upcoming change on a positive example that has an impact on each employee;
- systematic training of human resources.

The digital transformation initiative starts primarily on the decision of top-level management, which sees the need to respond to market demands and benefits as a driving force of the business. On the other hand, some employees have to face it and perceive it as a change in organizational culture, working practices and how they do their job. Employees have the respect, even fear of the changes that digital transformation will bring. First of all, they perceive a negative change in their job position. Many jobs will require skills other than right now, different workflows, which will affect multiple jobs. According to McKinsey, companies that communicate change with executives are eight times more likely to be more successful than those who make no effort. Digital transformation must also include communication with employees at all levels (Ostervalder and Pigneur, 2010). The communication strategy needs to contain and inform about:

- The goal of digital transformation - positive results
- Impact on employees
- Examples of positive changes
- The interest of top management

In the process of change, it is advisable to create a pilot initiative that, by its vertical nature, can reach every employee. In the framework of this pilot initiative, many principles of digital transformation should be explained in practical examples. It depends on the particular company, respectively transformational team, which it considers appropriate as an example of positive changes. During the digital transformation, internal marketing must play an important role, which should be a form of constructive communication with employees and aims to create a sense of confidence that the transformation will have a positive impact on their working lives. It is not enough to inform about its progress but to create a sense of employee engagement, which is a key success in adopting change.

## **5. CONCLUSION**

The digital disruption has brought a radical departure from existing principles in many areas. The change that comes with digital technologies affects decision-making at multiple levels of personal and professional life. Digital technologies are part of the business and serve as a means of value creation, delivery, and consequently an easier way for these processes. For most companies, people are the most important asset. Employees are the ones who can turn customer experience and feedback into the necessary input in creating value. Human resources play an important role in creating a new business model because they know their customers and their activities lead to meeting their needs. Digital disruption affects all procedures and also the employees involved in these processes. Employees are the ones who can turn customer experience and feedback into the necessary input in creating value. Human resources must play an active role in adopting the principles of digitalization and must be part of the adoption of new technologies in the workplace. Their participation must be active and should not only act as an audience, as is also apparent from the analysis of the state of play. Employees should be committed to working with their company to define the importance of digital transformation and its impact on the business. The employees themselves expressed the need to be informed about the changes. As the results of our case study as well as the primary and secondary research have shown, digitalization brings a change in the process of creating value for the customer into

the company's internal environment. The economics of time and space resulting from the application of digital technologies leads to a significant reduction of time when delivering personalized products to the customer, or tailored products. The results of the primary research showed that agile techniques can be used not only in the process of software development and in the product delivery phase, but throughout the project lifecycle and in the creation of the business portfolio. Stakeholder involvement is essential in implementing digital change. Information, involvement, and training of employees are necessary to maintain a suitable strategy. It is necessary to create mutual empathy, the enthusiasm for working together and engagement in creating solutions among employees of the individual departments.

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## NATIONAL ECONOMIC INDICATORS AND NATIONAL ACCOUNTS SYSTEM

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### ABSTRACT

*The purpose of the research – Studying and evaluating the current position of the indicators in accordance with the National Accounts System, national economic indicators reflecting economic activity at the level of national economy. The methodology of research – The scientific abstraction, the combination of analysis and synthesis along with the history and logic, the systematic approach. The results of the research – providing the reasonable proposals for a single account of all goods and services produced within the year in which it is expected to calculate being the indicators, balancing production and sales costs, regardless of where national businesses are located - inside or outside the country, by revealing the presence of expression of total volume and value of products and services generated by the national economy of the country, designed to accurately calculate the total cost of production. The limits of the research - The requirements to formulate national and economic indicators scientifically and experimentally according to the national economic development level of Azerbaijan, in accordance with national accounts, and for justifying the rules set forth for determining the place and role of the gross product in the Gross Domestic Product of the country. The practical significance of the research – to determine the value of products generated by the national producers inside and outside the country within the National Domestic Product, thus evaluating the volume and amount of gross national product generated by the legal and physical persons of the country. The originality and scientific novelty of the research – scientifically justifying the total cost of the national production in the direction of further improvement of the processes that express more specific economic indicators that reflect the total volume and cost of products and services generated by the national economy of Azerbaijan.*

**Keywords:** *national economy, national accounts, recycling account, Gross Domestic Product, personal investments, internal investments, national currency, nationalization*

### 1. INTRODUCTION

The Azerbaijani economy is often called the national economy of Azerbaijan. The issue is not in the name, but in the real content of the concept used, in the real and scientific foundations of the idea it expressed. Along with the market economy established by Azerbaijan in the direction of independent political and economic development, it has always been in the spotlight to form and develop national economies within that system. In the scientific literature and studies, the processes, that distinguish the economy of Azerbaijan from the national economy formed in Azerbaijan from one or another side, the basics for their formation and development is identified. The main issue is to reveal the importance of the correct vision for the future independent economic development of our country for the sake of justice, science and truth. In the “Strategic Road Map on the prospects of the national economy of Azerbaijan” approved by the Decree of the President of the Republic of Azerbaijan dated December 6, 2016 is noted that,

the economic competitiveness of the economy and the social welfare of the population will be ensured on the basis of sustainable economic development in the national economy and the key sectors of the economy [5, page 4]. However, since the establishment of free entrepreneur and market economy relations, the national economy is being studied not just a concept, term and category, but on the context of the word turnover and an independent economic development process, as well.

## **2. FORMATION OF NATIONAL ECONOMY AND NATIONAL ECONOMIC INDICATORS IN AZERBAIJAN**

The national economy problem for Azerbaijan can be observed twice in the history of the country: the first when independent Azerbaijan Democratic Republic was founded, covering 1918-1920; the second one is since 1991, when political and economic independence has been achieved, and covers the period until today. Overall, formation of the national economy of Azerbaijan has so far been about 30 years old. 28 of these years were during the years of independence. Despite the fact that it took centuries for many Western countries to establish national economy, Azerbaijan is on its way for almost 28 years. Countries are characterized to own its' natural, economic, intellectual and other wealth. It is the same in the economy. To create a national economy, first of all, the conditions necessary for economic activity (capital, land and labor) must belong to the country, they must be owned by national entrepreneurs. The national character of capital, land and labor, which is owned by the country and its entrepreneurial activity, provides the socio-economic processes with internal wealth. To clarify this case, it is necessary to approach to the national economy, its essential production factors, in three ways. Firstly, national production factors are formed in the narrow sense, that is, not within certain area, within and outside country (beyond the borders of the country) form and act and participates in the production of Gross Domestic Product. Secondly, the cost of the capital invested by foreign states and their economic subjects is included in the national income of the country launching the movement of that capital and that owns them. Thirdly, the gross national income of each country consists of two parts: a) Domestic national income; b) foreign national income, which is more appropriate to calculate using the economic indices of [4, p. 95-96]. In the practice of US history, the overall national income indicator has been given a special place for the assessment of economic and statistical indicators of the country. In our view, this experience is more specific to the United States because it has the second economy (about more than 40%) beyond its borders. All three of the above-mentioned approaches make it possible to distinguish the economy that emerges and develops within the borders of the country from the one that develops on the basis of their own domestic production and social factors. Otherwise, the real situation in the economy cannot be properly evaluated. Calculation of the products, manufactured by the own capital of foreign residents or jointly with the capital of Azerbaijani entrepreneurs in the territory of Azerbaijan, in the composition of Azerbaijan's national product requires accuracy. Unfortunately, our statistics are still calculated in this way. We have made suggestions on this matter to specialists involved in statistics, both in individual and team meetings. We clearly stated that, we have to clarify the concepts, terms and categories that express the real state of the existence and development, before exploring every new economic phenomenon and processes that are relatively new to our republic. In this sense, to research and study the national economy, we must first understand not only the direct meanings of terms, understandings and categories expressed in the process but also the ones that are directly related to them but acts as opponents. For example, "national" should be regarded as an "international" as well as "social", as opposed to "private", "special", "general" should accordingly be used in sentences. In this sense, national economy, national capital, national entrepreneur can only be properly assessed by comparing them with international economic, international capital and international entrepreneurs.

### **3. FUNDAMENTALS OF NATIONAL ECONOMIC INDICATORS AND THEIR FORMATION DIRECTIONS**

The real outcome of the country's actual economic situation and its independent development is largely reflected in the level of nationalization in the economy. So, when the level of nationalization increases and it increases the economic isolation, the trend towards even more economic integration is increasing. This transition from economic isolation to economic integration involves the movement towards internal nationalization (localized nationalization) towards regional nationalization and ultimately to the internationalization. Such a process of economic development is a reality, consistent with the scientific and practical logic of development. To adopt the reality, there should be created the new types of economic structures in the country: for example, there should be created the economy sector that incorporates technological lines, computer technologies, precision devices, etc. and the investment goods. Some scientific articles and suggestions were made on this subject. Proposals were made on the basis of the results of research conducted in the International Economics Department of the Azerbaijan State University of Economics and in the "Foreign Economic Relations Sector" of the Institute of Economics of the Azerbaijan National Academy of Sciences. The formation of national investment in production of investment goods in Azerbaijan should not be restricted. Most importantly, the rights of local companies with foreign companies investing in this area cannot be equalize, and even the latter should be reasonably compensated primarily. It is no coincidence that our respected president, Ilham Aliyev, has repeatedly expressed his hope for the placement of Azerbaijani national capitals abroad in his meetings with government officials and businessmen of the country. It shows that, the gradual deployment of our national capital should be preferred in the countries, where the raw materials and materials are being exported.

Only a few indicators can be expressed to indicate the real position and potential of the national economy. One of them is the annual national production of goods and services in the country. This is also called the volume of Gross Domestic Product in the economy. One of the most important national economic indicators attracting the attention in the National Accounts System is the Gross Domestic Product (GDP). This indicator is defined as the sum of the market value of the total volume of production of goods and services for the last utilization goal in the national economy during a year. Regardless of the location (within or outside the country) of resident enterprises, the Gross Domestic Product reflecting economic activity at the national economy level represents the total value of all the latest products and services generated in both sectors of the national economy [ 1, p.3]. In order to properly characterize the total production in the country, all goods and services produced in a given year should be taken into account only once [1, p. 166]. There should be allowed double count or recalculation. Most products come into the market for sale through multiple production cycles. Most parts and components of most products are purchased and sold several times. Thus, in the calculation of GDP, to avoid re-trading of sold and resold parts of the product, only the market value of the final product is taken into account, excluding the intermediate products. Final products are goods and services, which are not considered for resale, future processing or recycling. Intermediate products are commodities and services for future processing or recycling, as well as for resale, they are considered just only for usage. The intermediate products are commodities and services, considered for future processing or recycling, as well as, for resale. GDP only includes the last products used for personal consumption or harvesting, and the sale of intermediate products is eliminated. Because, intermediate deals with self-contained items are included in the final product. In this sense, separate accounting for intermediate products means double counting. This would mean increasing the GDP volumes artificially. However, a thorough analysis of this indicator shows that the real situation during the current year is slightly left behind. Because, GDP indicator does not mean that the year necessary for the replacement of the investment goods consumed in production will not exceed the annual production volumes.

For example, in 2015, the economy had investment assets worth 20 million AZN. Considering that in 2016 GDP was 54352 million AZN, of which 10 million AZN of machines and equipment were consumed. Thus, the investment goods accumulated for December 31, 2016 will have 10 million (20 million-10 million) AZN. From this point of view, 10 million AZN from the annual volume of GDP per capita will be exposed to the fact that, the cost of the goods and services used during the annual production has not yet been exceeded. In this way, we have had the net amount of yearly production, which is the expression of the Net Domestic Product. In the above-mentioned example, the value of the Net Domestic Product will be 54,342 million AZN, which can be considered as more accurate. You can observe it from the table below (Table 1).

*Table 1: Measurement of the Net Domestic Product*

	Million manats (AZN)
Gross Domestic Product	54352
Product for consumption of the capital	10
Net Domestic Product	54342

Thus, Net Domestic Product (NDP) is calculated as an extraction of the products for consumption of the capital (amortization) from the GDP. With the help of this indicator, all products in the economy including households, companies, government and whole economy including the foreigners can be calculated. When we deep dive into the process we need to clarify other factors, that affect the economy, too. The volume of GDP can be obtained by the deduction of NDP. Only the sum of the amortization costs from income should be deduced. As a result, we have a total of 54,342 million AZN by summing up other sources of income.

#### **4. METHODS FOR CALCULATING THE GROSS NATIONAL PRODUCT (GNP) INDICATOR**

It is necessary to distinguish net internal capital from total capital. To do this, it is necessary to reduce the amortized portion of the capital as depreciation deductions from the total domestic (national) capital. In this way, the indicator of internal national capital is revealed. It characterizes the final outcome of the production activity of domestic producers in both material and non-material production areas, measured by the value generated by the production of commodities and services for the final consumption. As a matter of fact, Domestic National Product is the added value. This amount is derived from summing up all national producers by incorporating only the national capital gains. Here, the value of the capital of foreigners is not taken into account. In order to calculate the gross national product, GDP should be deducted from the added value by foreigners (foreign businessmen). Gross National Product can be calculated through other methods, too. In this case, it is necessary to calculate the difference in the price of goods and services imported from abroad in order to create the same product with the price of the Gross Domestic Product. Gross National Product is calculated based on administrative-territorial characteristics. For this feature, the total value of national production enterprises (both government and non-government), and their share in the production of national capital working with foreign capital are regularly calculated. In the country, only national entrepreneurs need to calculate the value generated by production factors belonging to the national government and national businessmen. This requires statisticians to accurately estimate the current value of the national equity, service life of different types of assets, and the nature of depreciation. It should be noted that, such calculations are not conducted in many countries. There are, also differences in the methodology of the countries that conducted it. Therefore, the Gross Domestic Product is used in countries, where the concept of Gross National Product is not applicable.

The growth of the country's GDP, as well as, the NDP directly depends on the capabilities of discovering and utilization of its natural and economic potential. In this sense, the role and place of the national economy in the world economy, first of all, is determined by the country's competitiveness and the volume of its natural and economic potential. The country's natural potential means land and resources underneath available in the territory, useful land, natural and climatic conditions, and so on. The economic potential is the volume, structure and technical level, qualification of domestic labor, specific weight of competitive products within the Gross National Product, the quantity of material resources, accumulated across the country and outside the country. Competitiveness of the country in the world market is its ability to compete with its domestic National Product in the world market. The existence of both natural and economic potential does not mean their immediate realization. It is impossible to achieve a high level of economic development if both potentials are not acting. Countries going through domestic economic development have many National economic indicators (national wealth, Gross Domestic Product, Net National Product, Domestic Product, National Income). Their emphasis on grouping as concrete macroeconomic indicators draws more attention. Each of these should be interpreted in terms of national economic development indicators. National wealth combines all the material wealth of the country owned and the natural resources involved in economic turnover. Natural resources, which are not involved in economic turnover, are only considered to be geological reserves, and cannot be considered as national wealth of the country. Production, science and technical developments play a great role in the rise of national wealth. All material benefits created by past and present generations and the existing natural resources involved can be grouped as following according to their economic purpose.

- 1) The main and circulating capital of the country includes: capital assets (machinery, equipment, fixtures, production facilities, etc.) existing in the country and objects needed preliminary processing (raw materials, materials, etc.).
- 2) Resources available in economy: finished goods stored in the warehouses of manufacturing and commercial firms for the purpose of selling; insurance reserves to be used for emergency situations or to eliminate possible disproportions, etc.
- 3) Funds for non-production-purpose: housing fund, schools, hospitals, theater, cinema, museums, etc. funds of cultural and material importance.
- 4) Personal real estate of the population and so on.
- 5) The benefits involved in the recycling process include: agricultural areas, forests, waters, industrial reserves of minerals, water resources and so on.

It should be taken into account that, GDP is not only the main indicator of economic growth in the country. At the same time, this indicator is one of the main factors in the formation of the economic policy of the government. In this sense Azerbaijan is using the same methodology applied in the world practice for calculating the GDP. These methods mainly are as follows:

- On the basis of value generated in all areas of the national economy;
- On the basis of final goods and services;
- On the basis of revenues generated within the economy of the country.

International comparisons of GDP in national currency are often expressed in USD. However, existing differences in the formation of exchange rates indicate that, such comparisons are often inaccurate. Because in most cases, the exchange rate of national currencies is regulated by the serious intervention of states, their basic value is not freely marketed. This creates quite a distinction between the GDP inter-country comparisons. For this, the Organization for Economic Co-operation and Development (OECD) has recently begun to use the indicator of the Purchasing Power Parity (PPP), which is determined by the proportion of prices in the



comparative country based on the sale of similar goods. Domestic National Product (expense method) incorporates the ultimate goal of goods and services, the accumulation of national capital, the change in local capital resources, exports and imports of national goods and services. Compared to previous periods, it is necessary to divide the DNP into the previous quintile in order to calculate the physical volumes of DNP. The physical volume of the DNP can be used for a long period of time when a chain index is used. Domestic National Product is based on administrative-territorial characteristics. For the purpose of this feature, the value of the products exported by national production enterprises (both government and non-government) and the total cost of the national capital, which is in conjunction with foreign capital, are attributable. We can clearly see the internal aspects of the domestic product as follows (Table 2).

*Table 2: Compliance between Gross Domestic Product and Domestic Product*

	Million manats (AZN)
Gross Domestic Product	54352
Estimated value of foreign capital	20398
Domestic National Product	33954

The key indicators of the national economy, the National Account System, as well as, above mentioned GDP and DNP, should be regarded as more concrete indicators of the economy in many countries around the world. Comparison of the Gross National Product (GNP) with Gross Domestic Product (GDP) draws attention. Gross National Product is far less than Gross Domestic Product of the revenues derived from the use of the country's resources abroad (capital investment to the foreign countries, bringing income from its existing property to the country, wages of the employees working abroad). According to the calculations of economists, the difference between GDP and DNP in the market economies of the West countries is 1-3%. The value generated by national capital in the economy of this or that country is called a net national product. Otherwise, we have gained a net national product when we deduct the value of the consumed Gross National Product. Because of its natural origin, the net national product consists of the entire mass of the newly produced means and consumer goods considered for expansion of action and the intention of increasing and promoting its natural resources.

## **5. NATIONAL ECONOMIC REALITY**

The national economic indicator is more pragmatic. In everyday life, business people are more interested in one thing: how much net product can be generated in the current year by using the land, the labor force, the capital and the entrepreneurial courage? More precisely, how many of the net product costs will be required by using the existing operational objectives? Here are some indirect costs (taxes) that do not reflect the current outcome of the economy should be taken into account. We have to take into account the indirect effects of the entrepreneurial activity in the net national product for balancing the net national income. The state does not take a direct taxes of the profits inherent in entrepreneurial activity. From this point of view, it is necessary to reduce indirect taxes from the DNP volumes for entrepreneurial activity in order to determine the total amount of wages, interest payments, interest and profits earned on the basis of the volumes of GDP. Only the indicator gained in this way can be called national income. We can see the accuracy of this indicator more clearly in the following rule. (Table 3).

*Table following on the next page*

*Table 3: National income in the content of GNP in 2015*

	Million manats (AZN)
Gross National Product	54352
Allocations for consumed capital	17020
Net National Product	19201
Indirect taxes for entrepreneurial activity	-2010
National income	16121

According to the determination of national economic indices, it is possible to calculate the national income indices in GDP by revenues, by way of hitting all types of divisions (with deduction of depreciation, deductions and indirect taxes on entrepreneurial activity). It is impossible to fully express the results of the national economy and the developmental trend through one or more indicators. In this regard, the preparation and implementation of the National Account System, which meets world standards, is of particular importance. The National Account System has a great role in the national economic development. At first it has a descriptive character and actually it is a tool in understanding economic events and processes, forecasting different operations, balancing national economic units, and building inter-sectorial balances. The UN Statistical Bureau developed a methodical research on economic statistics and experts of “National Account System” and its accompanying schedules in 1952. The proposed system of national accounts and tables were discussed and disseminated at various conferences of the UN Economic and Social Council. At present, "National Account System"(NAS)-2008 is being implemented in Azerbaijan and the results are positively estimated by international organizations. In recent years, the Republic of Azerbaijan has been successfully using the world experience in the development of the Gross National Product, the Domestic National Product and the national income, which is the main indicator of the national economy.

## **6. CONCLUSION**

Transition to the indicators system covering the comparative accounting and record keeping of socio-economic processes in macro and microeconomic level on all forms of ownership, allow accurately assess the real condition of the national economy and to reveal the resources. In its turn, it is a crucial precondition for identifying the positive and negative aspects of the emerging and developing national economy and developing a system of relevant effective measures in this area in Azerbaijan. The National Account System reflecting macroeconomic processes, should mutually coordinate and practically balance them. In Azerbaijan, some steps are being taken in application of this system. The work is being carried out and should be accelerated on the basis of the guidelines developed by the international statistical organizations on the National Account System, and as a rule the results should be accredited and usually outlined by the Organization for Economic Co-operation and Development and other international organizations. To this end, the Republic of Azerbaijan is effectively working towards the establishment of “Accounting and Statistics” in accordance with international standards. At present, the State Statistical Committee of the Republic of Azerbaijan (SSC) is making serious strides in applying the National Accounts System (NAS). The application of the National Accounts System-2008 (NAS) in Azerbaijan should be continued and the recommendations made by international organizations regarding this should always be in the spotlight. Establishment of accounts envisaged in National Accounts System-2008 (NAS) should be done with high quality and its international comparability should be ensured.

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## MEANS OF FUNCTIONAL INTERACTION OF THE MARKET WITH PRODUCTION

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### **ABSTRACT**

*An analysis and the gained results of the functional-structural relationship between the non-oil sector of the main fields in the Azerbaijani economy, particularly in the processing industry and the production in the agrarian sector and the internal and external market demand for these products, shows that maturity of competitive market environment is still different, mainly at the micro level, sometimes at the macro level. These circumstances undermine the possibility of government's financial and credit regulation of the relationship between production goods and demand for those goods in the market, in the mentioned sectors of the country's economy. For enhancing the opportunities, the article first reveals the dual position of market entities in Azerbaijan that are directly connected with the real and financial sector. An attempt is made to find a balanced way of functional interaction of the market with production goods in the processing industry and agrarian enterprises in Azerbaijan by specifying both economic positions.*

**Keywords:** *functional interaction, optimal ratio, leading index, market regulation, superior growth rate, economic position, functional structure, balanced development, market capacity, balanced market price, priority*

### **1. INTRODUCTION**

The modern market economy requires a new approach to functional interaction of the market with production. In order to establish a stable and sustainable relationship between production and market, it is necessary to find natural immunity to three inherent problems in the economy: monopoly, inflation and production decline. But the economy cannot solve these problems solely with its internal capacity. If the state does not intervene, the problems can gradually get worse. This, however, is causing economic and social damage to the country. It is necessary to distinguish two main directions of economical validation of the use of state financial-credit instruments in regulation of functional interactions between production and market. First, ensuring sustainable development of the relationship between production and the market. In the world practice, this guarantee includes the systematic de-monopolization of the economy, the development of effective counter-inflation measures, the protection of the necessary and sufficient state financial system, and prevention of the fall of production, and so on. Second, there is a need for looking for the reason of the lack of optimal interaction between the production and the market in the improper coordination of economic and social processes in the country. At the same time, this interaction indicates that the country's financial and credit mechanism is either unproductive or inefficient. In our opinion, in practice any administrative activity that can violate and destroy internal economic relations between the elements of the market mechanism should be excluded. This does not mean, however, to exclude any responsibility of the state to ensure the conformity of demand and supply in the market, for example, to ensure stable price dynamics.

## 2. RESEARCH

Since the market system is largely self-regulated, the state has the capacity to influence only with economic methods. Even the elements of public administration can maintain certain economic regulation. At least because these or other civil service authorities control their implementation after making appropriate decisions on these or other processes. Each administrative regulation has certain economic elements that can indirectly influence the behavior of economic participants (1, p. 96). Taking into consideration of the direct control over the prices of certain goods, the state creates a special economic regime for producers, forcing them to reconsider their production programs, and to encourage them to find new sources of financing for investment, and more often, innovation. Consequently, more favorable conditions are created for consumers: the structure of the current demand, as well as the conformity between its size and the amount of savings is changing. It is difficult to see either completely useless or totally inefficient market or state regulation methods between them. There is a need for market and state co-ordination methods, but the problem is that the economic environment should be determined for the feasibility of application of each of them. Let's assume that the state is intended to stimulate the development of valuable technology, whose commercial prospects are not yet known. In this case, regardless of what methods (tax policy, privatization or budgetary investment) are used and the end result of the goods and services market, the dismissal of employees, aggravation of the situation in the labor market will be inevitable. Therefore, measures should be taken to prevent unemployment in advance. Functional interaction of the functional-credit regulation of the country with the market and production is not for its own purpose, but only for the solution of urgent economic problems (in this case the problem of strengthening the interaction of the market with production). At the macro level, the solution to this problem depends on how well the economy is prepared to be regulated by market-based financial instruments. This level of development of market relations varies depending on the specificity of the economy and its regions, development of interregional relations, characteristics of specialization and variety of natural and climatic factors. This analysis conducted in the economy of Azerbaijan confirms that, it is impossible that this wouldn't diminish opportunities of government's financial and credit regulation of the relationship between market and production. Therefore, it is necessary to constantly increase the level of market relations at the micro level so that macroeconomic financial and credit regulation of relationship of market and production can be more efficiently implemented (p. 166). This mechanism can be effectively and efficiently provided by improving a number of elements of the current financial mechanism (taxation, credit allocation, distribution of subsidies, etc.) which is gradually operating in the Azerbaijan economy. To do this, the economic position of market entities that are directly related to the real and financial sectors should be determined, and their dual economic position in the system of functional interaction of the market with production should be revealed. On the one hand, enterprises that are part of the real sector produce raw materials, materials, spare parts, and complementary products as the primary source of the economy. On the other hand, businesses are independent commodity producers, manufacture final products, and are free to trade and exchange. By defining both economic positions, optimal balanced ways of functional interaction of the market with not just the non-oil enterprises as well as the production of the non-oil enterprises can be found in Azerbaijan. Firstly, efforts should be made to address the following key challenges in terms of functional interaction through the use of financial and credit regulation in order to balance the demand of the domestic market and then the foreign market with the processing industry. First and foremost, the country should strive for sustainable development of the economic areas, which meets the needs of the country and its people. For example, the country should pay more attention to the advanced development of areas producing commodities, oil production, tea, cotton, grape production and processing.

85-90% of the oil and cotton produced in Azerbaijan are exported as raw materials, while only 10-15% are stored for local needs and directed to production, which is very small amount. With this imbalance, it is not always possible to meet the minimum demand of both domestic and foreign markets with the final national products. Secondly, there is a need to accelerate the development and implementation of urgent measures to further increase the specific weight of enterprises producing final products in the sectoral and functional structure of the Azerbaijan economy based on objective real conditions of territorial division of labor. It also means the development of the traditional raw-material economy in the country. That is, the leading industries in the country, especially in the extractive industries (including the oil and gas industry) and agriculture, are still mainly engaged in the production of raw materials, intermediate products, and complementary products. This may impede the development of a competitive environment in the domestic market and international competitiveness in foreign markets. Changes in the sectoral structure between the processing industry of Azerbaijan and the domestic market should be made to create new manufacturing facilities. The material, technical and socio-economic bases of the elements of the structure of these relations are firstly updated to form the products required by the use of local natural and economic potential in order to strengthen sector, sub-sector and structural interconnection. In this way, the inefficient sides and disadvantages of the historically formed territorial division of labor that are characteristic of the national economy of the country should be reconstructed and the economy should gain new momentum. Without it, the national economy of the country as a whole and each of its manufacturing units cannot become an independent market carrier and a competitive subject of foreign economic relations. If the processing industry and agrobusiness units of Azerbaijan are not ready for domestic competitive environment and more international market competition and thus full economic isolation, and where the majority of these carriers are in a given area, then the economic position of other carriers with which they have direct economic relations should be studied. In this case, attention should be paid to the level of formation of a competitive market environment in a particular area or region. That is, the relevant natural and economic foundations of the location of production and economic relations, including all the initial and intermediate stages of final product production, by territorial and economic units should be disclosed. For example, in order to balance the demand and supply locally, regionally and even internationally for any product group and in-group product produced by the processing industry and agrarian units of Azerbaijan requires that all levels of production should be close to raw materials and sales areas. The inadequate use of the principles of territorial division of labor, which is still manifesting itself in the national economy of Azerbaijan, prevents many problems to be solved in the way of structural interaction of the market with manufacturing industries. Moreover, it does not allow the necessary structural changes in the production of oil, gas, cotton, grapes, fruits and vegetables, and more importantly for selling them as final products. As in previous years, the country's oil industry enterprises continue to specialize in raw production, with extensive factors prevailing. Oil extraction and refining are only developing vertically, however market economy requires deepening of horizontal oil refining. In this regard, deep structural change should be made in the area. From oil refining, it is necessary to make structural changes not only at the expense of producing fuel, lubricants, building materials and coatings, but at the expense of the production of goods for the population to meet the demand of them by producing final products. (2, p. 80). In order to reveal the real results of the above conceptual analysis, the sub-sectors and enterprises producing industrial and finished products should be structured, studied for production purposes, and the direction of production activities for each sector and sub-sector should be clarified. This will allow to create a real system of direct and indirect economic relations between the sub-sectors and enterprises involved in the processing industry and to make accurate financial and economic records of these relations.

Currently, the processing industry of Azerbaijan has about 30 sub-sectors and about 40 different types of manufacturing facilities, the most important of which is presented in the table below (Table 1). The data in the table show that interconnected manufacturing relations between the production industries need to be further improved. There is a need to improve the structural relations based on the physical, commodity and value ratio between sub-sectors of the industry, in general, there is a need for balanced development of the specific weight of production of individual industries in the entire volume of the processing industry.

*Table 1: Sector structure of Azerbaijan processing industry <sup>1</sup>*

Industry sectors	Specific weight of products of separate sub-sectors in the total volume of manufacturing industry as a percentage				The share of production assets of separate sub-sectors in the total gross value of the manufacturing industry as a percentage			
	2005	2010	2015	2017	2005	2010	2015	2017
I Total Industry	1 100	1 100	1 100	100	1 100	1 100	1 100	100
Also:								
1.Oil-gas industry	67,4	78,9	67,0	73,9	71,9	74,9	71,9	78,1
2. Processing industry	25,9	5,9	24,3	20,4	17,2	13,0	10,7	7,3
Including:								
1.Food industry and printing industry	3,62	2,18	2,5	3,5	3,26	3,08	1,9	1,2
2.Weaving and clothing industry	0,65	0,28	0,1	0,5	1,2	1,2	0,53	0,39
3.Woodworking and paper-carton	0,31	0,12	0,3	0,4	0,23	0,34	0,26	0,18
4.Oil-chemistry industry	14,31	10,55	11,5	8,1	5,21	3,32	1,8	1,8
5.Metallurgical industry	3,9	1,0	0,9	1,3	3,2	2,68	0,8	1,1
6.Device, electronic appliances, car and automobile industry	1,11	0,95	1,34	1,95	3,0	1,89	2,24	2,33
7.Furniture industry	0,2	0,2	0,2	0,2	0,1	0,17	0,06	0,04
8.Electricity power, steam production	5,7	4,6	7,7	4,9	8,2	9,6	14,7	11,1
9. Water supply, waste treatment	1,0	0,6	1,0	0,8	2,7	2,5	2,7	3,5

This structural changes cannot be considered a final achievement from a perspective development subfield standpoint of processing industry of Azerbaijan. Thus, expanding the variety of finished consumer products of the oil refining industry, e.g. synthetic yarn and thread (unfortunately, the primary raw material for the production of yarn and thread is still imported to Azerbaijan from abroad) and the types of produced finished consumer goods are limitless. The processing technology of primary raw materials for synthetic yarn production should be acquired in Azerbaijan. Acquiring the production of intermediate products is essential for obtaining synthetic yarn. First of all, the ways of the new patents of appropriate technology should be immediately found for the production of these goods. There is a need for the modernization of appropriate installations and equipments for the enterprises that produce synthetic yarn. Even the equipments were imported from Europe at the end of the last century, at present is outdated. These installations have been fundamentally updated, and technology has been rapidly improved in European countries. With respect to the export of oil and petrochemicals as primary raw materials and intermediate products, it is necessary to identify all possibilities for the production and export of various and different types of final products by organizing their remanufacturing in the country.

<sup>1</sup> Statistical Indicators of Azerbaijan 2017. Baku 2017, p.p. 454-455; 482-483

At present, Azerbaijan exports oil and petrochemicals to foreign countries, in the form of primary raw materials and intermediate products in 4-6 names, and then the countries bought those raw and intermediate products, remanufacture and send them to Azerbaijan as a finished product in more than 100 names.(descriptions). As this situation is more specific to Azerbaijan's agricultural production process, the field should be organized to process raw-material type products into the final products in the country, and functional ties in the agrarian economy should be strengthened. There is great potential for strengthening the functional production interaction in the agricultural sector of Azerbaijan engaged in the production of primary raw materials such as tea, tobacco, vegetable, grain, viticulture, cotton, fruit and others. It is necessary to accelerate the creation of major agro-industrial enterprises in the regions with natural and economic potential, by adhering strictly to the principles of the territorial division of labor, not just for the sake of making the quick profit easily. Areas with black soil which is necessary for viticulture, fruit growing, grain growing, as well as Subtropical Zone, which is important for tea, vegetable growing and citrus, is considered as the gold fund of Azerbaijan. It is true that vegetable production in the subtropical zone can also be developed rapidly, and this area is efficient for quick profit easily. Compared to the production of citrus fruits and tea leaves, it is possible to get 30-35% more net profit from vegetable production. However, it should be pointed out that vegetable production needs larger labor capacity ( it needs 1.5-2.0 times more working in comparison with citrus and tea production), which cannot be considered effective for Azerbaijan. It is no coincidence that while profitability in vegetable production does not exceed 15-17%, profitability in citrus and tea is more than 50% [4]. It is necessary to create a solid base for the protection, restoration and expansion of plantations of subtropical plants and tea leaves. Two specific ways are noteworthy for this. First of all, it is necessary to identify prospective possibilities of complex and systematic placement of production factors based on the natural and climatic conditions of the region where these plants are grown; Secondly, in order to achieve the final result, territorial division of labor and specialization of production should be carried out not in the vertical direction of the labor process, but in the horizontal direction, not by the types of labor, but by the types of activities. This must be very specific not only for the agrarian sector of Azerbaijan, but also for the industry sector, and should be taken into account in the production of diverse industrial and agricultural products. The balanced development of all areas should be considered appropriate, while maintaining the dominant position of the leading sectors of the diverse agriculture in one or another area. The leading position of some sectors in diverse agriculture of the country can be determined by taking into account objective and strategic natural economic and socio-political conditions, not only for the modern period, but also for their future development. Attention should be given to the creation of more efficient ratio between the primary raw materials, intermediate products and final products produced by Agro-industrial enterprises formed in the process of strengthening the tendency of the integration of industrial sectors that can be functionally related to the agricultural sector in the economy of Azerbaijan. It would be appropriate to use inter-sectoral balancing by using chain relations system and creating complex system of direct and indirect costs, which reflects the multi subsectoral links that are characteristic not only of the national economy of Azerbaijan, but also of the processing industry. In this regard, according to Azerbaijani economists, it is necessary to study and draw a conclusion on the main features that distinguish any subsector of the national industry, in particular, the economic designation of the product, the characteristics of the raw materials used, the technological and innovation base of production, and the professional composition of qualified creative staff [2. s 162]. First and foremost, there is a need to reduce the fundamental differences in the growth dynamics of each subsector to change the specific weight of various industry areas in the total industrial output. In this context, the quality changes in the structure of the processing industry need to be analyzed, and for this, it is necessary to use the leading index for each subsector.



In order to find the leading index for a given industry's growth rate at a given time, it is necessary to divide the growth rate of any subsector into the corresponding subsector's growth rate of the manufacturing industry. That is:

$$\dot{I}_{s.sector} = \frac{t_{s.sector}}{t_{p.i.}}$$

Here,  $\dot{I}_{s.sector}$  - is the superior growth rate index of any part of the manufacturing industry;  $t_{s.sector}$  – growth rate of the subsector;  $t_{p.i.}$  – growth rate of processing industry.

With the help of the leading index of any industry subsector based on the growth rate, it is possible to determine the specific weight of any subsector in the total output of the manufacturing industry for the next few years. To do this, it is necessary to multiply the specific weight of the subsector to its leading index in the analyzed year. That is:

$$Y_{next\ year} = Y_{current\ year} \times \dot{I}_{subsector}$$

Here,  $Y_{next\ year}$  – is the specific weight of any subsector in the gross product of processing industry for the next year;  $Y_{current\ year}$  - the specific weight of the considered subsector in the current year;  $\dot{I}_{subsector}$  - superior growth rate index of the subsector.

Not all subsectors of Azerbaijan's manufacturing industry should be in the focus of attention, but rather its leading subsector's high speed development index, especially in the field of advanced technologies, machinery and equipment, machine tools and devices, and technology processes manufacturing industries. At the same time, it may also be considered as a central problem of the country's national industrialization strategy. Priority should be given to the establishment and development of the subsector, which produces investment goods such as machinery, machine tools and equipment, and preference should be given to acceleration of foreign direct investment in those subsectors. The aforementioned will also help to quickly identify and eliminate the existing discrepancies between the final products imported to Azerbaijan with the primary raw materials exported from Azerbaijan. In this regard, the equivalent exchange and the equality of values should be more important.

### 3. CONCLUSION

Expanding the export of finished products of the processing industry and agrarian sector to the foreign markets, thus enhancing the export potential of both sectors, as well as the increase in the number of foreign market entities, can directly impact structural changes in the national economy. These, in turn, are linked to the increase in income of the country's population by the supply of demand of payments in the domestic market. At the same time, it is possible to reduce the inflation rate in the economy and strengthen economic stability. In order to expand the export of finished products of the processing industry and agrarian sector of Azerbaijan to the foreign markets, it is necessary to carry out scientific and technical modernization necessary for structural changes in both areas, to increase the production efficiency of national brands should be increased and attention should be given to creative motivations of the work. This expectation, in turn, ensures the activeness of market tools and methods in the interaction of the market with national and final products, and the gradual increase of the interests of each employee in the end results of work. To do this, some changes need to be made in the existing regulations governing taxation, concessional loans, subsidies and entrepreneurship funds, in favor of enterprises that process primary raw materials and produce final products.

These changes, in our opinion, should be made based on the actual results of operations of the enterprises, depending on the level of efficient use of production resources.

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## LIBRARIES AND TOURISM – POSSIBILITIES FOR INTEGRATION AND NEW DIRECTIONS FOR SUSTAINABLE SOCIAL DEVELOPMENT

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### **ABSTRACT**

*This study represents an attempt to briefly analyse the labour market situation in Bulgaria during the pandemic crisis and to find a solution to new challenges our education system shall face. Through changes in the educational environment the authors tried to formulate and define teaching methods, organization and management of the values changing process, creation of new culture of the school community, emphasis on the project-based educational process, increase in students` learning motivation through experience, development of key competencies so that learners can meet the requirements of the dynamic labour market – the ability to independently gain knowledge and planning skills.*

**Keywords:** *Education, Unemployed people, Crisis situation, Social policy*

### **1. INTRODUCTION**

Public libraries exist all over the world. There are libraries in different societies, in various cultures and at different levels of development. Although the various conditions in which libraries operate inevitably cause differences in the services offered and in the way they are provided, libraries also have common characteristic features, which can be defined as follows: A public library is an organization that is created, supported and funded by society through local, regional or national government or through some other public organizational form. It provides access to knowledge, information, lifelong learning and imagination through a variety of resources and services and is publicly available to all members of society regardless of their race, nationality, age, gender, religion, language, special needs, economic or employment status and educational level (Terziev et al. 2020). The main purpose of the public library is to provide resources and services through various channels of communication to meet the needs of individuals and groups for education, information and personal development, including entertainment and leisure activities. Libraries play an important role in the development and maintenance of a democratic society by providing individual access to numerous and diverse areas of knowledge, ideas and opinions.

### **2. DEVELOPMENT AND PUBLIC LIBRARIES**

In order for libraries to be needed, modern society sets new requirements for them, to which cultural institutions have to respond adequately and in a timely manner. They should become cosy places for information and communication for every member of the community, regardless of age, gender, ethnicity or religion. In order to be attractive to people and competitive with other public and private organizations active in the field of culture, it is necessary for libraries to offer a variety of opportunities for education, personal development and leisure. This requires, in addition to the well-known traditional library services worldwide, the introduction

and validation of various new practices, including a widening range of services related to learning, self-education, entertainment and communication opportunities, including the organization of exhibitions, both traditional and digital ones, and those that include cultural heritage from different countries, tourist routes and attractions. In recent years, the place and role of public libraries in Bulgaria has been reconsidered. Cultural institutions are increasingly establishing themselves as centres of the local community, providing free and equal access to information, knowledge, creativity and social inclusion, becoming a space for learning, culture and social communication. In 2009, for the first time in the country, Public Libraries Act was ratified, which laid the legal foundations of the library system active in the country. This work presents a specific project of "Lyuben Karavelov" Regional Library of Ruse for the use of library heritage in creating new cultural and tourist attractions in order to develop and enrich the tourist routes in the city. The library potential is presented in terms of the possibility to attract tourists so that the institution to contribute for the preservation and promotion of the preserved cultural and historical heritage, as well as to create opportunities for cooperation and include the library in cultural tourist routes. Evaluated and properly presented library resources can significantly contribute for the development of tourism in a given settlement. The libraries themselves participate in tourism as a theoretical infrastructure, as a cultural centre for the local community and through their educational function. Additionally, library facilities (building stock, specific content of the library, presentation of local cultural heritage, educational initiatives, etc.) can be interesting as tourist attractions and it is cultural identity of the tourist site, which makes it more attractive. As the main documentation and information centre for its settlement, the public library has the advantage and the obligation to collect, store, preserve and provide information and documents of local landmarks for use. It is the cultural environment preserved in modern libraries that is a prerequisite and capital for the development of many initiatives and activities in the field of cultural tourism. Despite this, the national statistics show that the public libraries in our country do not take measures and do not act to create potential for the development of cultural tourism as a tool for their sustainable development. There are no initiatives to promote cultural content and attract visitors; no tools are used to take into account the interest of the public and no partnerships are developed to overcome these deficits. In practice, there is no data on library visits by tourists. The data of the National Statistical Institute for 2019 show that out of the total of 12,552,152 visits of foreigners registered in Bulgaria in 2019, 5,860,447 are with the purpose of rest and excursion, but there is not a single registered visit to the public library in order to find out about cultural and historical heritage stored in it. In this respect, the Lyuben Karavelov Regional Library in Ruse is no exception to the general trend. Although located in a cultural monument, and with the richest public collection of over 4,500 original bookplates, which are a cultural asset of national and global importance with the potential to become a tourist attraction, by the beginning of 2020 it is not subject to tourist routes by local and foreign tour operators. Its only contribution in terms of integration with tourism is the provision of information services for other companies and organizations. In order to present cultural and historical heritage preserved and stored in the library and to become a tourist destination in 2019, the library team developed a project proposal "The role of public libraries in promoting cultural and historical heritage". The project has been approved for a grant by the National Fund "Culture" with the Ministry of Culture of the Republic of Bulgaria, a programme "Cultural Heritage", module "Cultural Industries and Cultural Tourism". The project development was based on the data available to the institution, namely:

- Buildings - architectural and cultural heritage  
Libraries are not only able to and provide information resources in the field of tourism, they themselves are a tourist resource. As a symbol of culture and history, the architecture of library buildings is closely linked to national traditions and regional culture.

And in this respect the building of the Ruse Regional Library is no exception. Designed by architect Nikola Lazarov, who graduated in Paris, and built in 1916, this magnificent architectural work is home of the first Bulgarian Chamber of Commerce and Industry, founded in Ruse in 1890. Made in the typical Art Nouveau style, the exterior facade is richly decorated with Baroque elements. Under a corner round tower with a dome between two Ionic columns is the main entrance with a massive richly decorated metal door. In the decoration of the interior, as well as in the centre of the spiral staircase that leads to the conference room of the former chamber, there is often a pair of wings - the symbol of the patron of trade Mercury. In 2007, a European Heritage sign was put on the building. Evidence of tourists' interest in the library building can be found in the mobile application iLoveBulgaria, developed in partnership with the Ministry of Tourism. In the ranking of tourist sites for 2018, the Ruse Regional Library is in the prestigious 47th position. Unfortunately, we have no data that someone who liked the building from outside came to see the library itself and the reason for this is a complete lack of activities to attract guests and tourists.

- Local cultural and historical heritage

At the top of the clock tower there is a clock preserved in its original form with an external bell mechanism. The ancient piece of work was produced by “J. F. WEULE” company in the German town of BOCKENEM in 1922. The jewellery mechanism was restored with funds and voluntary work of former students from a school in Ruse. The clock is one of the few representatives of this brand that preserved in its original form, and to this day its winding mechanism is still working. Visitors who managed to climb the spiral staircase can see how the clock mechanism works, the original pendulum with the trademark of its manufacturer - an owl with the company's initials, and at the same time learn more interesting facts about the history of the building, the clock and the events that took place over the years. Short tourist educational excursions (tours) are organized experimentally with students within their curriculum in local lore and local history, and the feedback proves the interest in such initiatives.

- Specific library storage

Libraries preserve works of cultural heritage that promote awareness of a community's cultural identity. Through their activities, which are manifested through their cultural, educational and informational functions, cultural institutions have the potential to contribute to the preservation of the cultural identity of the local community and at the same time to contribute to its economic development. For the specific project, our choice was based on a rich collection of original bookplates – a sign of belonging, revealing the connection between a writer, a book, a reader, time and history. In 2005 the Lyuben Karavelov Regional Library in Ruse started hosting an international competition for bookplates. The goal of the organizers is to mark different events through the uniqueness of the small application graphics. The forum is annual and today, 15 years after the beginning, it is one of Ruse cultural emblems and a natural part of the artistic traditions of the city. Every year the competition gains more and more international popularity and prestige and attracts new and established names of artists in the field of graphic art from all over the world. Currently, more than 1,500 artists from various graphic schools from 55 countries in Europe, Asia, Australia, North and South America have participated. The presentation of this unique for Ruse and Bulgaria content in a suitable environment and in an adequate way for its time allows to multiply exponentially the access to the collection of bookplates by users of a cultural product, including tourists.

Awareness of the unity of the cultural environment preserved in the library as capital for the development of initiatives in the field of cultural tourism prompted the idea of the project, which is to turn the library into an attractive tourist destination, a favourite place for visits by tourists and guests. To achieve this idea, the following goals were set:

- Creating a model and building capacity to develop the potential of a public library in the field of cultural tourism;
- Stimulating interest in representatives of the tourism and advertising industry and community members in the little-known cultural and historical heritage stored in the library;
- Creating entrepreneurial tools for promotion of a cultural tourist destination;
- Building cross-sectoral partnerships between the library and organizations from the private, public and non-governmental sectors with an interest in the tourism and advertising industry to include the institution in cultural tourist routes.

The implementation of the project started with the construction of a permanent exhibition “Cultural and Historical Heritage”. For this purpose, an exhibition design has been created and samples of the small applied graphics have been selected to be included in it. Thus, the variety of topics covered in the various editions of the competition has gained integrity, and the works “take” their permanent place where they can be seen by visitors and guests of the city. The rich collection of bookplates the library has, as well as the guaranteed future growth of the exhibits, due to the growing interest in the competition, allows the exhibition to be updated periodically and thus to maintain interest among visitors. To bring the experience of art with the help of small applied graphics even closer there is a press in the clock tower, where each guest can print their own linocut with images of cultural heritage sites, as a souvenir of their visit. In order to increase the capacity of the library staff during presentation of cultural and historical heritage, some of them underwent training to acquire skills for promoting tourist sites. A partnership agreement has been concluded with the Vocational School of Tourism, which provides for students of "Tourist guide" programme of study to conduct their professional practice in the library and, together with employees of the institution, to acquaint tourists with the history of the building, clock and bookplate, present its connection to the book. The involvement of students in the presentation of the cultural and historical heritage stored in the library goes beyond the framework of the internship programmes. In practice, they are placed in a real working environment, i.e. they prepare tourist programmes, present cultural sites, lead tourist groups. The choice of partnership with the Vocational School of Tourism is justified by the desire of students to acquire their professional knowledge in the field of tourism and tour guiding not only in the environment of our cultural heritage, but also by having access to sources with accurate, verified and reliable information stored in the library funds. The artistic style and specific atmosphere in the clock tower turned it into the newest art space of our city. In the long run, it is planned to hold cultural and educational events, art studios and more. The creation of the atmosphere is only part of the implementation of the project. In order to make the place attractive and to maintain constant interest among the audience, educational excursions (tours) have been developed. It is a well-known practice for libraries with distinctive cultural and architectural features to be tourist attractions in themselves worth a study trip. Moreover, in order to encourage the use of library resources by young people during study trips and study tours, a number of libraries include teaching and tourism education services in reading promotion activities. In our case, they are based on regional cultural experiences, and so far the main participants are students from primary and secondary schools. With the implementation of this project, the idea is to offer these services to a wider range of people, with the aim of attracting tourists and guests of the city without losing the regular target group of students. Libraries as cultural and information institutions have the potential, based on their own resource advantages, to be not only the link between tourists and cultural tourism, but also

to present themselves and promote their cultural heritage. The opportunity for the visitor to touch the exhibited objects and at the same time to enrich their knowledge about them, as well as to search and find additional information, turns the tourist tour into an experience. It is the opportunity to combine free access to cultural heritage sites and primary sources of information about them that expanded the idea of the project by including virtual tours and educational talks about two of our specialized collections, namely “Old, rare and valuable publications” and scientist’s Mihail Arnaudov personal library. The collection “Old printed, rare and valuable publications” was prepared as an independent unit in 1977 (the term “old printed” in Bulgaria refers to all Revival books published in the period 1806 - 1878). Donation of the prominent Ruse bookseller Nikola Dakov, as well as of Mihail Halvadžhiev, D. Todorova and Dr. Maslinkov contributed to the establishment of the collection. Some of the books were also acquired through the exchange with the library of Rila Monastery, the library at Ruse Metropolitanate and others in the country. Currently, the collection comprises over 1000 documents: books and periodicals, and represents one third of all registered old printed publications in Bulgaria. The oldest edition the library owns is the Four Gospels, published in 1690 in the city of Lviv. The documents in the collection are of national importance. One of them is the first Bulgarian book, which is printed in modern Bulgarian language “Kyriacodromion” or “Weekly” by Sofroniy Vrachanski, published in 1806 in Rimnik, Romania. The library also has the first edition of Dr. Peter Beron's “The schoolbook with different teachings”, known as the “Fish Primer” published in 1824 in Brasov, Romania. A worthy place in the collection is taken by the first Bulgarian textbook in chemistry by Dimitar Enchev, created for the needs of the Ruschuk school from 1871, the first Bulgarian textbook in agriculture and others. Their national significance, historical and cultural value attract visitors and awake their interest in the cultural heritage preserved in the library. Another valuable collection is the personal library of the famous Bulgarian folklorist, literary historian and ethnographer Mihail Arnaudov. It is a separate collection consisting of over 7,000 units, it includes publications in more than 25 languages, as well as author's manuscripts, photographs, personal documents and more. The collection is rich in a variety of authors, issues and topics related to the rise of our national cultural and literary thought. This rich treasury keeps many documents collected during the long-term scientific activity of the researcher and related to Bulgarian and foreign artists, as well as over 1,500 autographs and donations dedicated to the eminent scientist. The interest in these collections by visitors and guests of the city is extremely high. At the same time, there are certain requirements for protection of the documentary literary heritage, its storage in a controlled environment and visits and direct contact with the exhibits are not allowed. In order for visitors to be able to experience this richness, together with digitalization of the publications, the library team works on the creation of interactive digital collections and educational talks. The importance of these services is evidenced due to the results of tracking user behaviour on the library's website. For the project period from August 2019 to the end of May 2020, the created digital collections were visited 1,580 times (compared to 840 times for the previous period). Only in the first 5 months of 2020 the test version of the digital exhibition of scientist Mikhail Arnaudov was visited 211 times and 18 talks were held in front of visitors. In total for the period of the project (01/08/2019 to 31/05/2020) the visits to the library site have increased by 92.01% (252 708 compared to 128 029 for the previous period).

### **3. CONCLUSION**

Cultural tourism is one of the fastest growing areas in tourism and provides a new opportunity for integration of public cultural institutions and tourism. Libraries are an important place and platform for people who want to update their knowledge and engage in their own self-realization.

Libraries not only provide information resources, they themselves are part of the tourist resource. As a symbol of the culture and history of their city, region and country, they are inextricably linked to national traditions and regional culture, which makes it possible and necessary to expand the products and services that libraries can offer in the field of tourism. Awareness of the value of the cultural heritage preserved in their funds is a prerequisite to be directed more and more often to market activities for the presentation of the cultural landmarks they own. And if currently in Bulgaria tourist services of public libraries include mainly collecting, displaying and recommending collections, then the development and application of tools for presenting the preserved cultural heritage is a potential for them to establish themselves as a sustainable tourist destination with own revenues and economic activity (Terziev, Bogdanova, 2019; Terziev, 2019a).

In conclusion, we can summarize that cultural tourism provides a rich variety of impressions gained under the influence of the achievements of human civilization. New cultural developments focus on both the needs of the local population and the needs of tourists, and in this context libraries have significant potential to play an important role in the development of cultural tourism, to be a centre of events and attractive to local and foreign visitors.

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## CHALLENGES AND OPPORTUNITIES OF THE NON-CASH PAYMENT SYSTEMS DEVELOPMENT: GLOBAL EXPERIENCE AND AZERBAIJAN PRACTICE

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### ABSTRACT

*The negative impact of the significant amount of cash money in the national monetary system creates a threat both for the bank system stability and the economic strength of a state and also drives up the potential of the shadow economy. The development level of the cashless transfer and the preferences in the use of non-cash tools are determined by the following factors: the level of the economic development of a state, achievements of information and communication technologies, historical traditions and the state of mind of a population as well as the legislative regulation. Thus, the problem solution of the significant volumes of cash payments, which block the economic development of a state as well as the improvement of efficiency of the monetary policy under present-day conditions, requires the development of non-cash retail payments. The use of cash money in Azerbaijan is decreasing at the rate of 7% per year and over the last few years the volume of cash payments in the country has been reduced from 74% to 40%. Along with this, the analyses of the world's practice showed that in different countries these processes have different dynamics and the predominance of contradictory, sometimes various-directional trends. This article analyzes the tendencies of non-cash payment systems development in the developed countries of the world and the position of Azerbaijan regarding the non-cash payment system development. This article considers the study of the non-cash payment systems in Azerbaijan, assessments of changes in the share of non-cash payments. It was specified some features of the policy to reduce cash payments in the economy of Azerbaijan. It was made the review of the scientific literature and statutory instruments, as well as synthesis and analyzes of the obtained information and also it was made comparisons and analogies. Based on the research the author formulated the directions of development of Azerbaijan national payment system. The prospect of the further development of non-cash payments popularity in our country is dependent on the following: legislative improvement to stimulate non-cash payments among small and micro business; large-scale and country-wide development of technical means systems which provide the non-cash payment as well as its price affordability for small business and the population; ensuring the reliability support to protect the electronic money storage systems and e-payment systems as well against unauthorized entry; and the entire stability of the financial and monetary system of the country.*

**Keywords:** *Cashless payments, Cash payments, stability of the banking system, non-cash payment systems in Azerbaijan, the national payment system of Azerbaijan*

### 1. INTRODUCTION

Moving towards a “cashless economy” is officially one of the priorities of financial regulators of series of countries. The increase of the share of non-cash money up to complete exclusion of

cash money turnover becomes one of the most discussed topics in the global financial agenda in the last few years. Azerbaijan is no exception in this global process. The high share of non-cash payments corresponds to the high level of transparency of national economy and prevalence of cashless payments allows us to decrease cash money supply as well as expenses connected with cash turnover. Furthermore, it is popular the idea, that non-attribution nature of cash money is a good substrate for shadow economy. Based on these suppositions, it is formed the assumption that the state should turn its regulatory possibilities to every possible development and stimulation of the use of non-cash payments in the retail sales. In Azerbaijan the share of cash transactions in the economy makes 40% (in 2020). The indicators of cash volume in GDP in other countries (according to the data of National Central Banks for 2017) are as follows: Показатели объема наличности в ВВП в других странах (по данным национальных Центральных банков за 2017 г.): Great Britain – 3,5 %, Germany – 6,5 %, Switzerland – 8 %, Japan – 12 %. To this date the leaders in the area of non-cash payments in the world are Nordic countries. In these countries the share of cash money is significantly lower than 50%. The leading country in the world in terms of this indicator is Island, where cash payments make only 9% of the total amount of retails sales. Moreover, over the last few years the number of countries of former Soviet Union territory also has been actively developing the mechanisms of non-cash payments. In particular, card transactions are growing at an unprecedented pace in Kazakhstan: thus, in 2019 it was achieved two-fold increase and for the first time in the history of country the share of non-cash payments had exceeded 50% borderline. In its turn only 48.7% of goods and services were paid by non-cash payments in Russia. In the CIS countries, Belarus is the leader in non-cash payments, which accounted for 53% of the total amount of transactions [Mamedov, Agarzayev A. (2020)]. The Azerbaijan government has repeatedly declared a strategic move towards a cashless economy. The level of development of non-cash payments in Azerbaijan as well as preferences in using of non-cash payments tools are defined by some factors: the level of economic development of the state, achievements of information and communication technologies as well as legislative regulation. According to Moody's, Azerbaijan is significantly ahead of the CIS countries in Internet penetration - 79% of the population are Internet users, while the average in the CIS is 68%. By this indicator, Azerbaijan ranks first among the countries of the Commonwealth [Mamedov, Aliyev (2020), p.587].

## **2. STRATEGIC MOVING TOWARDS NON-CASH ECONOMY**

By now there is enough extensive research literature dedicated to the analysis of some specific cases of non-cash payments in the world, both at the level of countries and particular industries. This literature accumulatively allows describing the key economic effects of growing share of non-cash money in turnover. There are three types of effects that the country's economy receives from an increase in the share of non-cash money in the economy: transparency, sustainability, and growth [Skolkovo, 2015]. Recently the governments of developed countries also have been actively using the regulatory restrictions of cash payments in order to decrease the corruption element, operating expenses of financial organizations and simplification of taxation mechanisms. Thus, 79.5% of the world wide non-cash transactions in 2017 is accounted for the economics of the North America, European Union (hereinafter EU) and developed countries of the Asia-Pacific Region. At the beginning of 2018 about 97% of payment transactions were made in non-cash form in Sweden, 93% in Japan, nearly 98% in South Korea. Along with Sweden on the same level in terms of non-cash payments experts include Denmark, Finland, Norway and the United States. Denmark plans to completely abandon cash money. According to the data for 2018 such countries as France, Germany, Norway and Denmark make the Top-10 of “non-cash” countries of the world. Restrictions on cash payments over the established limit are applied with the purpose of optimization of

payment transactions which allows to reduce the use of cash payments while big-budget purchase. Hard limits for physical cash flow are used in Spain – 3 thousands of dollars, in China – 7.4 thousand euros and in North Korea it is 4 thousand euros [Панова, 2014, 116]

*Table 1: Legal restrictions on cash payments*

<b>Country</b>	<b>Restriction amount on cash payments</b>
Spain	3000 euro
Grec	1500 euro
South Africa	425 US dollars
India	450 US dollars
South Korea	4000 US dollars
China	7400 US dollars
Great Britain	9000 pounds

*Source: Panova G.S. Optimal ratio of cash and non-cash payments// MGIMO University Bulletin. 2014; (1(34)):114-126.*

It should be pointed out that the Central Bank of Azerbaijan (CBA) put into commission the interbank card center on April 01, 2016 in order to enhance the efficiency of card transactions, strategic regulation of service cost in accordance with the market demands as well as to enhance the efficiency of non-cash payments. All banks of the country as well as processing centers and postal operators were connected to this center. By providing an interface between the infrastructures of all organizations involved in processing, this center allows to process transactions made within the country with payment cards issued by resident banks, without recourse to VISA and Mastercard. Since 2017 in Azerbaijan all salaries are paid in non-cashless form. As the result of taken actions in January-August of 2017 cash money turnover in the field of purchases of goods and services were decreased by 62.6% compared to the same period of a year earlier, for retail facilities by 67.5%, in the sphere of salary and other payments by 75.3%. In the law of Azerbaijan Republic “On non-cash payments”, the limit for cash payments to 30 thousand of mantas per month affects entrepreneurs of trade and public catering sphere, whose monthly turnover exceeds 200 thousand of mantas during 12 months. For other taxpayers the limit will consist 15 thousand of mantas per month (the official exchange rate for 05.08.2020 is 1.7525 AZN/USD). At the same time, according to the law, employees of large enterprises should receive a salary in non-cash form. The exception is persons operating in the trade and public catering sphere, whose monthly turnover does not exceed 200 thousand manats during 12 months. The law specifies that “it is provided financial sanctions in the amount of 10% of the operations performed in case of violation of this law requirement, if the violation is committed for the second time, the fine will be 20%, for the third and more times it will 40%”. This innovation should stimulate the population to use non-cash payments. This law provides the limits for conversion into cash: banks or postal operators should charge simplified taxes of 1% from this amount for cash withdrawal from bank accounts of legal entities and private entrepreneurs [Vedomosti.ru,2017]. Yet, the share of non-cash transactions in payment cards in Azerbaijan is 20%, while in Singapore (the leader of the rating) is 61%, the United States is 45%, Germany is 33%, the Republic of Korea is 29%, Japan is 14% and China is 10%. On September 26, 2018 the President of Azerbaijan Republic had stated the “State Program for expanding of non-cash payments in Azerbaijan for 2018-2020”. The strategic aim of the “State Program for expanding of non-cash payments in Azerbaijan for 2018-2020” lies in the significant expansion of the non-cash payments sphere among citizens as well as business entities and government structures, minimization of the cash turnover volume and as a result,

strengthening the financial resources base of the banking sector [azertag.az., 2020]. Due to the implementation of this program, the Central Bank of Azerbaijan expects to reduce the share of cash transactions in the economy from 74% (in 2017) to 40% (in 2020) [Аббасов., Мамедов (2019), P.85]. One of the most common ways to stimulate the use of non-cash payments in the world practice has become the return of some amount from the purchase of goods to bank cards, for example, in the form of discounts or interest repayment of VAT. Azerbaijan government has taken an action in order to encourage population to prefer non-cash payments. This refers to the refund of 15% of value added tax (VAT) for purchase with payment cards and 10% when paying in cash money (www. ədvgerial) . “The number of cashless transactions with payment cards in Azerbaijan made 17.5 millions in March-April 2020 which is 71% more than the same period of the previous year” [http://interfax.az/view/804054]. In the context of bank marketing the non-cash payments are increasingly becoming the object of active promotion, payers are offered bonus programs and it is advertised the benefits of non-cash payment. For example, the International Bank of Azerbaijan is increasing measures to stimulate the use of non-cash payments and purchases made from home and for this very purpose the Bank has presented a new program dubbed “Care”. Under this program since April 04, 2020 and till the end of the month clients will 2% of cash back for each payment made online or via POS terminals via salary or pension card of this bank. Each client will receive 1% of the earned cash back to their card accounts. International Bank of Azerbaijan is increasing measures to stimulate the use of non-cash payments. “CBA and Visa also are planning to hold joint lotteries in Baku and the country’s regions by the end of 2020 to stimulate the use of non-cash payments, promotion of non-cash payments, implement measures to stimulate modern payment solutions as well as to prepare an analysis and assessment of the current situation in this area” [https://interfax.az/view/773799]. We suppose that expansion, application and use of non-cash payments will provide transparency of economic turnover, will help reduce cash-related expenses, operating expenditures of banks and institutions, which will give a boost to the expansion of opportunities for the tax base as well as the population and institutions to access financial services and as a result, the economic growth.

### **3. MAIN ISSUES AND PROSPECTS OF NON-CASH PAYMENTS ON THE MARKET**

The following reasons can be emphasized as the main reasons which significantly restrict development of non-cash payment market: insufficient security of payment infrastructure in the Republic owing also to the presence of significant disproportions in its location over the territory of the region. About 70% of all cashpoints machines and POS terminals are in Baku (Baku January 01, 2019, 22.8% of the population or 2 million 275.772 thousand of people live in Baku). Considering the fact that 47.2% of the population lives in rural areas of the Republic, the low availability of payment infrastructure in rural areas has a negative impact on the overall activity of the population in using non-cash payments in the field of retail payments. «We suppose that the further development of non-cash payments popularity in Azerbaijan depends on the following: legislative improvement to stimulate non-cash payments among small and micro business; large-scale and country-wide development of technical means systems which provide the non-cash payment as well as its price affordability for small business and the population; ensuring the reliability support to protect the electronic money storage systems and e-payment systems as well against unauthorized entry; and the entire stability of the financial and monetary system of the country»[Mamedov, Aliyev (2020), P.587].

### **4. CONCLUSION**

The Azerbaijan government has repeatedly declared a strategic move towards a cashless economy. The level of development of non-cash payments in Azerbaijan as well as preferences in using of non-cash payments tools are defined by some factors: the level of economic

development of the state, achievements of information and communication technologies as well as legislative regulation. By now there is enough extensive research literature dedicated to the analysis of some specific cases of non-cash payments in the world, both at the level of countries and particular industries. There are three types of effects that the country's economy receives from an increase in the share of non-cash money in the economy: transparency, sustainability, and growth. We suppose that expansion, application and use of non-cash payments will provide transparency of economic turnover, will help reduce cash-related expenses, operating expenditures of banks and institutions, which will give a boost to the expansion of opportunities for the tax base as well as the population and institutions to access financial services and as a result, the economic growth.

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## FORMATION OF SPIRITUAL AND MORAL CULTURE OF YOUTH AS A SOCIAL PROBLEM

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### **ABSTRACT**

*The article considers the most significant aspects of the problem of the formation of the spiritual and moral culture of young people in Russian society. The content of such concepts as “morality” is analyzed here. Their relationship and significance for solving the problem is investigated. Assessments are given to such phenomena as the “golden rule of morality”, the “paradox of moral assessment” and the “paradox of moral behavior” in the context of the formation of the spiritual and moral culture of youth. The main factors that have a spiritual and moral impact on the youth society are identified; the main strategies of the influence of educational and cultural institutions on modern youth and their moral appearance are proposed in the article. The main causes of the widespread low level of spiritual and moral culture in the youth environment are analyzed and possible alternatives to the existing negative social trends that have a negative impact on the moral self-awareness of young people and their behavioral attitudes in modern society are considered. The possibilities of expanding the social practice of young people having social importance and contributing to the improvement of the general spiritual and moral culture of young people are being considered in this work.*

**Keywords:** *youth, morality, morals, culture, spirituality, society*

### **1. INTRODUCTION**

The formation of the spiritual and moral culture of young people is especially significant in modern Russian society, gaining new spiritual and moral and social guidelines. This task becomes especially relevant for modern youth who seek their own life meanings, goals and moral ideals. The most common immoral and asocial manifestations in youth society are mainly related to the condition of inspirituality and the lack of a “moral rod” in many young people, which negatively affects the processes of socialization of this age group. The problem of the formation of the spiritual and moral culture of the younger generation was considered as one of the most important throughout the history of mankind. Already in ancient times, the spiritual and moral component stood out as necessary in the process of harmonious development of youth. Moreover, the formed moral views of the young man had quite certain characteristics and content in accordance with the demands of society. At present, the spiritual and moral development of young people is more chaotic, haphazard, but not as a thoughtful pedagogical strategy based on the relevant national and public guidelines for the education of the younger generation. A particular problem is the gap between the actual practice of developing the spiritual and moral culture of young people and the lack of development of effective mechanisms and technologies for the influence of state institutions on the process of socialization and spiritual and moral development of young people in the field of culture and

education. In this regard, it is becoming more and more relevant to rethink the vast experience of studying spiritual and moral culture, starting with the works of outstanding thinkers of the past [Aristotel, 2010]. The problem of spiritual and moral development of personality was also thoroughly considered by prominent figures of culture and art, which were aware of the huge role of artistic culture in solving this problem [Kamenets, 2014; Shafazhinskaya, 2020; Urmina, 2011]. At the same time, the most important state and institutional aspects of the formation of the spiritual and moral culture of young people in Russian society as well as priorities of youth and cultural policy in this regard remain insufficiently studied. The tasks of identifying youth spiritual and moral culture are also relevant; the potential of cultural and educational institutions in the spiritual and moral development of young people, as well as the possibility of stimulating the civic and social activity of this age group, which has a spiritual and moral impact, is not using in practice. The corresponding research work allows us to build projects and programs for the formation of the spiritual and moral culture of the younger generation and predict the results of their practical implementation.

## **2. METHODS**

The basis of the study was a semantic analysis of interpretations of the concepts of “morality” and “spirituality” and the corresponding interpretation of the content of spiritual and moral culture presented in the works of prominent thinkers and scientists. Turning to the history of philosophical and moral searches in world science and philosophy made it possible to pay special attention to such science as “ethics”. It was in this science that the main provisions in the field of morality were developed. It is characteristic that at first the word “ethics” meant the permanent residence of certain individuals, living beings. Already this understanding of ethics contained such an important feature of moral behavior as rooting in one's own housing, fidelity to one's roots, place of birth, etc. For the modern tasks of spiritual and moral education, such an interpretation of the “ethical” may be of particular interest as the need for youth to form love for the “small Motherland”, patriotism as one of the main conditions for the formation of the person's moral potential [Gusejnov, 2002]. There is also developed another understanding of ethics as a requirement for the sustainability of the character of the individual posed by society and social environment. This sustainability should be manifested as the inviolability of beliefs, moral principles, and the invariability of the ethical code of social behavior in all life circumstances. In this regard to the ethical aspects of the interaction of the individual with society, one can also see an urgent requirement for the spiritual and moral culture of the person, which has stability in resistance to any moral negative influences of the external social environment. This requirement remains extremely demanded for the appropriate effective practice of the moral development of modern youth, which is often especially influenced by “teachers of divisiveness”, supporters of relativity of moral norms, various asocial subjects, criminality, etc. The problem of developing the spiritual and moral culture of young people also includes overcoming the negativity of this age group in the assessment of others, especially the older generation, which can reach the level of complete denial of moral standards. This phenomenon is a consequence of the well-known “paradox of moral assessment” widespread in the youth environment, the essence of which is the attribution by someone of the right to condemn anyone who does not fit into his idea of due. Such a social position means that the condemner himself always takes the position of the “supreme judge” in society, by default considering himself quite impeccable in all respects [Kuznetsova, 2017; Fedotov, 2018]. Along with the “paradox of moral evaluation” in the study of the problem of the formation of the spiritual and moral culture of youth, the “paradox of moral behavior” recorded in world ethical thought is also significant. Its essence lies in the desire to achieve morally significant results in a particular activity in accordance with its own ideas about moral standards. In this case, a situation often arises where the intentions are humane and the results of the corresponding

action are exactly the opposite. This paradox is illustrated by the famous saying “the road to hell paved with good intentions”. In accordance with the second paradox, it is necessary to study the organization of the systematic practice of “good deeds” and its social consequences for the development of appropriate strategies for involving young people in the process of public service as one of the most important means of spiritual and moral development of this age group [Selezneva, 2009]. The considered research approaches to the problem determined the logic of its study.

### 3. RESULTS

The theoretical and practical-methodical study of the problem of the formation of the spiritual and moral culture of youth made it possible to obtain the following results. A common trend of uncertainty of the necessary spiritual and moral qualities of a young person, which should be formed by modern institutions of socialization and education, was revealed. An analysis of the reasons for the existence of this fact showed that it is a consequence of the lack of demand in society for the spiritual and moral culture of youth, focused on public service as its main dominant. The vulgar interpreted ethics of market relations in society, borrowed from the experience of Western civilization, often leads to the formation of the qualities of the personality of a young person as, first of all, an individualist, an entrepreneurial person, primarily concerned with his own well-being and career, but not with social goals [Pereverzeva, 2011]. Meanwhile, as noted by the well-known political scientist A. Panarin, “the Western temptation for our culture is not just that this civilization has become a ‘reference group’ for us and we feel a sense of disadvantage when comparing our realities with it. The problem is the inadequate reading of someone else's experience. The subtle internal game of Western culture, consisting in balancing between the ascetic of labor and the hedonism of leisure and consumerism, is not caught at a distance. As it turned out, someone else's culture cannot convey its ascesis to others (in the western version, this is, first of all, Protestant ascesis). But its external fruits, in the form of a high level of consumption, comfort, the leisure and entertainment industry, are absorbed as a drug. The modernization theory applied to our conditions explains a lot. If we are talking about borrowing the ‘subculture of leisure and consumerism’, then for some sections of our population, especially young people, this has already happened. If we bear in mind the productive system of the West, which is based on a culture of labor, professional responsibility, law-abiding, etc., then in this regard, unilateral imitating westernization removes rather than brings us closer to the goals of genuine modernization” [Panarin, 1998, p. 89–90]. This moral disorientation of a significant part of youth explains the prevalence in the youth environment of the psychology of consumerism, “substance”, excluding the possibility of full spiritual and moral development [Lezhneva, 2018]. The result is the vulnerability of many young people to internal dependence on the level of material well-being, social apathy and indifferentism in relation to the possibilities of showing positive civic activity in modern society. Another aspect of the problem under consideration is the sharp social stratification of Russian society into “successful” individuals and “losers” who could not take advantage of the opportunities of the new “market” economy. As a kind of moral justification for this trend, young people are offered a set of behavioral attitudes consistent with the model of a successful individualist in the system of market relations. It is:

- the pursuit of a high level of material consumption, as the main objective of life, provided by the relevant activities, not so much related to the direct production of a new socially significant product as to the service, trade and banking sectors;
- satisfaction of one's own ambition, expressed as a desire to acquire a high social status in society, which is manifested, again, as an opportunity to achieve high standards of material consumption;



- focus on tough competition with other members of society in the struggle for life's benefits, as they may directly or indirectly hinder the achievement of this goal; however, there is no desire and ability to cooperate in any activity when it is necessary to achieve a real, socially significant result;
- exclusion the possibilities of altruism, service to society from the system of life priorities and focus mainly on those activities that can bring material benefits, increase their own material well-being;
- desire not so much to “be” as to “seem”; hence the increased interest in self-presentations, “selfies”, showing themselves from the most winning side; dependence on the generally accepted image of the young man, fashion, advertising, etc., replacing real spiritual and moral development;
- emphasizing in the system of interpersonal informal relationships, including in the sphere of love, friendship, marriage, on obtaining confirmation of love for oneself from the inner circle with the underdevelopment of a sense of love, care, careful attitude towards loved ones (the mass breakdown of young families is this indirect confirmation).

Thus, a certain ideal of “successful personality” with a corresponding set of behavioral characteristics introduced into mass youth consciousness through various information channels, education and cultural service system is the main obstacle to formation of spiritual and moral culture of youth in accordance with the objectives of real social, economic and cultural development of society [Kamenets, 2011; Kamenets, 2017]. The shift of emphasis in the “prestigious” areas of activity in the youth “career growth” affects the moral character of many young people in a negative way. The desire for independent creativity, bold experiments, realization of their own creative potential characteristic of youth is supplanted by such personal qualities, which are primarily demanded by the sphere of trade and the financial sector. These are the famous “moderation and accuracy” proclaimed by the famous character A. Griboedov, leading to the premature “psychological aging” of a significant part of young people who avoid situations of risk, innovation, creative audacity, independence in their behavior. The result is the depersonalization and loss of individuality in the social formation and development of many young people. This loss of one's own face and individual features negatively affects the preservation and development of male and female “self” (since *self*-activity is lost), the emergence of widespread male feminism and female masculinity, which also negatively affects the spiritual and moral appearance of a significant part of modern youth. The pervasive Western standard of personality identity, which lacks sexual identity as a natural innate characteristic, jeopardizes the very possibility of using the potential of world artistic culture in the spiritual and moral development of the person. If you recognize the gender of an individual as insignificant, then there is no place for most subjects of world literature and art that praise the relationship between man and woman. Meanwhile, entire generations were brought up and formed on these plots that.

#### 4. DISCUSSION

Further consideration of the problem of the formation of a spiritual and moral culture of youth in a social context will be productive if it is, in one way or another, connected with the study of the possibilities of self-determination of this age group in the process of its creative self-realization in the interests of society [Belova, 2011]. This is possible when this self-realization is appeared as a manifestation of self-awareness as the bearer of a positive identity, i.e. a sense of pride in one's country, its achievements, and its past. Obviously, in this case, an appropriate state educational, cultural, social and information policy is needed, as it has a patriotic orientation and provides the necessary level of civil consolidation in society.

Accordingly, it is necessary to have a national-state ideology, which is considered not as imposing unity on all members of society, but as the embodiment of the most fundamental value guidelines shared by the majority of members of society [Voevodina, 2001]. In this case, there are real prerequisites for overcoming the “paradox of moral assessment” discussed above, which arises with the arbitrary choice and interpretation of certain moral criteria for attitude to certain manifestations of individuals in society. The formed social morality begins to operate, the impact of which contributes to the emergence of the necessary axiological field for the development of models of social behavior that are vital to society [Ignatova, 2015]. Turning now to the “paradox of moral behavior” discussed above, it should be noted that overcoming it is possible when young people have sufficient and objective knowledge about the possible social consequences of their actions, even of a positive orientation. This knowledge cannot be acquired only from “book” sources. A variety of behavioral practices that have a socializing and inculcating effect on youth groups are important. The organization of such practices ultimately contributes to the harmonization in the process of socialization of young people of the processes of adaptation and creative activity, in the absence of distortions in one direction or another. If the focus is on adaptation processes, as is often the case in the field of education, then “at the exit” we get a conformist and adaptor who is not able of independent behavior, thinking, creative self-realization. Such an individual may at best be a good performer, but not the creator of his own life and the surrounding social environment. If mainly creative activity develops when underestimating the role of the collective and the social environment, as it happens, for example, often in a particular creative and performing activity, then there is a real prerequisite for the formation of an individualist and egocentrist, whose creative potential is not fully realized in the interests of society [Shafazhinskaya, 2020]. It should not the importance of introducing young people to the spiritual and moral ideals represented in world and domestic culture [Selezneva, 2012; Shcherbakova, 2011]. This process can be qualified as one of the options for the inculcation of the younger generation, aimed at introducing humanity to the spiritual and moral experience. At the same time, for the law to develop and be filled with the necessary humanistic content, it is necessary to have in society an appropriate spiritual culture that regulates and guides the inner world of a person (his thoughts and feelings). This internal self-regulation is necessary in order for the individual to retain the ability to internal self-esteem in the ethical plane (“voice of conscience”), as well as the possibility of individual awareness of the existing norms of behavior (legal norms) in accordance with the accepted own ideal of his behavior and attitude towards others. The endless movement towards this ideal forms the basis of man's spiritual self-improvement. This movement is usually initiated and provided by religious culture, but, considering that in secularized societies the role of the church as an educational institution is not decisive for the majority of the population, then the task of finding reasonable relationships between secular and religious spiritual culture arises to avoid the final dependence of the spiritual development of young people on changing socio-political conditions and ideological conjuncture, individual addictions to any given outlook of political leaders, heads, heads of states, etc. It should be noted that the church renaissance that has emerged in our country has not been a way out of this situation for most young people. It is enough to pay attention to the dominant age composition of most church parishes, with the exception of many non-Orthodox religious communities. As a solution to the problem of the initiative to introduce religious education of the younger generation directly through secular education, they cause a mixed reaction even among many clergy, who justifiably believe that in this case there is a real danger of profanation of participation in religious spirituality, disconnected from systematic liturgical practice, following religious rite, Christian lifestyle. The way to achieve an organic synthesis of religious and secular spiritual culture is more productive, provided that the institution of the church makes greater use of the secular cultural heritage of a spiritual orientation in the practice of spiritual enlightenment, and the institution

of education, the sphere of culture and art are more based on the achievements of religious culture, without which it is impossible to preserve the national cultural identity of the peoples of Russia and their spiritual traditions.

## 5. CONCLUSION

A study of the condition of the spiritual and moral culture of young people shows that a clear and adequate interpretation of the concepts of morality and spirituality is necessary, and this interpretation has not only theoretical, but also practical meaning for the corresponding thoughtful youth policy. The main condition for the effective realization of this policy is to overcome the deficit of social activity of this age group in the interests of society. In this regard, it is necessary to use and develop existing experience with the younger generation, gained in the practice of youth movements as contributing to the spiritual and moral development of young people. A special analysis shows that these movements are currently developing in the following directions:

- informal youth associations which, in the absence of their participation in socially useful activities, may become counter-cultural and social protest groups;
- officially registered youth groups and movements with an independent civic and social orientation, developing their own socio-political and cultural-creative activity;
- youth groups and associations entering into partnership with the government in solving many socially significant social and spiritual and moral problems.

Obviously, it is necessary to develop all these three types of social activity as a practical experience in the formation of the spiritual and moral culture of young people.

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## THE DEMAND FOR EDUCATIONAL SERVICES AND THE ASSESSMENT OF THEIR QUALITY: BASED ON THE ONLINE SURVEY OF MOSCOW UNIVERSITIES STUDENTS

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### **ABSTRACT**

*This paper analyzes the current students demand for educational services and their satisfaction in the quality of the education they obtain. The study was conducted in June-July 2020 using the data from the online survey of 182 1-6 Year BA, MA, MS students from 16 universities in Moscow. Conclusions were made on the general satisfaction of the large proportion of Moscow universities students in the quality of the educational services provided by their universities, but the partial dissatisfaction in education program and teaching staff. It is evident that the demand for educational services is very poorly linked with the importance of the courses for the labor market and prospects for employability, but rather caused by the prestige of the university. Acquired results will help universities to improve the quality of their educational services, taking into account the evaluation of the students, as well as to tailor the tactics of the admission campaign, taking in consideration the causes of the students choice between Moscow universities and their courses, and offering not only a good educational services, but better quality of students' life and more client oriented motivational mechanisms.*

**Keywords:** *Courses in Demand, Educational Services, Students' Satisfaction, Quality of Education*

### **1. INTRODUCTION**

In modern conditions, a high share of the presence of an educational institution in the market of educational services is one of the mechanisms ensuring its development, the most important indicator of the competitiveness, investment attractiveness of a university, and the demand for its educational programs (Bowen, 2018; Pugach, 2020; Seroshtan, Ketova, 2020). Changing the driving mechanisms and motivation for the development of a person and society, the volume and quality of educational services to a large extent determine the priorities for building a dynamic, in-demand, competitive education system in the country and a particular university (Arzhanova, Shiryaev, Mityakov, 2019). Education is an intellectual product. The cyclical nature of the development of the educational services market inevitably leads to fluctuations, often in a fairly wide range, between supply and demand, which manifests itself in the alternation of a relative surplus or shortage of qualified personnel in a particular segment of the social system (Kazantsev, 2019). A number of factors make the adjustments to this process, which objectively affects the degree of promotion of educational services. Among them are the following: socio-economic and political situation in the country and the world, demographic processes, structural changes in the economy and the labor market, the state of the national education system, and many others (Federalny spravochnik, 2018; Otyutskiy G. and Nikiporets-Takigawa G., 2017). At any stage of the country's socio-economic and political development, the labor market is the most sensitive indicator of ongoing transformations (Simakova, 2019; Sovremennyye problemy..., 2017).

In Moscow, the problem of promoting educational services and finding their consumers is becoming topical due to the high competition of universities. In the context of the rapid development of digital technologies, priority in budget financing for regional higher educational institutions, negative demographic trends<sup>1</sup>, etc. the problem of attracting students is not removed from the agenda of many metropolitan universities. In this regard, continuous monitoring of the demand that exists in the market of educational services, as well as customer satisfaction in the quality of the educational services becomes a remarkably important task. This paper aims to discuss the results of such monitoring, which was carried out in the summer of 2020 during the admissions campaign using a survey of students of Moscow universities.

## 2. METHODS

To achieve this goal, an online survey of students using a google form was launched<sup>2</sup>. Students of all years of study from sixteen Moscow universities were asked to click on the link and fill in the questionnaire anonymously. The survey was conducted in June-July 2020 during the admissions campaign to universities. The vast majority of the respondents were citizens of the Russian Federation (99.8%). 60.4% of the respondents said that they consider themselves Muscovites and 40.6% indicated their nonresident affiliation. Respondents represented the following universities: State Institute of Russian Language named after A.S. Pushkin (19 participants), Russia State Social University (19), Russian Technical University MIREA (17), RANEPa (14), MISIS (13), Moscow State Pedagogical University (12), Russian National Research Medical University named after N.I. Pirogov (12), Russian Technical University MIIT (7), GUZ (7 people). Also, students from the Higher School of Economics, Moscow State University, Russian State University for the Humanities, Moscow State Linguistic University, Moscow Aviation Institute, Moscow State Technical University, Moscow State Agricultural University, and others took part in the survey. Among the participants 33.5% were men and 66.5% women, which is due to a greater response to a request for a survey among women. Age of the respondents: 17-19 years old - 53.3%; 20-22 years old - 39%; 22-24 years old - 7.1%; 25+ years - 0.5%. The overwhelming majority of the respondents (94.5%) are study at the bachelor's level, 4.4% at the master's level, and 1.1% at the specialty level. 40.1% of respondents indicated that they study in the 1st year, 34.1% - in the 2nd, 13.2% - in the 4th, 8.2% in the 3rd, 3.8% in the – in the 5th, and 0.5% - in the 6th year. Thus, the majority of the respondents study in a bachelor's degree and enter universities immediately after school. Respondents represented the following training areas: Informatics, Philology, including Applied Linguistics, Pediatrics, Law, Education, Media and Public Relations, Architecture, Security including Information Security and Techno sphere security, Political Science, Economics. The vast majority of respondents (96.7%) study in full-time education, 1.6% - in part-time, 1.1% - in correspondence and 0.5% - in distance learning. At the same time, 53.3% of the respondents study on a budgetary basis, 41.2% on a contract basis, 4.9% on a targeted basis and 0.5% on a special quota. This reflects the specifics of the respondents, but is not evidence of a trend towards an increase in budgetary funding for Moscow higher education, which is uneven both across universities and within institutions in their priority areas of training. The vast majority of respondents (98.9%) study at state universities, which partly reflects the specifics of not only Moscow higher education, but Russian as a whole.

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<sup>1</sup> See, for example: Demographicheskyy ezhegodnik Rossii, 2019.

<sup>2</sup> Google- form // Survey for university students on the market of educational services in Moscow. URL : [https://docs.google.com/forms/d/1e\\_ZtoXpl\\_09KznvaIFXgMEAkMel\\_7\\_IQHiZ\\_-7\\_U\\_1\\_AO\\_3\\_NvL\\_8\\_/prefill](https://docs.google.com/forms/d/1e_ZtoXpl_09KznvaIFXgMEAkMel_7_IQHiZ_-7_U_1_AO_3_NvL_8_/prefill) (date of access: 15.07.2020)

The questionnaire contained 44 questions on the following thematic blocks: “Reasons for university choice”, “Demand for additional education”, “Demand for foreign experience of higher education”, “Evaluation of educational services”. The choice could indicate several proposed answer options, or give your own version.

### **3. RESULTS**

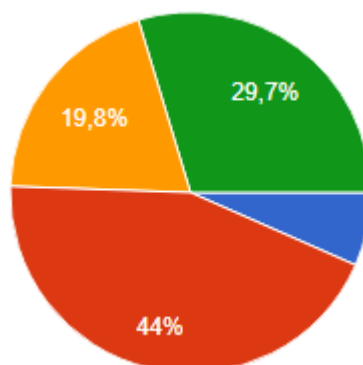
#### **3.1. Reasons for university choice**

For the majority of respondents (83%), the motive for entering a university was their own desire, only 17% decided to get a higher education on the recommendation of parents, relatives, friends, acquaintances. At the same time, the motives for choosing a particular university are ranked as follows: 35.2% indicated that their choice was due to the prestige of the university; 14.8% answered that “they didn’t go where they wanted”. 13.2% stated that it was “indifferent which university to enter”; 10.4% chose a university based on the prospect of getting a high-paying job in the future; 6.6% chose the university where their parents studied; only 1.6% of the respondents said that their parents chose the university for them. The remaining 20.2% indicated specific personal reasons, among which the most popular answers are: passed on the USE scores; the university had the necessary direction of training, which was not in others; territorial proximity of the university to the place of residence; “spirit” of the university (interesting student life, good attitude of teachers to their work and students, convenience of the infrastructure of the university). As part of the survey, a clarifying question was asked - what were the students guided by in the first place when choosing a university, where there was a limit of no more than 3 answers. The most important was the availability of a specific course – 74,7%; passing scores – 65,9%, availability of ‘budget’ (state founded) places – 53,3%, tuition cost – 30,2% (“tuition cost” was in 4th place). The surveyed students were inclined to choose universities based on the availability of a specialty that is of their interest and the possibility of admission to the budgetary place for the chosen specialty, in which they were ready to study, even for a fee. The cost of education worried them to a lesser extent, perhaps also because many rely on the help of parents and relatives. To the question of what were the major reasons when choosing a course, the answers were distributed as follows: 80, 2% were guided by the attractiveness of the course, 52.2% – on the subjects passed at the Unified State Exam (USE), 40.7% on the prospects of the degree at the present time, 44.5% – on its prospects in the future. At the same time, qualification of teaching staff, level of knowledge, technical base of a university, etc., are practically not taken into account when choosing a university and a course in the university. Such indicators, as shown by other research (see, for example, Romanov, 2018), become significant already in the process of teaching and planning to continue it in the master's and postgraduate studies of the university. Thus, the surveyed students mainly consciously chose the trajectory of their development through higher education, based on their own preferences in choosing a university and their specialty, as well as predicting employment.

#### **3.2. Demand for additional education**

6.6% of the respondents as is shown on Figure 3 stated that they are in the process of receiving additional vocational education; 44% said they did not receive additional education and would not want it to get; 19.8% stated that they do not receive additional education, but would like to receive it; 29.7% stated that they had never heard of the existence of additional education.

*Figure following on the next page*



*Figure 1: Do you receive an education in addition to basic education at the university you are studying now?*

The data obtained in the course of our survey indicate that students are not interested in additional education. 73.7% of the respondents stated that they do not receive such an education and would not like to receive it, do not feel the need for it and have not even heard of such an educational service. Unexpectedly, in our survey, a significant proportion of those who did not hear about additional education were students of the high ranked and prestige universities<sup>3</sup>: MSTU named after Bauman, MPU, RSSU (significant part), RANEPa (significant part), MSLU, GUZ, HSE, MIREA (significant part), GIRY named after Pushkin (a significant part), MAI, MISiS, Moscow State Pedagogical University, Moscow State University named after Lomonosov, MGSU, MEPhI, MASK RF, RNIMU named after Pirogov (significant part). Perhaps this result is due to poor advertising of additional education programs, the lack of a strong demand among students for permanent replenishment of knowledge, ignorance of possible directions for the practical application of additional education in future professional activities, the effect of “deferred for tomorrow” decisions and actions that need to be taken today. Partly, the lack of demand for additional education is due to the large volume of student workload. Thus, answering the question about the difficulties of studying at a university, 65 people indicated a busy schedule of studies, and 56 people indicated a large number of homework assignments in academic subjects. At the same time, the main reason for underestimating and even ignoring additional education by students can be caused by the irrelevance of the proposed programs. Universities and authors of programs do not respond quickly enough to the rapidly changing market conditions, which dictate new requirements for human needs associated with the rapid digitalization of the Russian economy and life, the development of the digital technologies and professions (Atlas novykh professii; Shutaleva, Tsyplakova, 2019; Gladkikh, Ishteryakova, 2018). The archaic nature of the name and content of additional education programs, for which you also have to pay, makes it difficult for students to perceive them as a necessary resource for expanding their opportunities in the labor market. About 20% of the respondents expressed their desire to receive additional education. The survey revealed the following areas in which students would like to deepen and expand their knowledge and competencies: creative (web design, computer modeling, art design, 3D visualization, theater and film actor), linguistic (learning Chinese, Korean and English, as well as English with professional specifics in the field of medicine, translation and pedagogy; Russian as a foreign language), pedagogical, IT related (programming, computer science and computing), journalism, jurisprudence and psychology. Based on this, we can conclude that about half of the students wishing to receive additional education see it as the realization of their hobbies, and the other half - as additional skills to their core competencies. At the same time, it can be argued that students may not know about the existence of a certain type of

<sup>3</sup> See the ranking of the Russian universities in: Top-100 vuzov Rossii 2019; Reiting vuzov; Predstavleny rezultaty kachestva priema v vuzy, 2019; Monitoring kachestva priema, 2019.



additional education, therefore, they list areas that are of interest to them. Therefore, the primary task is to ensure that additional education makes it possible, among other things, to change the trajectory of professional activity, to get additional opportunities to start a new working career.

### **3.3. Demand for foreign higher education experience**

The survey examined the demand among Russian students for the foreign higher education. The respondents were asked about the importance of using in the Russian universities the elements of the foreign higher education system. 29 respondents were “against” the orientation towards foreign experience in Russian education, 86 people were “for”, 34 people expressed indifference, and 33 people could not express clear positions. Proponents of the experience of foreign universities made the following arguments:

- the need to improve the existing system of Russian education, which they consider outdated;
- higher quality of foreign education;
- the need to get acquainted with the experience of developed countries in the field of education;
- greater number of areas of training;
- greater practical orientation of educational programs;
- better teaching staff;
- individual approach to the student focus on their independence,
- as well as more comfortable conditions of learning and living.

This group of students is also worried about the depreciation of Russian education abroad. Those who spoke out “against” the orientation of Russian education towards foreign experience and had no demand for academic mobility programs, believe that in Russia:

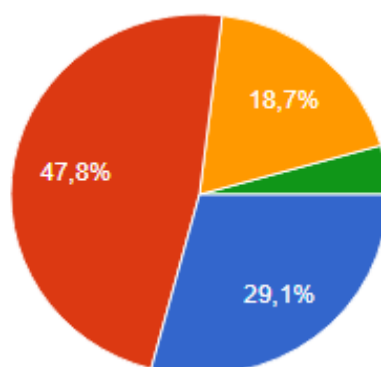
- “Good system, but bad teachers”;
- “Poor functioning of the Bologna system on Russian soil”;
- Russian Universities are “more advanced”, so there is no need to use the experience of other countries;
- the specifics of Russian education reflects the specifics of the country, therefore “orientation to foreign experience is not needed”
- different primary and secondary education system does not allow to apply the experience of other countries in the Russian system of higher education.

The results of the survey are mixed. Some of the students have somewhat idealized ideas about the quality of foreign education, in many respects their opinions are based not so much on the purposeful study of this issue as on fragmentary, scattered information. It is no coincidence that 46.7% of the respondents admitted that their knowledge about the foreign education system is not systematized, fragmentary, and 35.2% of the respondents do not have such knowledge at all. Some students, on the contrary, idealize Russian and even Soviet education, which they have also heard about only from the stories of their parents. This presence post memory in the formation of the national identity of post-Soviet young people is a widespread phenomenon, which can be characteristic even to born and raised in the West young representatives of Russian-speaking families, who never see Soviet past, but share the parents’ advent and memories about the high quality of Soviet education (Nikiporets-Takigawa, 2013).

### **3.4. Satisfaction in educational services**

The students were asked whether they were generally satisfied with the university they study at. 58.2% of respondents were satisfied with their university, 6.6% were dissatisfied, and 35.2% were partially dissatisfied.

At the same time, 75.3% are satisfied with their direction of training, 4.9% of respondents are dissatisfied, and 19.8% of respondents are partially dissatisfied. This allows us to conclude that, in general, the quality of educational services in the analyzed universities meets the requirements of students, at least in terms of satisfaction with the chosen university and the direction of training. There was also a separate question about the quality of educational services, to which 29.1% of the respondents answered that they are completely satisfied with the quality of educational services, 47.8% are partially satisfied, 18.7% are partially dissatisfied, and 4.4% are completely dissatisfied (Figure 2).



*Figure 2: Are you satisfied with the quality of educational services provided at the educational institution where you study?*

However, the majority of respondents (47.8%) are only partially satisfied with the quality of educational services provided. In particular, 54.9% of the respondents stated that they have enough disciplines in their specialty. 23.6% of the respondents state the need to increase hours, primarily in the “core” disciplines. 17.6% of survey participants consider to remove from the curriculum some of the “unnecessary” or repetitive disciplines. Then students were asked to rate the learning process at their institution on a five-point scale, with 5 being the highest and 1 being the lowest. In general, the respondents were satisfied with the learning process. The highest score, 5 points, was given to the learning process by 17% of the respondents, 4 points - 45.1%, 3 points - 31.9%, 2 points - 4.9%, 1 point - 1.1% of the respondents. When asked what complicates their studies, students refer to: busy timetable 35,7%; too much homework 30,8%; disappointed about teaching staff 30,2%; disappointed about university administration 22,5%; political situation in the country 20,9%; disappointed about university 20,3%; poor organization of student leisure 17,6%; insufficient development of student self-organization 16,5%; constantly increasing tuition fees 15,9%; labor market situation 13,7%. At the same time, 90.7% are not ready to transfer to other universities. Only 9.3% expressed their readiness to transfer to another university, and among the reasons for this decision were not dissatisfaction with the training or the teaching staff, but moving to another city, expensive education, and plan to enter to MA course in another educational institution.

#### **4. CONCLUSION**

The data allow drawing conclusions about the quality of the provision of educational services in general and the demand for educational services among Russian youth. Students' answers confirmed their demand in higher education and independence in their choice of a university and a course. While studying, some of the students feel disappointed by the chosen university, the administration, the quality of teaching and teaching staff, but at the same time, the overwhelming majority do not plan to transfer to other universities. The study revealed a significant proportion of students who are not motivated to obtain additional education, which

is due not only to satisfaction in the major course and the high workload of the educational process, but also to the lack of development of the universities marketing in the field of promotion of additional educational programs. The respondents positively assess the use of foreign higher education experience elements within the Russian universities, which is associated with the students believes in the greater orientation of foreign universities towards practical training, more comfortable conditions of study and living. There were also many who believed that Russian education was “no worse” and no foreign elements should be implemented in Russian higher education system (including Bologna process itself). In general, the students of Moscow universities are satisfied with the quality of educational services, the learning process, and the chosen courses. The difficulties that students encounter during the period of study are mainly due to the specifics of the process of obtaining higher education, however, a fairly large number of students, including those from high ranked educational institutions, expressed dissatisfaction with the staff, the administration, the underdevelopment of student leisure and self-organization.

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## NON-LINEAR INFLUENCE OF POSITIVE FEELINGS TO THE SPOUSE AS TO THE PARENT ON PARENTAL FEELINGS

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### ABSTRACT

*Modern studying of the psychological phenomena (motherhood, paternity, parenthood and so forth) gravitates to use of linear dependences. At the same time it is necessary to understand, that if at studying of such difficult, multidimensional and dynamical formations, we remain within the limits of linear representations it means obviously to simplify research problems and to lose the substantial information. In the article are represented results of the research denoted a problem of positive parental feelings and their influence on a self-estimation of the preschool child in an aspect of non-linear psychology. Here are represented results of the analysis of the data of experiment. As the most interesting independent parameter (in a task of relations research) is considered parameter: "Positive feelings to the spouse as to the parent" (9 dependences). For calculations was used the M.M. Basimov's method of statistical relation studying. From the parameter "Positive feelings to the spouse as to the parent" are depended nine parameters: "Absence of cooperation – cooperation", "Positive feelings to as to the parent", "Positive feelings to parenthood", "Positive feelings to the child, caused by his/her advantages and achievements", "Positive feelings to the child, based on unconditional acceptance", "Ability to perceive a condition of the child", "Previous events", "The Pugnitic emotional orientation", "The General self-estimation of the child". Thus, an exit for limits of linear representations in studying of a problem of positive parental feelings and their influences on a self-estimation of the preschool child, has allowed to look in a new fashion at a problem and to expand horizons of its consideration.*

**Keywords:** *parenthood, positive feelings, non-linearity, the spouse, the child, comparative weightiness*

### 1. INTRODUCTION

Modern studying of the psychological phenomena (motherhood, paternity, parenthood and so forth) gravitates to use of linear dependences. At the same time it is necessary to understand, that if at studying of such difficult, multidimensional and dynamical formations, we remain within the limits of linear representations it means obviously to simplify research problems and to lose the substantial information. Originally research of features of positive parental feelings and their influence on a self-estimation of the preschool child was carried out with use of traditional methods within the limits of linear representations [19]. Then for studying of a phenomenon of positive parental feelings has been used the author's method of relation studying [3] which is realized through multiple comparison of quintile splitting (a triad, a quarter, a quinter) the data sets (objects) on each measured parameter. As a result force of relation and the form of dependence is defined, and linear dependences are defined as a special case. At the realization of the given method of relation studying are calculated comparative weightinesses of parameters Y for quarters on scales X (dependence Y from) and comparative weightinesses of parameters X for quarters on scales Y (dependence X from Y). Positive parental feelings is a system of feelings of the parent characterised by a combination of the positive maintenance

and the positive social importance, representing an orientation on the parent, on the child, on the spouse as a parent, and on the parenthood in whole [19]. Within the limits of research of relations of the various form with use of a M.M. Basimov's method have been selected (by quantity of relations) two important reasons influencing positive parental feelings: parameter **Z**: "Understanding of the reasons of a condition of the child" (7 dependences) [11] and parameter **X**: "**Positive feelings to the spouse as to the parent**" (9 dependences). In the article we will consider the reason **X**.

## 2. METHODS

The synergetic paradigm [12, 14, 15, 17], becomes inevitable in the study of complex psychological reality. It used not as a mysterious methodological idea, but as a guide to action. In particular, this applies to the psychology of the family, where this problem is particularly relevant. Otherwise, authors often offer questionable results and conclusions that they themselves do not support, if the discussion refers to their personal experience of a parent or child. We use the new approach to understanding of the concept of statistical relation in psychological research, that gives use of a method of multiple comparison for quantile splittings of the data set (objects) on each measured psychological parameter [5]. Thus, it is necessary to refuse meaningfully preliminary promotion of a hypothesis about the form of the dependence (linear or any other concrete non-linear dependence). That is, the method allows to determine for an investigated matrix of the data both the form of dependences, and a degree of their expressiveness on various pieces of test scales in the unified system of measurement of achievable norm of coefficients of the connection strength resulting the analogues of individual correlation (a self-dependence of the parameter) accept values close or equal an unit. We also use the program-realized method of classification of dependences with the use of results of application of the author's method of studying of statistical dependences. Different areas of psychology (55 reports at the Congress of the ICP, ISA, ESA, ECP) had an intrusion of Basimov's (2012, 2016) copyright methods [2, 4, 6-10, etc.], where the rich nonlinear nature of psychological data is shown. The investigation has used the following diagnostic tools:

- 1) a questionnaire for "studying the emotional aspect of child-to-parent relationships" as presented by E.I. Zakharova [21];
- 2) the method "The parents' positive sentiments" by E.A. Padurina [19];
- 3) questionnaire "Parent-to-child relationship" by I.M. Markovskaya [18];
- 4) "The Sentiments' Profile" methods by L.V. Kulikov [16];
- 5) "A Person's Emotional Attitudes" methods by B.I. Dodonov [13];
- 6) "The Ladder" modified method by G.V. Shchur [20].

## 3. RESULTS

We shall consider dependencies in which the reason influencing positive parental feelings is the parameter "Positive feelings to the spouse as to the parent". Nine parameters strongly enough depend on it. The parameter "Positive feelings to the spouse as to the parent" reflects the positive emotional relation of the parent to other parent, shown in feeling of solidarity at education of the child, in feeling of family safety. From the parameter "Positive feelings to the spouse as to the parent" are depended nine parameters: "Absence of cooperation – cooperation", "Positive feelings to as to the parent", "Positive feelings to parenthood", "Positive feelings to the child, caused by his/her advantages and achievements", "Positive feelings to the child, based on unconditional acceptance", "Ability to perceive a condition of the child", "Previous events", "The Pugnitive emotional orientation", "The General self-estimation of the child".

### 3.1. Dependencies with a minimum, cut off at the left (the general increase)

1. Dependence of the parameter "Absence of cooperation – cooperation" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X) as comparative weightiness of the parameter Y for quarters on a scale X:

X-1 (Y= -599); X-2 (Y= -5724); X-3 (Y= +706); X-4 (Y=+4461)

Factor of the connection strength = 0.77 (0.22)

Coefficient of correlation = 0.19

Graphically dependence looks like:

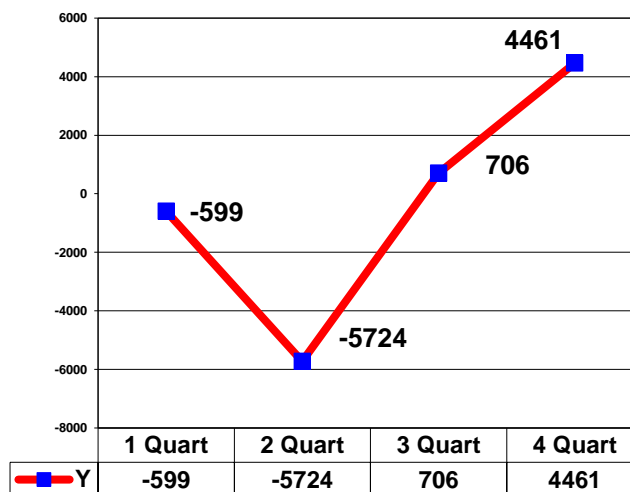


Figure 1: Dependence of the parameter "Absence of cooperation – cooperation" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X)

In considered dependence general positive dynamics takes place (at the comparison of the 1<sup>st</sup> and the 4<sup>th</sup> quarters of an independent variable), but with certain specificity ("a loop of a minimum" in the 2<sup>nd</sup> quarter). So, the first (from three) step of growth of positive feelings to the spouse as to the parent promotes a sharp reduction the low level of cooperation of the parent with the child (with -599 to -5727), and only after passage of a point of a minimum (on the 2<sup>nd</sup> quarter) begins sharp increase in cooperation, for the greatest values of independent parameter (the 4<sup>th</sup> quarter) we receive values of dependent parameter considerably surpassing initial (+4461 against -599). That is, insignificant increases in the parameter "Positive feelings to the spouse as to the parent" lead to opposite result of general dynamics of the parameter "Cooperation" – to considerable reduction of cooperation of the parent with the child, and "Positive feelings to the spouse as to the parent" meet substantial growth of the parameter crisis of cooperation and leads to a substantial growth of cooperation of the parent with the child. Thus we will notice, that inverse relation (dependence of parameter X from parameter Y) is weak (factor of the connection strength 0.22). Linear correlation also does not reveal relation of parameters interesting to discussion. It is possible to explain revealed dynamics that originally, development of positive feelings to the spouse as to the parent is connected with concentration of parents on each other, on emotional relations among themselves. Probably such primary concentration of parents on each other negatively affects an inclusiveness of the child in interaction, a recognition of his/her rights and advantages as equal member of a family. Further when positive feelings to the spouse as to the parent continue to develop and for parents it is possible to ascertain presence of constantly amplifying feeling of solidarity and family

safety, there is possible an equality and partnership in relations of parents and children, that is cooperation of parents with the child also grows. Thus, the strong belief in inadmissibility of causing of physical and mental harm associates, in inadmissibility of infringement of self-respect, the personal status of the parent and strong desire together with other parent to carry out a common cause – "education of the child", are pledge of cooperation between parents and children.

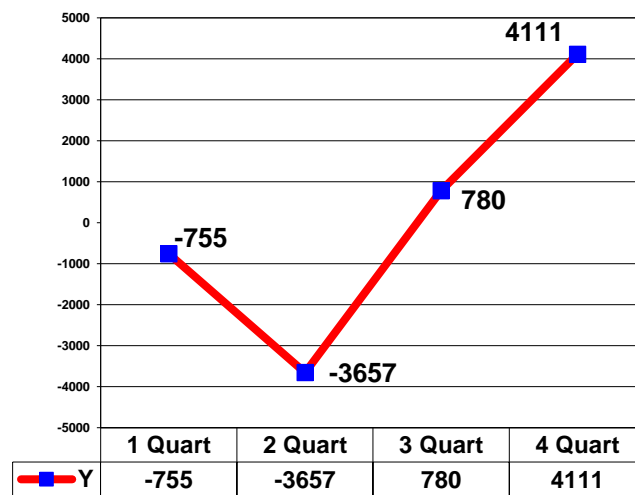
2. Dependence of the parameter "**Ability to perceive a condition of the child**" (Y) from the parameter "**Positive feelings to the spouse as to the parent**" (X) as comparative weightiness of the parameter Y for quarters on a scale X:

**X-1 (Y= -755); X-2 (Y= -3657); X-3 (Y= +780); X-4 (Y= +4111)**

**Factor of the connection strength = 0.53 (0.16)**

**Coefficient of correlation = 0.21**

Graphically dependence looks like:



*Figure 2: Dependence of the parameter "Ability to perceive a condition of the child" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X)*

As well as in the previous case, we have considerable general positive dynamics (at the comparison of the 1<sup>st</sup> and the 4<sup>th</sup> quarters of an independent variable). Against primary growth of positive feelings to the spouse as the parent is marked to perceive reduction to extremely low value of ability a condition of the child (-3657), observed in the second quarter of independent parameter "Positive feelings to the spouse as to the parent". After overcoming of this crisis in family relations begins sharp onward growth of ability to perceive a condition of the child (the 3<sup>rd</sup> and the 4<sup>th</sup> quarters). That is, originally, a development of positive feelings to the spouse as to the parent it is connected with concentration of parents on each other, on the emotional mutual relations, that at the given stage negatively affects ability of parents to perceive a condition of the child. The further development and strengthening of positive feelings to the spouse as to the parent does possible switching of attention of parents to each other on the child and, as consequence, development of ability of parents to perceive a condition of the child.



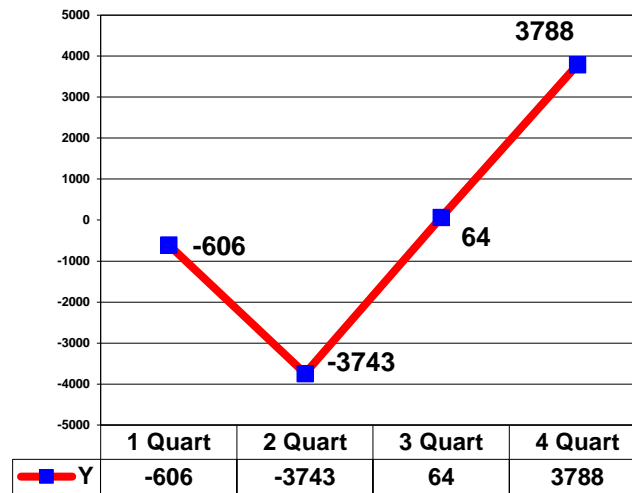
3. Dependence of the parameter **"Pugnic emotional orientation"** (Y) from the parameter **"Positive feelings to the spouse as to the parent"** (X) as comparative weightiness of the parameter Y for quarters on a scale X:

**X-1 (Y= -606); X-2 (Y=- 3743); X-3 (Y= +64); X-4 (Y= +3788)**

**Factor of the connection strength = 0.53 (0.23)**

**Coefficient of correlation = 0.20**

Graphically dependence looks like:



*Figure 3: Dependence of the parameter "Pugnic emotional orientation" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X)*

The Pugnic emotional orientation is characterized by feelings and experiences of the person based on the requirement for overcoming of danger on which base further lies an interest to struggle. The obtained data testifies to general positive dynamics (at comparison of the 1<sup>st</sup> and the 4<sup>th</sup> quarters of an independent variable). But against primary growth of positive feelings to the spouse as to the parent (transition from the 1<sup>st</sup> to the 2<sup>nd</sup> quarter of independent parameter) is marked reduction to extremely low value of pugnic emotional orientation of the parent (-3743), observed in the second quarter of independent parameter "Positive feelings to the spouse as to the parent" then its sharp growth (from the 2<sup>nd</sup> to the 4<sup>th</sup> quarters) begins. Probably, received results can be explained in such way: at the beginning of growth of positive feelings to the spouse as to the parent spouses does not require for struggle, for overcoming of danger, they are concentrated to constructing positive emotional relations with each other at level of parents. Further, in process of strengthening of positive feelings to the spouse as to the parent, the requirement for overcoming of danger on which base then there can be an interest to struggle, requirement for thrills, hobby for risk, feeling of sports passion, resoluteness, feeling strong strong-willed and an emotional pressure, mobilization physical and mental faculties is staticized. Thus the parent can test curiosity to unexpected impression, passion in overcoming of danger, anger in aspiration to destruction of a barrier. According to laws of basal systems of emotional regulation overlapping of a dominant of danger by the general positive estimation, its relaxing gives a powerful affective charge of experience of success, a victory. So, menacing impressions will mobilize and invigorate the parent only under condition of an anticipation of a victory, under condition of his/her confidence of possibility of mastering with a situation, which is supported with positive feelings to the spouse as to the parent.

Thus, at the general positive estimation of the possibilities supported with advanced feelings of family safety and association, the parent starts to search for sensation of danger.

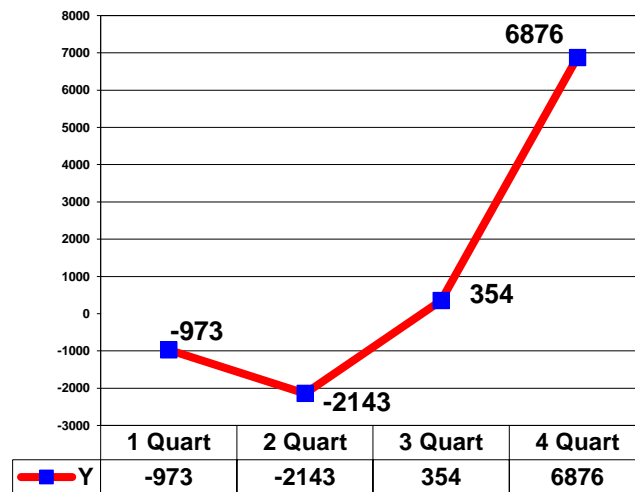
4. Dependence of the parameter "**General self-estimation of the child**" (Y) from the parameter "**Positive feelings to the spouse as to the parent**" (X) as comparative weightiness of the parameter Y for quarters on a scale X:

**X-1 (Y= -973); X-2 (Y= -2143); X-3 (Y= +354); X-4 (Y= +6876)**

**Factor of the connection strength = 0.51 (0.39)**

**Coefficient of correlation = 0.21**

Graphically dependence looks like:



*Figure 4: Dependence of the parameter "General self-estimation of the child" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X)*

The received dependence also concerns asymmetrical dependencies with a minimum (cut off at the left) and testifies that the first (from three) step of growth of positive feelings to the spouse as to the parent promotes a boomerang effect of general dynamics of dependent parameter, i.e. to formation of the underestimated general self-estimation of the child, and only after passage of a point of a minimum (on the 2<sup>nd</sup> quarter), fast growth of dependent parameter is observed, and for the greatest values of independent parameter (the 4<sup>th</sup> quarter) there are values of dependent parameters considerably surpassing initial (+6876 against -973). That is, insignificant increases in the parameter "Positive feelings to the spouse as to the parent" lead to the formation of the underestimated or realistic general self-estimation of the child, but the further increase in the parameter "Positive feelings to the spouse as to the parent" leads to formation the crane of the overestimated general self-estimation of the child (it is norm for children of preschool age). Thus, originally low level of positive feelings to the spouse as to the parent, characterized by concentration of parents on each other, on the emotional mutual relations, can negatively affect the general self-estimation of the child. Thanks to development and strengthening of positive feelings to the spouse as to the parent, the parent starts to feel in safety, to feel support in education of the child, to feel a self-trust as the parent, that in turn causes formation of a high general self-estimation of the preschool child.

### 3.2. Dependences monotonous increasing

5. Dependence of the parameter "Positive feelings to as to the parent" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X) as comparative weightiness of the parameter Y for quarters on a scale X:

X-1 (Y= -3613); X-2 (Y= -2777); X-3 (Y= +141); X-4 (Y= +8637)

Factor of the connection strength = 0.61 (0.64)

Coefficient of correlation = 0.29

Graphically dependence looks like:

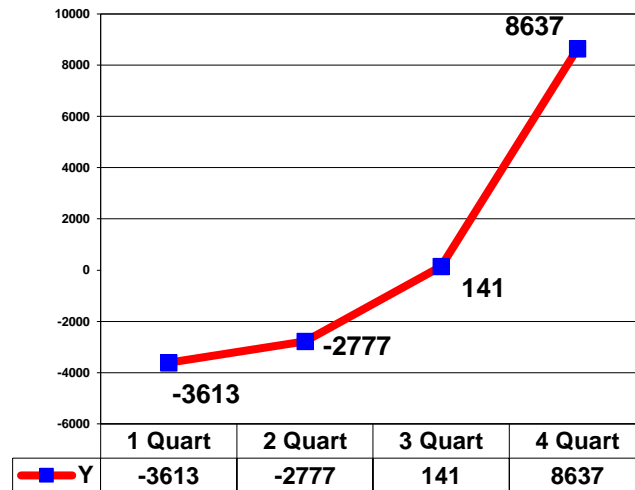


Figure 5: Dependence of the parameter "Positive feelings to as to the parent" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X)

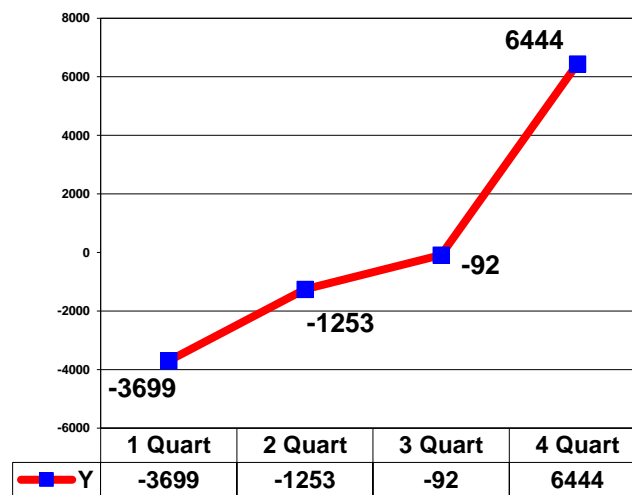
The obtained data testifies that primary increase (transition from the 1<sup>st</sup> to the 2<sup>nd</sup> quarter) parameter "Positive feelings to the spouse as to the parent" it is connected with small growth of the parameter "Positive feelings to as to the parent" (with -3613 to -2777 on comparative weightiness). The further growth (transition from the 2<sup>nd</sup> to the 3<sup>rd</sup> quarter) of the parameter "Positive feelings to the spouse as to the parent" leads to more notable increase positive feelings to as to the parent (with -2777 to +141). And, at last, transition from the 3<sup>rd</sup> to the 4<sup>th</sup> quarter of parameter "Positive feelings to the spouse as to the parent" leads to sharp increase positive feelings to as to the parent (with +141 to +8637). We will notice, that inverse relation (dependence of parameter X from parameter Y) also is present (factor of the connection strength 0.64) and the treatment both in one, and in other party is formally admissible. Linear correlation is insignificant (0.29), that is connected with non-uniformity of dependence though the treatment of relation thus differs from treatment of linear relation a little. But the linear approach excludes dependence from of interest for the analysis. Positive feelings to him/herself as to the parent reflect the emotional relation of the parent to him/herself, shown available self-reliance as the parent, self-respect, feelings of respect to him/herself as the parent. Experience by the parent of the possibilities is meant a self-reliance as to the parent as adequate to problems which rises at a stage of education and socialization of the preschool child, and possible problems in the future. The self-respect of the parent is accompanied by comprehension of value of the person, the high moral qualities and their respect in itself. Presence of feeling of self-respect as parent is characterized by the positive emotional relation, practically recognizing advantage of the person and equality of the rights with other members of a family.

So, originally, when level of positive feelings to the spouse as to the parent is not high, level of positive feelings to him/herself as to the parent extremely low. It can be connected that formation of a positive image of him/herself as the parent cannot be carried out in vacuum, separately from other parent and while positive feelings to the spouse as to the parent are insignificant, there are no positive feelings to him/herself as to the parent. Thanking presence of high level of positive feelings to the spouse as to the parent, the parent feels in safety, feels support in education of the child, feels a self-trust as the parent. Thus, positive feelings to the spouse as to the parent cause positive feelings of the parent to him/herself as to the parent. And this process is non-uniform, and has a quickly accruing speed.

6. Dependence of the parameter "**Positive feelings to the child, caused by his/her advantages and achievements**" (Y) from the parameter "**Positive feelings to the spouse as to the parent**" (X) as comparative weightiness of the parameter Y for quarters on a scale X:

**X-1 (Y= -3699); X-2 (Y= -1253); X-3 (Y= -92); X-4 (Y= +6444)**  
**Factor of the connection strength = 0.51 (0.32)**  
**Coefficient of correlation = 0.25**

Graphically dependence looks like:



*Figure 6: Dependence of the parameter "Positive feelings to the child, caused by his/her advantages and achievements" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X)*

The received results give the grounds to say, that gradual increase in values of the parameter "Positive feelings to the spouse as to the parent" involves increase in values of parameter "Positive feelings to the child, caused by his/her advantages and achievements". Thus we shall notice, that inverse relation (dependence of the parameter X from parameter Y) is much weaker (factor of the connection strength 0.32). Unlike previous one this dependence is more unilateral, but thus increasing monotonous. Linear correlation does not reveal relation of parameters interesting to discussion, so increase is non-uniform. Positive feelings to the child, caused by his/her advantages and achievements reflect the emotional relation of the parent to the child, including feeling of parental pride and feeling of gratitude. The feeling of parental pride is shown in the emotional relation characterized by satisfaction by the child, and, as consequence,

by him/herself as the parent, for the efforts undertaken by him/her and the reached successes. The feeling of gratitude to the child for his/her diligence is the moral feeling characterized by an indebtedness, approval, respect and love to the child (in particular, expressed in corresponding actions) for "blessing" rendered to it. Positive feelings to the child, caused by his/her advantages and achievements, are for the child the indicator of success of its activity, behaviour, and for the parent is the indicator of the parental successes. Thus, strengthening of positive feelings to the spouse as to the parent, characterized by presence of constantly amplifying feeling of solidarity and family safety, becomes the keystone to success of parents in education of the child, advantage and which achievement, cause the given aspect of the parents' emotional relation to it. But the linear approach at the analysis of relations, would exclude from consideration the given dependence with its simple interpretation in style of the same linear relations.

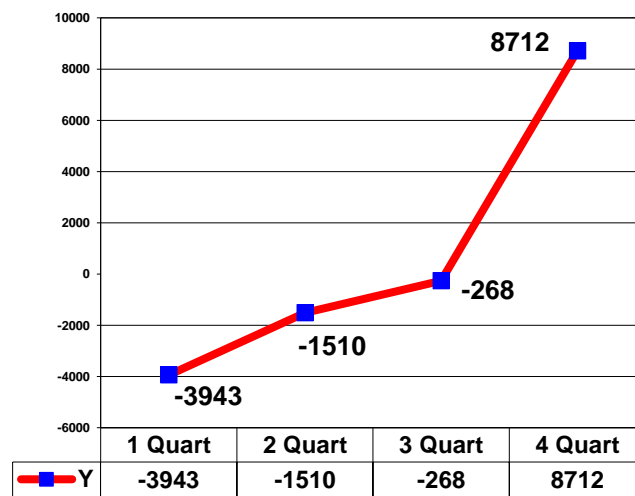
7. Dependence of the parameter **"Positive feelings to parenthood"** (Y) from the parameter **"Positive feelings to the spouse as to the parent"** (X) as comparative weightiness of the parameter Y for quarters on a scale X:

**X-1 (Y= -3943); X-2 (Y= -1510); X-3 (Y= -268); X-4 (Y= +8712)**

**Factor of the connection strength = 0.63 (0.44)**

**Coefficient of correlation = 0.28**

Graphically dependence looks like:



*Figure 7: Dependence of the parameter "Positive feelings to parenthood" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X)*

The obtained data testifies to obvious positive dynamics on each step (from the 1<sup>st</sup> to the 4<sup>th</sup> quarters of an independent variable), a dependent variable characterized by monotonous increase. That is gradual increase in values of parameter "Positive feelings to the spouse as to the parent" involves increase (non-uniform, that is shown in coefficient of correlation) values of parameter "Positive feelings to parenthood", with the greatest jump at the transition to the 4th quarter of independent parameter. Growth of positive feelings to the spouse as to the parent causes positive feelings to parenthood as a whole, shown in pleasure from parenthood, in satisfaction the parental role, in the feeling the happy parent.

### 3.3. Dependences-fluctuations max-min (1 mun: V2> V3) the general increase

8. Dependence of the parameter "Previous events" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X) as comparative weightiness of the parameter Y for quarters on a scale X:

X-1 (Y= -2277); X-2 (Y= -723); X-3 (Y= -2105); X-4 (Y= +2590)

Factor of the connection strength = 0.53 (0.09)

Coefficient of correlation = 0.16

Graphically dependence looks like:

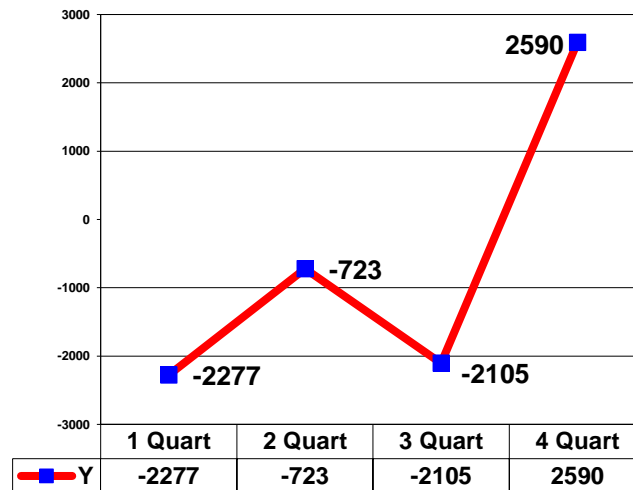


Figure 8: Dependence of the parameter "Previous events" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X)

In considered dependence takes place, as well as originally considered dependences with a minimum (1-4) general positive dynamics (at the comparison of the 1<sup>st</sup> and the 4<sup>th</sup> quarters of an independent variable), but with certain specificity ("fluctuations max-min" in the 2<sup>nd</sup> and the 3<sup>rd</sup> quarters). So, the first (from three) step of growth of positive feelings to the spouse as promotes the parent to increase in "gratefulness" of previous events (with -2277 to -723), goes further reduction practically to initial values (with -723 to -2105). And only after fluctuation max-min (in the 2<sup>nd</sup> and the 3<sup>rd</sup> quarters) begins the sharp increase in "gratefulness" of perception of previous events (for the greatest values of independent parameter (the 4<sup>th</sup> quarter) we receive values of dependent parameter considerably surpassing initial (+2590 against -2277). That is, increases in the parameter "Positive feelings to the spouse as to the parent" led to fluctuations of the parameter of "gratefulness" of perception of previous events. And only the greatest values of parameter "Positive feelings to the spouse as to the parent" overcome fluctuations of "gratefulness" of perception of previous events and give notable growth of this parameter. Inverse relation (dependence of parameter X from parameter Y) is very weak (factor of the connection strength 0.09). Linear correlation (0.16) also does not reveal relation of parameters interesting to discussion. The obtained data testifies that positive dynamics of parameter "Positive feelings to the spouse as to the parent" is connected with far not the unequivocal events which were taking place in the life of the parent during the research: from unpleasant (the 1<sup>st</sup> quarter) to neutral (the 2<sup>nd</sup> quarter), then again unpleasant (the 3<sup>rd</sup> quarter) and to enough pleasant (the 4<sup>th</sup> quarter). Thus, as a whole, three levels (1-3 quarters) of the parameter "Positive feelings to the spouse as to the parent" are connected or (basically) with

unpleasant events in a life of parents (the 1<sup>st</sup> and the 3<sup>rd</sup> quarters), or with neutral (the 2<sup>nd</sup> quarter), thus oscillatory dynamics is a complicated process of formation of an estimation of events occurring in private life. And only high level of parameter "Positive feelings to the spouse as to the parent" defines relation with pleasant events. That is, only high level of positive feelings to the spouse as to the parent it is connected with emotional colouration of events. Further, we shall consider two dependencies which are difficult for carrying to any kind (proceeding from criteria of automatic classification of dependencies on types and kinds). But at qualitative level of perception are the practically monotonous increasing dependencies far from linear.

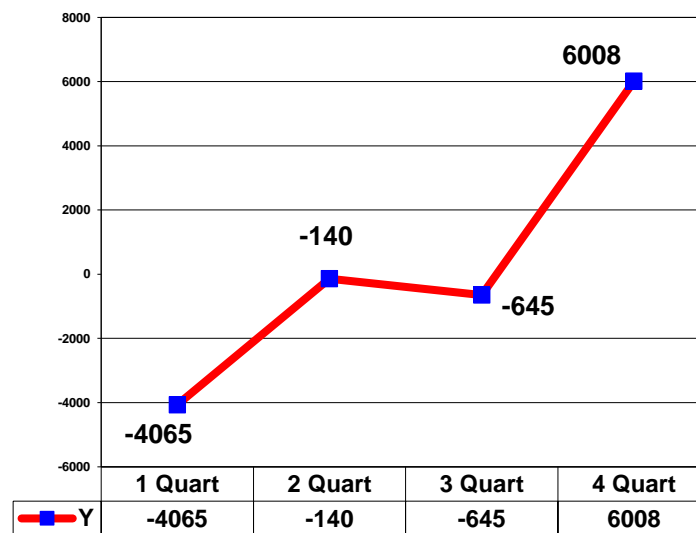
9. Dependence of the parameter "**Positive feelings to the child, based on unconditional acceptance**" (Y) from the parameter "**Positive feelings to the spouse as to the parent**" (X) as comparative weightiness of the parameter Y for quarters on a scale X:

**X-1 (Y=-4065); X-2 (Y=-140); X-3 (Y= -645); X-4 (Y=+6008)**

**Factor of the connection strength = 0.56 (0.23)**

**Coefficient of correlation = 0.20**

Graphically dependence looks like:



*Figure 9: Dependence of the parameter "Positive feelings to the child, based on unconditional acceptance" (Y) from the parameter "Positive feelings to the spouse as to the parent" (X)*

Considered dependence under the maintenance reminds previous one, it practically monotonous, increasing with the greatest jump at the transition to the 4<sup>th</sup> quarter of independent parameter. Non-uniformity of dependence is underlined also by insignificant linear correlation (0.20). Inverse relation (0.23) does not represent interest for the researcher. Thus, strengthening of positive feelings to the spouse as to the parent, causes positive emotional communication of the parent with the child in which basis lies the recognition of his/her individuality and self-value. Strong emotional communication of the parent with the child, acceptance and a recognition of his/her individuality become possible due to presence of feeling of solidarity constantly amplifying at parents and family safety.



So, on the basis of the received results it is possible to speak about influence of parameter "Positive feelings to the spouse as to the parent" on features of display of positive parental feelings and a self-estimation of the child (preschool child) not so much on the basis of linear relations (which it is not revealed), but only on the basis of non-linear dependences.

#### 4. CONCLUSION

In article we have considered in detail the influence of parameter "**Positive feelings to the spouse as to the parent**" on features of display of positive parental feelings and a self-estimation of the child (preschool child). The considered dependences are not entered in linear models and give an occasion for a synergetic sight at complicated processes in relations between children and parents and between parents themselves. In the researches spent within the limits of a scientific paradigm dominating in psychology, linear dependences are studied basically and their interpretations are considered. It is paradoxical, but the considerable quantity of scientists understand, that the world is far not so simple to explain it only within the limits of linear interrelations. There is a set of the examples described in a science of the phenomena which have non-linear character: life cycle of the person, a family, an organization, a cycle of addiction development, etc. is not a straight line, and the curves close under the form to a parabola, a hyperbole, a sinusoid and other elementary functions. Often many important phenomena remain out of focus of attention of the researcher as there are no significant linear relations between parameters. At the same time if to look at a problem from a position of synergetics it is possible to find enough considerable quantity of the significant non-linear dependences requiring the description and the further studying. In our case, in the dissertational research [19] classical methods of the mathematical and statistical analysis have been used: correlation, discriminant and factorial analyses owing to what separate interesting and valuable results have been received. Later the data (50 parameters, 6 diagnostic methods), collected in the dissertational research, has undergone to additional processing on studying simultaneously both linear, and the elementary non-linear relations with the help of an author's method of M.M. Basimov [1]. Two problems of studying of relations with splitting of the data into triads and quarters on the studied parameters have been solved, classification of types of relations is made. For triads it is revealed 41 strong non-linear dependences (from them 26 with a maximum, 8 with a minimum); for quarters – 151 (from them 39 with a maximum, 37 with a minimum, 51 in the form of fluctuations). Strong linear dependences are had only 40, and 25 from them connect parameters of one and the same diagnostic technique which cannot be independent in themselves. It means, many significant dependences of studied parameters (only 192 for triads and quarters of independent variable) have appeared absolutely not noted earlier in dissertational research as the size of linear correlation for them was extremely small also these dependences were not considered at the description of results of research. In article we were limited to interpretation only 9 (from 151) the dependences for quarters of independent variable. Thus, an exit for limits of linear representations in studying of a problem of positive parental feelings and their influences on a self-estimation of the preschool child, has allowed to look in a new fashion at a problem and to expand horizons of its consideration.

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## EXPERT ASSESSMENT OF THE SOCIAL CONDITIONS OF A MODERN UNIVERSITY

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### ABSTRACT

*The paper analyzes the social conditions for the development of a modern University. As indicators of the quality of social institution was selected: the development of social infrastructure of the University (health services, sports facilities, meals in the University, cultural facilities and activities), the image of the University in the external environment, conditions of work and study, quality of education). The publication is based on the results of in – depth interviews with experts-employers and partners of the University. The main indicators of the quality of the University's social environment and recommendations made by experts are analyzed. The publication has developed a number of relevant proposals for improving the social infrastructure of a modern University, its image in the external environment, and improving the quality of work and study. The work will be of interest to specialists of ministries and departments involved in the development of educational and social policies to support higher education, University leaders, researchers, students of higher education institutions, as well as a wide range of readers.*

**Keywords:** *higher education system, modern University, quality, social conditions, social indicator, social infrastructure*

### 1. INTRODUCTION

Interaction between universities and employer organizations is an integral factor of their effective functioning in market conditions today [Shchelkunov, 2017, p.115-119]. Such interaction is carried out in the field of employment of graduates, practical training, involvement of representatives of employers' organizations in the implementation of the educational process and in other areas [Voinova, 2018, p. 24-28]. An important component of an effective partnership is the satisfaction of representatives of employers' organizations with the quality of the University social environment. Regular monitoring, including partners' assessment of the main indicators of the development of the social environment of the University, allows identifying "pain points" and priority areas for such development, and improving the social infrastructure of the educational organization. It is the employers and partners of the University who can give expert recommendations on the development of the social environment of the University, based on knowledge of the internal problems of the University, the needs of students and teachers. These and other issues related to the formation of a high-quality system of higher education, the development of the social environment of the University, the interaction of the University with employers are disclosed in the works of D. K. Tanatova, T. N. Yudina [Tanatova, Yudina, 2019, pp. 2899-2921], И.В Долгоруковой [Dolgorukova, 2014, p. 165].

The specifics of the work of universities in modern economic conditions are considered in the publications of T. V. Fomicheva [Fomicheva, 2018, p. 295]. Nevertheless, a critical analysis of the scientific literature on this issue reveals a lack of research that examines the quality of the social environment of a modern University from a sociological point of view and from the position of expert assessments.

## **2. METHODOLOGY**

To study the expert assessment of the social conditions of a modern University, the authors implemented the method of in-depth interview. In September 2020, the Russian state social University conducted a series of in-depth interviews with experts based on online platforms. In-depth interviews were conducted with employees of organizations working in the fields of sociological research, political and public activities, social protection, and educational services. Experts who participated in in-depth interviews, at the time of the study, collaborated with the University from one year to fifteen years. The social conditions of a modern University were assessed based on such indicators as the quality of medical care at the University, the quality of functioning of sports facilities at the University, the quality of the nutrition system at the University, the quality of functioning of cultural facilities and the organization of cultural events [Radchenko, 2019, p.97-105], [Baksansky, Golovina, 2017, p. 66].

## **3. RESULTS**

### **3.1. Assessment of the quality of the University's social infrastructure (medicine and sports)**

One of the indicators of satisfaction with the quality of the University's social infrastructure is the assessment of the quality of medical care provided to employees, partners and students. During the study, experts were invited to discuss the work of the University clinic, which provides employees, students and partners of the University with an expanded range of medical services. Most of the respondents noted that they interact with the University clinic as part of annual preventive examinations and diagnostic procedures: "I personally passed a preventive medical examination in this clinic, received a certificate of health, thereby confirming my health in order to be allowed to teach." The interviewed experts stressed the importance of developing such medical facilities in the structure of the University. In their opinion, this makes it possible for employees and students to receive qualified medical care, draw up the necessary medical documents, and monitor their health without leaving the University. The role of the University's medical infrastructure for foreign and nonresident students who are forced to take out expensive medical insurance in order to receive medical care outside of their permanent place of residence was emphasized. The University clinic helps to solve this problem. Most of the experts noted the High quality of medical care at the University. As recommendations for the development of the University's medical infrastructure, the following suggestions were made: vaccination against COVID-19 at the University clinic; regular preventive medical examinations of employees, teachers and students of the University; expanding the range of diagnostic services at the clinic, etc. Also, during the study, experts were asked to evaluate the performance of the University's sports infrastructure. Experts were invited to discuss the work of the University's sports complex, swimming pool, gym, access to sports equipment. Participants of in-depth interviews noted that they have a good understanding of the University's sports infrastructure and have visited sports events and facilities. All experts emphasized the importance of sports facilities for the development of the health of students, employees and partners of the University. Also, the importance of access to such infrastructure for residents of the area where the University is located was emphasized. Among the undoubted advantages, experts noted the availability of the University's sports infrastructure for people with disabilities, and the variety of sports facilities.

The disadvantages of sports infrastructure were attributed to the territorial remoteness of a number of objects. Experts named the following priority areas for the development of the RSSU sports infrastructure: maintenance of existing facilities in working condition, their improvement and timely repair; creation of a bath and Wellness complex operating on a commercial basis; opening of a physical therapy hall for University teachers; providing sports and recreation services for University teachers and students on a free basis. In the course of the study, the quality of food organization on the territory of the University was also evaluated. Experts evaluated the objects of the food system, such as cafes, canteens, and fast food vending machines. In General, experts rate the quality of food organization on the territory of the RSSU quite high (on average, the rating is 9 points out of 10 possible for the entire pool of interviewed experts). Satisfied with the range and culture of serving dishes. It was suggested that it is necessary to develop a network of local mini-cafeterias where students and teachers can have a quick snack and discuss work issues at the same time. At the same time, it will help to avoid queues in the dining room during breaks between classes. Despite the overall positive picture of the perception of the organization of the public catering system in the University, some shortcomings can be noted. These include, first of all, queues to the canteen during breaks between classes; the canteen's work schedule (the canteen is open only on weekdays); unsatisfactory sanitary condition of the rest room (food hall) in the coworking area; lack of opportunities to warm up food and have lunch in a quiet environment for those who bring food with them in containers. The study was intended to assess the quality of the University's cultural infrastructure. The performances of students of the A. G. Schnitke Institute and the high quality of organizing congresses and other scientific events are also noted; entertainment events such as Fun and Resourceful Club and Miss RSSU are also noted. Experts used the services of the University library and note the convenience of organizing work. In General, the quality of work of cultural objects of the University received a fairly high, positive assessment of experts (an average score of 9 points out of 10 possible for the entire pool of interviewed experts). Experts also expressed their opinion on the direction in which the cultural component of the University's activities should be developed (cultural objects, cultural events, competitions, etc.). there Was a wish to give students more independence in choosing and attending cultural events.

### **3.2. Image of the University in the assessments of employers and partners**

In the course of the study, experts assessed the image of RSSU in the external environment: how much the Russian state social University is perceived as the most famous social University in Russia (which produces specialists for work in the social sphere). The experts answered the questions, what is the demand for graduates of the University in the modern labour market; what "opportunities" provides the University to its graduates. In response to the question: «is RSSU the most famous social University?» the experts' ratings were mostly positive. This tells us about the well-established point of view that RSSU has taken «its own niche» among educational institutions, in the higher education system as a whole. All experts emphasized the University's popularity and connection with the social profile. Experts expressed their opinion on the starting of the opportunities offered by the University to its graduates. Some experts emphasize the availability of high-quality education in the RSSU at different levels; the prestige of the RSSU diploma, the demand for graduates. The special status of the RSSU diploma in the institutions of the Ministry of labor and social development of the Russian Federation is emphasized. It also records the presence of tools in the RSSU that help you find a job: a specialized employment center for RSSU graduates, a career development center, internship programs. In General, experts note the fact of work in the RSSU on employment of graduates.

### **3.3. Work and study conditions - Quality of education**

In the course of the study, experts assessed the level of training of RSSU graduates, the quality of their final qualification works [Frolova, Rogach, 2017, p. 167-174]. Experts noted whether the equipment of the RSSU classroom Fund meets the SanPiN standards. The point of view was expressed regarding the importance of such a factor as the geographical location of the University in the process of choosing a higher educational institution by the applicant and his parents. Experts also assessed the quality of education in the RSSU. Since many of the experts are familiar with the final qualifying works of RSSU students, they spoke out and evaluated them. The majority of experts assess the final qualification works as sufficiently high-quality, performed at a high level. In General, final qualifying works can compete with the works of students from other educational institutions. The practical approach to the acquired knowledge and practical orientation of RSSU graduates are noted. The experts evaluated whether the norms SanPiN equipment of the classrooms of the University. In General, a fairly high level of equipment of the RSSU classroom buildings, modern multimedia equipment is recorded, and the fact of installing computers and projectors in each classroom is stated. Experts confirm the fact of conformity to norms SanPiN equipment of the classrooms of the University. Experts evaluated the quality of education in RSSU. In General, there is a high quality of training of specialists, especially full-time students. The main recommendations of experts for improving the quality of education: face-to-face interaction between teachers and students, development of international relations, study of foreign languages, development of academic mobility programs for students and teachers (which is especially important for the master's level), academic exchange of teachers.

## **4. DISCUSSION**

The quality of social conditions is one of the indicators of the quality of life of the population. Thus, one of the indicators for measuring the integral index of quality of life, according to the methodology developed by Belyaeva L. A. [Belyaeva, 2009, p. 33-42], is the quality of the social environment, which includes the quality of social conditions [Reutova, Shavyrina, 2016, p. 67-73]. In the context of a changing socio-cultural situation, a specific personality, its individuality and spirituality have come to the fore in the educational process [Neborsky, 2017, p. 38]. In accordance with this, the goal of social and educational work in higher education as an environment for social development is to create conditions for the formation of a professionally and culturally oriented person [Tikhonova, Fedotova, 2019, p. 17-25]. Research the social conditions of the modern University are often limited to the study of opinions of students and teachers [Beschasnaya, 2019, p 64-75], [Sukhikh, 2009, p. 59 – 62], [Tanatova, Pogosyan, 2019, p. 150-157], which includes monitoring the quality of students 'acquired competencies, students' satisfaction with the quality of the educational process, as well as monitoring the quality of the teaching staff, their satisfaction with working conditions, which, in our opinion, is insufficient to display the real picture of the functioning and development of an educational organization. Universities regularly interact with partners in the field of employment of graduates, practical training, and involvement of representatives of employers ' organizations in the implementation of the educational process [Parfirova, Kryukova, 2017, p.321-326]. A survey of experts

## **5. CONCLUSIONS**

Summing up, it can be noted that in General, partners and employers are satisfied with the quality of the University's social environment. The assessment of the main indicators of the quality of the social environment of the University as a whole was high. Among undoubted advantages of the social environment of the University, the experts noted: the development of a network of medical, sports services, power systems on campus; conducting cultural and

scientific events at the highest level, a decent level of professional training of graduates and the job search process. According to experts, the development of the social infrastructure of the University should include the following areas: providing medical, sports and other services on the basis of RSSU for students, teachers and partners on a free basis; organization of hot meals and small food outlets, including on Saturdays (since classes are held at the University on Saturdays); catering for students living in dormitories (additional points of round-the-clock inexpensive hot food); implementation of new projects, competitions, thematic circles and sections for students; resumption of active work of the RSSU Museum; ensuring regular information about planned events in the RSSU to a wider audience (partners and guests of the RSSU). Taking into account the assessments given by experts to the perception of the RSSU image in the external environment, we can affirmatively postulate the fact that RSSU has occupied its niche among educational institutions, namely: the Russian state social University is perceived by experts as the most famous social University in Russia, which produces well-trained social specialists; RSSU graduates are most often in demand in the system of institutions of the Ministry of labor and social development of the Russian Federation, as well as in other organizations of a wide profile for analytical work; experts emphasize the quality of knowledge of specialists produced by the RSSU. Taking into account the assessment given by experts to the conditions of work and study, the quality of education in the RSSU, the following conclusions and recommendations can be made: most experts assess the final qualification works of RSSU students as sufficiently high-quality, performed at a high level; experts confirm that the equipment of the RSSU classroom Fund meets the SanPiN standards; in General, experts note the high quality of training of specialists produced by the RSSU.

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## TRADEMARK IN THE DIGITAL TRANSFORMATION ERA IN RUSSIA AND ABROAD

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### ABSTRACT

*This article is dedicated to the exclusive right to a trademark in the countries of the European Union and in Russia in the era of digital transformation. The author examines issues related to the concept of a trademark, the history and formation of its appearance. The article presents the legal framework in terms of registration and use of a trademark in economically developed countries. The article presents a trademark in intangible assets in accordance with PBU 14/07, IAS 38 and US GAAP. The author shows the accounting of movement and depreciation, the composition of the cost of these objects.*

**Keywords:** *Trademark, GAAP, Goodwill, date of transition to IFRS, intangible assets, fair value, Trade marks and emblems*

### 1. INTRODUCTION

Today, among the scientific business, academia and at the government level, you can often hear the expression "digital economy", or as it is commonly called, an information-type economy. In the context of the digitalization of the economy, information, being the most valuable resource, is formed, stored, transmitted and processed through information and communication technologies (ICT). At the first stage of the emergence of the digital revolution, a transition was made to the beginning of the automation of technologies and business processes. Then the Internet was created, which opened up almost limitless possibilities, and cellular communication appeared. The worldwide spread of the Internet has contributed to the development of social networks and messengers (Gusareva N., Tsaritova K, Dyatlova O. 2019).

During the transition to the digital economy, one of the urgent problems of managing the socio-economic development of enterprises is the use of a trademark in an enterprise (Stepanov A., Stapanov I., Savina M., 2018). Science and practice are faced with the task of improving methodological and methodical approaches to managing the efficiency and sustainability of innovative development of companies in the fundamentally new conditions of the digital economy. (Savina M, Stepanov I., 2019). All this requires the study of modern forms of organization and management of a trademark based on the introduction of information and digital technologies.



## 2. METHODS

The methodology for studying a trademark in the context of digitalization is based on the concepts of innovative development at the stage of formation of an information-digital method of production and consumption. Methods for managing sustainable innovative development of an enterprise were based on the systemic methodology of creative and innovative analysis, the use of critical analysis techniques, taking into account specific manifestations of innovative development, inconsistency, paradox and a high degree of uncertainty and risks. In the process of analyzing foreign experience, the following methods were widely used: the tree of goals, the method of expert assessments; Delphi method; method of morphological analysis, method of collective idea generation; method of scripting and others (Stepanov A., Stepanov I., Stasyak Y. 2020). The subject of the research is social and administrative relations regarding the formation of a trademark. In the process of preparing the article, the concepts of special techniques and methods of economic analysis were used, including traditional methods of quantitative analysis, economic and mathematical methods and heuristic, expert methods of qualitative analysis and others (V. Barilenko, 2021).

## 3. RESULTS

Russia, like no other major state in the world, went through fateful milestones: revolutions and numerous large and small wars, and global changes in its economic, political and territorial structure, which led to its ups and downs (Dyatlova O., 2003). In the context of intensifying competition, an important factor in increasing the efficiency and ensuring the leadership of enterprises is the effective use of their production potential. One of the most important conditions for the correct functioning of enterprises in the conditions of the formation of market relations is the skillful management of their finances. At the same time, the main task of financial management is the effective management of a trademark, as well as the development of an effective credit policy within the enterprise (O. Dyatlova, 2013). A trademark (also copyright or brand) is a designation (verbal, pictorial, combined or otherwise) that serves to individualize the goods of legal entities or individual entrepreneurs. There are various concepts of the socio-economic essence of a trademark. So, for example, (Vakhrushina M., Melnikova L., Plaskova N., 2006) (Vakhrushina M., 2014) consider that a “trademark” is a complex concept: it is an identifiable non-monetary asset that does not have a physical form, which is contained: for use in the production or provision of goods and services; for administrative purposes. In accordance with the position (Getman B, 2018), the rules on a trademark are reflected - this is an identifiable non-monetary asset that does not have a physical form. Identifiability is achieved in the following two cases:

- when the asset is separable. This means it can be taken out of the business and sold, transferred, licensed, leased, or exchanged. This can be done either separately or together with the corresponding contracts, asset or obligation;
- when an asset arises as a result of contractual or other legal rights, regardless of whether these rights can be transferred or separated from the enterprise or other rights and obligations.

The concept of "Trademark" is broader than "Trademarks and emblems" - it is words, phrases, sounds or symbols that allow you to distinguish or identify a particular company or product. In addition to the amounts paid for these assets, such amounts associated with the creation, protection and registration in accordance with the position of scientists are capitalized (Proskurovskaya Yu., 2007). According to the basic principle of IFRS 3 “Business Combinations” - an intangible asset acquired in a business combination can be: inseparable, for example, a trademark that cannot be sold separately; a group of assets is then recognized separately from goodwill as a single asset if the fair value of each asset in the group cannot be

measured reliably. In the works of the authors (Ushvitsky L., Mazurenko A., 2009), such concepts as “fair value measurement” of an intangible asset acquired in a business combination were considered and their application for all trademarks. Analysis of various scientific views allows us to conclude that a trademark should be understood as a designation that serves to individualize goods. The concept of "Trademark" is complex and reflects in itself, firstly, such a concept as "trademark"; secondly, such a concept as "brand"; third, focus on a specific intended target result of the activities of enterprises (Dyatlova O., 2015).

## **4. DISCUSSION**

### **4.1. Use of the brand name abroad in the era of digital transformation**

The exclusive right to a trademark is given great attention in the legislative countries of the European Union. Trademarks in the European Union are governed by the provisions of the regulations of the European Union and the national laws of the countries of the European Union. In most countries of the European Union, the exclusive right to a trademark arises from the moment of registration or recognition of a trademark as well-known. Trademarks were first registered in England. The first of them - the trademark of the brewery "Red Triangle" Bess ", registered in 1876, is still known. In addition, among the currently valid trademarks in England, 600 were originally registered in 1888, 500 in 1902, about 600 in 1916, 600 in 2020. The cost of well-known trademarks is often very significant. Thus, the Camel trademarks are valued at \$ 10 million, Coca-Cola - at \$ 3 billion. The Chrysler company paid \$ 74 million for the Dodge trademark. At Philip Morris, none of the assets in value can match the image of the Marlboro cowboy. It is believed that the value of such an asset is about \$ 10 billion.

#### *4.1.1. Exclusive trademark rights in Finland and Spain*

Finnish law states that the exclusive right to a trademark can be obtained either through registration, or even without registration, if the trademark has become known on the market. However, the laws of some countries of the European Union provide for the possibility of obtaining temporary protection even from the moment of publication of an application for registration of a trademark. Spanish Trademark Law determines that the applicant, from the date of publication of the application for registration of the trademark, receives temporary protection constituting the right to reasonable compensation, which in certain circumstances can be claimed from a third party who may have used the trademark between the date of publication of the application and the date of publication trademark.

#### *4.1.2. Exclusive right to a trademark in the Czech Republic*

The exclusive right of the copyright holder to a trademark is very fully disclosed in the legislation of the Czech Republic. In the Czech Republic, the owner of a trademark has the exclusive right to place it on the goods or services for which it was registered, or to use it in connection with such goods or services. At the same time, without the permission of the owner, no one has the right to use a trademark or symbol that is identical or similar to a registered trademark, as well as to apply this trademark to goods and their packaging, or to put goods on sale under this trademark. Import or export goods under this trademark, or use this trademark as a trade name in correspondence or advertising. The trademark owner has the right to require the publisher of a publication reproducing a trademark to publish all the constituent parts of the trademark, including its registration number. Also, in the Czech Republic, at the request of the owner of the trademark, the customs must prohibit the free circulation of goods of a commercial nature if the designation applied to them violates the right of the owner of the trademark.

#### *4.1.3. Exclusive trademark right in Italy*

In Italy, the trademark owner has the right to prohibit the use, by third parties without their consent, of:

- designations that are identical to the trademark;
- signs that are identical or confusingly similar to a trademark for similar goods and services, provided that the identity or similarity of the designation and the identity or similarity of the goods or services may create a risk of misleading the consumer, this risk of misleading also includes risks of association between two designations;
- designations that are identical or confusingly similar to a trademark for dissimilar goods or services, provided that the registered trademark is public in the state and the use of the designation without substantial justification for this will give it an unfair advantage over the distinctiveness or notoriety of the

#### *4.1.4. Trademark use by third parties*

At the same time, most of the trademark laws in European countries provide for cases where the owner of a registered trademark is not entitled to prohibit third parties from using the trademark. So in Spain, the owner of a trademark cannot prohibit such use by third parties in the event that it is necessary to indicate the purpose of a product or service for accessories or spare parts. It also states that all of this must be done for honest purposes in an industrial or commercial environment. In Austria, trademark law has enshrined the provisions that a registered trademark does not entitle its holder to prohibit third parties from commercializing from personal names or addresses. Designations regarding the quality, type, quantity, purpose, value of geographical origin or time of production of goods, or provision of services, or other characteristics of goods or services. It should be noted that the Austrian Trademark Law does not define the commercial use of a trademark. Such a definition is present in the legislation of Bulgaria, where the commercial use of a trademark means the placement of a trademark on goods or their packaging. Offers of goods with a trademark for the sale, sale or storage or provision of services under such a trademark, import or export of goods with a trademark, use of the trademark in business documents and in advertising.

## **4.2. Use of the trademark in Russia in the era of digital transformation**

In Russia, a trademark in accordance with Art. 1477 of the Civil Code of the Russian Federation serves to individualize the goods of legal entities or individual entrepreneurs by recognizing the exclusive right to it certified by a certificate. The exclusive right to a trademark is valid subject to its registration by the federal executive body for intellectual property and other bodies in accordance with international treaties of the Russian Federation. In accordance with the provisions of Art. 1482 of the Civil Code of the Russian Federation, designations that do not have distinctiveness or consist only of such elements as individual letters, numbers that do not have a characteristic graphic design cannot be registered as a trademark. Article 1483 of the Civil Code of the Russian Federation indicates other grounds for refusing registration. Legal protection of a trademark or service mark is carried out only after its state registration. It is produced by the federal executive body for intellectual property in the State Register of Trademarks and Service Marks of the Russian Federation. The result of the state registration of the mark is a certificate that certifies the exclusive right of the copyright holder to the trademark only in relation to the goods specified in it (Article 1477 of the Civil Code of the Russian Federation). Moreover, the owner of the exclusive right can be a legal entity or an entrepreneur without forming a legal entity. A trademark can be registered as a collective one, intended to designate goods produced or sold by persons belonging to this association and having uniform characteristics of their quality or other common characteristics (clause 1 of article 1510 of the Civil Code of the Russian Federation). It can be used by each person included in the association.

One of the first trademarks has a history of over 140 years. This sign was the name of IVORY soap, owned by the American company "Procter and Gamble". It was created in 1880 using a new technology, which ensures a constant high quality of soap, in contrast to the previous one, which was produced either at home or was purchased by weight and was of low quality. Having created a new technology for the production of soap, the company registered its name as a trademark that has come down to our time and means not only the name of a specific product, but also the high quality of all the manufacturer's products. In Russia, a trademark and service mark belongs to the category of an organization's intangible assets. A trademark and a service mark are designations that make it possible to distinguish, respectively, homogeneous goods and services of different legal entities or individuals (Barkhatov A., 2017). Legal protection of a trademark and a service mark is carried out on the basis of a certificate from the Patent Office certifying the priority of the trademark, the exclusive right of the owner to the trademark in relation to the goods specified in the certificate. The certificate is issued for a period of 10 years and can be renewed each time for the same period. Accounting for intangible assets is carried out in accordance with PBU 14/2007 "Accounting for intangible assets". Trademarks refer to identifiable intangible assets, i.e. executed by the relevant documents of title (Dyatlova O, 2011), (Dmitrieva I., Dyatlova O. 2017). Under US GAAP, trademark rights are also treated as intangible assets as protected by law. These are the registered names of products or services. Since its inception, the European Union has attached particular importance to the protection of intellectual property, emphasizing the need to harmonize the regulation of trademark protection. It was decided to create a unified European system for the registration of trademarks, under which the registration of such a trademark would be valid in all EU countries. The movement of such objects and their depreciation are recorded on the synthetic accounts "Capitalized intangible assets, trade marks", "Depreciation deductions", "Accrued expenses for amortization of intangible assets, trade marks" (Dyatlova O, 2019). The ability to develop and implement the latest technologies is considered by the international community as the main criterion for including states among the leaders of world scientific and technological development. The newest outlines of the economy appeared in the last century, and today states are adopting programs for the development of the digital sphere. So on July 28, 2017 the Government of the Russian Federation approved the program: "Digital Economy of the Russian Federation". In this document, the digital economy is understood as an ecosystem in which digital data is a key factor of production in all spheres of social and economic activity, effective interaction is ensured, including cross-border, between business, the scientific and educational community, the state and citizens. The value of objects in the digital sphere is determined by demand - the number of users using a given product. According to experts, by 2025, 80% of the world's inhabitants will have a digital presence on the Internet. According to the data of the Government of the Russian Federation, in 2016 the share of residents using broadband Internet access was 18.77%. In the era of digitalization, a trademark as a means of individualization becomes an important tool that allows a market participant to reach a situation where a potential purchaser of his products will be able to single out the first one among other manufacturers of similar products (individualize). The symbol, which is the result of the intellectual activity of the copyright holder, is also considered as an "innovative idea", which often makes up a large part of the value of a product on the market. At the same time, the mechanism and goals of such individualization, as well as the understanding of a trademark, are largely determined by the content of market relations and their dynamics, since a trademark in itself, in isolation from the market, is not of particular value for the copyright holder.

## **5. CONCLUSION**

The main directions of the formation and use of a trademark in the information and digital economy should be, first of all, improving the forms of organizing business processes and

information and digital technologies. As a result, the spread of digital technologies was able to change not only economic processes, but also the very way of life of society. Today it is becoming more and more informational. The development of the information society is closely related to the construction of a digital economy and general robotization. The main requirements for society and characterizing it are changing the nature of work and employment, as well as increasing general requirements for the level of education and professional qualifications. The generalization of the best domestic and foreign experience of effective organization and use of a trademark showed that the analysis is carried out using various indicators, on the basis of which a conclusion is made about the state of the main intangible assets. Trademarks refer to identifiable intangible assets, i.e. executed by the relevant documents of title. In the period of digitalization, the very nature of labor and labor relations is changing (Shpilina T., Dyatlova O., 2015). Increasingly, business processes go online, and this applies to all spheres of society. Summarizing the above, there are three main directions of the trademark in the era of digital transformation. Firstly, a qualitative change in conventional designations, the development and increase in the number of intellectual images of goods that have an independent value as a result of an increase in the value of a trademark in the total price of a product. Secondly, the removal of legislative barriers that prevent the use of information technology to ensure the distinctiveness of the designations of goods and, at the same time, the tightening of legal liability for unfair competition. Thirdly, the active use of digital technologies, primarily Blockchain technology, to simplify and shorten the time frame for registering trademarks. In this regard, it is necessary to actively use the experience of the BRICS countries (Brazil and China), which have reduced the time for registration of certain results of intellectual activity through the use of Blockchain technology to ten days. The issue of the exclusive right to a trademark in the countries of the European Union is of great importance to us in connection with the constant development of economic relations between the Russian Federation and the European Union.

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## DIGITAL DISCOURSES OF PSYCHOSOCIAL WORK IN PROFESSIONAL PLATFORM 2.0

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### **ABSTRACT**

*The digital discourses research of psychosocial work in the professional platform 2.0, based on the materials of a sociological survey conducted among employees of the social protection system in 2020, is the aim of the paper. The study is novel in that it lies in the discussions of the digital possibilities of psychosocial work on the new platform for the professional help. The results of the study showed the dominance of the emphasis on organizational problems of digitalization of professional activities and insufficient attention to the digitalization possibilities for client's helping. These results are useful in the development of digital support for professional activities in modern conditions.*

**Keywords:** *digital discourse, platform 2.0, psychosocial work, sociological research*

### **1. INTRODUCTION**

A new model of social work 2.0 is being formed due to the globalization processes, which makes adjustments to the public consciousness, as well as to the personal global social functioning. These issues lead to the changing value strategies, social, economic, cultural and pathogenic behavior strategies, which has been observed recently in connection with the coronavirus pandemic. It seems to us that social work today is faced with new challenges that accelerate the design of the Helping Platform 2.0, actively modifying Platform 1.0. Platform 1.0 has been formed for almost two millennia as a pathogenic assistance and support model. Principles, techniques and programs of work with socially vulnerable groups of the population were formalized in the process of its evolution. A new platform 2.0 for help and support is taking shape in the context of a "Big Society" formation, where micro-policy strategies for aid become the dominant principle of providing social services. Discourses of traditional technologies in platform 2.0 are less associated with social support but more with strategies for organizing help coaching, self-help, self-care. But the state management policy and the ruling elites in platform 2.0 at the new historical stage of assistance is implemented not "in the spontaneous and free flight of the individual needs of the masses," but in the technological system of digital control. As an example, there were 250 private e-therapy sites in operation in the USA, already in the late 1990s, and in the early 2000s, from 5,000 to 25,000 messages were sent to recipients of social services every day during online consultations [Finn, 2002]. In the 21st century, human is increasingly entering the dimension of the global "Big Society", despite the fact that some countries are at the stage of its agrarian or industrial version, while others are striving for a 5.0 society and artificial intelligence. For example, the Japanese, which has been living outside the digital society for a decade, and the world's leading powers are only approaching to its stage [Online sources: From Industry 4.0].

The classification of M. Foucault [Foucault, 2002], G. Esping-Andersen [Esping-Andersen, 1990] of the relative regimes of social states is starting to slip, since various images of globalization are reflected in the “Big Society” and format space at the level of economies, politics, and cultures.

## **2. METHODS**

To solve the tasks, the authors used a set of methods, including methods of theoretical analysis (analysis and synthesis, generalization, comparison, comparative historical analysis, etc.), empirical methods (questionnaires). The method of official documents analysis, state statistics data, secondary sociological research was also used. In order to study the domestic digital transformation of professional social work M. Firsov and M. Vdovina surveyed 157 employees for social protection system in Moscow (130 respondents) and Volgograd (27 respondents) in February – March 2020. The number of respondents included: social work specialists (39.5%), social workers (24.8%), heads of departments of social service organizations (21.7%), rehabilitation specialists (4.5%), deputy directors (3.8%), cultural organizers (3.8%) and psychologists (0.6%) of inpatient social service institutions, specialists in working with families (1.3%). Employees of territorial centers of social services accounted for 72.0% of the respondents, psycho-neurological boarding schools - 16.6%, 7.0% of respondents work in boarding houses for labor veterans, 2.5% in promoting family education centers. 1.3% of the respondents are specialists of social assistance to families and children, 0.6% are employees of the social adaptation center for homeless persons. It should be noted that all the respondents at all events use psychosocial techniques in their activities.

## **3. RESULTS**

### **3.1. Understanding the psychosocial work in a professional platform 2.0**

The classification and analysis of "the real world" is largely determined by the starting point of researchers, which is greatly facilitated by postmodern thinking, the discourses of which are observed in all areas of knowledge, including the conceptual concepts of social work. Sociologist Piotr Shtompka, in solidarity with the diversity concepts of the world's existence, recognizes the realities of multidimensional images of globalization [Shtompka, 2010]. A multidimensional view of the world's economic systems is no less bizarre and diverse, as are the scientific schools that define them. Thus, the Swedish economists Kjell A. Nordström and Jonas Ridderstrale confidently argue that there is no single image of the capital world. They believe that capitalism is represented, despite the commonality of market attitudes, attitudes towards surplus value, exploitation of hired labor, etc., by its various types [Nordstrom, 2013, pp.51]. Global discourses not only reformatted approaches to representations of the basic concepts of cognition of sociality, such as “society”, “economy”, “capital” and a number of others, but also understanding the essence of the practice of social assistance. And if at the previous stage in the helping platform 1.0, in the "therapy society", the archetypal fears of the ruling elites associated with the loss of power were regulated through the activities of state institutions and individual forms of behavioral therapy of the professionals of these institutions, then in modern times, on platform 2.0, the institution becomes the actors of therapy, civil society, on an equal footing carrying out “concern for human rights” in individual institutions.

### **3.2. Social Work Digital Change Discourses in Platform 2.0**

The paradigm of postmodernism made it possible to determine such systemic characteristics of modern social work as:

- a wide range of approaches to understanding its subject boundaries,
- acceptance of the existence of "multidimensionality of the studied realities",



- multifaceted nature reflection of its phenomena and other features of both practice and cognitive discourses, which, from the point of view of the British researcher F. Williams, constitute the essence of postmodern approaches [Williams,1996, pp.61-76].

In the context of global social changes and new global paradigmatic thinking, not only the professional community understood the new mission of social work in the world space, but also the principles of both its cognition and practical activity. Patten S. stood for the social-fabianist positions of gradual reform of society, saw the prospects for the activities of social workers in the 20th century in "teaching moderate consumption of the lower classes" and joint activities of social workers and "lower classes" in defending their rights "in raising wages and shorter working hours [La Jeunesse, 2010]. On the one hand, "the effect of overconsumption is generated, on the other hand, the thing is increasingly" symbolized "and overgrown with connotations"[Chernov, 2009, pp.41]. Among such connotations, the consumption of gadgets is becoming prestigious, which are not only an integral part of a person's daily life, but also an indicator of "prestigious / non-prestigious consumption". On the other hand, gadgets expand the person functionality; they can facilitate his daily social functioning. Research conducted in the US back in 2015 showed that 84% of households had access to the Internet, and 68% of adults had smartphones [Anderson,2015]. 66% of UK households had smartphones and 65% had laptops [Simpson,2017, pp.86] According to research by the Higher School of Economics, 75% of households had access to the Internet, 45% of Russians in the 15-72 age group used smartphones in Russia in 2016 [Abdrakhmanova, 2019, pp.17-22.]. We can agree with domestic researchers that the introduction of new digital technologies makes it possible to competently manage and position different communities on diverse platforms [Vanyushkina, 2016, p.26]. Digital technologies determine many socialization processes at all age stages of a person in a consumer society.

### **3.3. Information and communication technologies in the social workers professional activities in the platform 2.0**

"Prestigious consumption", things in their "latest version" become not only an indicator of a person's success, but an indispensable attribute of the professional differentiation of a social community, which is clearly seen in the use of information and communication technologies (hereinafter - ICT). "Digital differentiation" in the "consumer society" forms both "digital individualism" and, in relation to the social protection system, strategies for understanding the individual case, the characteristics of the client's problems, and also determines the approaches of professionals to individual models of assistance and rehabilitation. ICT in the modern platform of social work is an integral part of professional's labor activity [Powell,2011, pp. 134, Vdovina, 2019, pp. 227], whose competencies today consist not only of altruistic intentions, "love for humanity", but also knowledge and skills to interact with it remotely. A social worker must have skills that were not encountered in his practice in the previous stages of professional development in the e-help system in the 21st century. Our respondents were asked a question about what digital means and technologies they use in their work? The sum of the answers exceeds 100%, since the respondents could indicate several options.

*Table following on the next page*

*Table 1: Digital technologies and tools used in the daily work of interviewed employees of social service organizations*

Applied digital technologies and means (according to the respondents)	Total number of respondents, %
Computer (laptop)	49,7
Smartphone and related mobile apps	38,9
the Internet	27,4
Electronic database of rehabilitants	23,6
Email, including corporate	21,7
Public services portal (especially medical appointment booking)	18,5
WhatsApp	17,8
Register of recipients of social services	14,6
Scanner	14,0
Interdepartmental Data Exchange Program	12,1
Electronic document management	11,5
The tablet	10,8
Social networks (Facebook, Instagram, Twitter, Odnoklassniki, VKontakte)	8,9
Yandex (mainly search and navigation applications)	7,6
Websites of the Department of Labor and Social Protection of Population, Federal Tax Service and other organizations	7,0
Printer	7,0
Excel	7,0
Copying machine	6,4
Bank on-line	5,7
Digital camera, camcorder	5,1
Word	3,8
Multifunctional devices (printer, scanner, copier)	3,8
Skype	3,8
Virtual tourism for recipients of social services	3,2
E-pharmacies	2,5

The received data indicate that the interviewed employees use various digital technical devices, programs, applications. in their daily work. It should also be noted that most likely they did not mention all the digital tools they use. Probably, respondents named the most frequently used ones, those that, apparently, they usually associate with the term “digitalization”. The table also does not indicate the answers scoring less than 2.5%.

#### **4. DISCUSSION**

The observed discrepancy between the effective use of information technologies at the macrolevel and their insufficient use at the meso- and microlevels is associated with objective and subjective conditions. Let us highlight the main aspects of this contradiction, considering the problems in the context of foreign practice.

##### **4.1. Institutionalization factors of social work as the cause of the "technological gap" in the professional practice ICT use**

The emergence of professional social work in the Russian Federation was determined by the socio-historical reasons for its formation in the 90s of the 20th century. By this time, European and American social services had already passed a certain stage of their theoretical and practical development, including in the direction of using ICT in the daily practice of social assistance. The first works substantiating the importance of using computers in social practice appear, for example, in the USA in the 80s of the 20th century. Solving the problems of a person in a difficult life situation was technologically impossible, because, as professionals believed, the client's problems “cannot be solved distantly,” but only “face-to-face”. [Glastonbury, 1985]. The same situation is observed in domestic practice.

However, today distance practice is developed in helping professions among doctors (telemedicine) and psychologists (online consulting), while the practice of social work is not represented by this assistance area.

#### **4.2. The specifics of personnel management in social service organizations as the reason of the "technological gap" for the ICT usage**

The problem of managerial personnel, especially the middle level, is quite serious in modern Russian practice of social protection. For instance, the basic knowledge acquired in the specialty "State and Municipal Administration" doesn't allow one to sufficiently navigate the management and organization of social work proper, as well as the ICT inclusion in the daily practice of direct work with recipients of social services and assistance. The professional standard of the head of a social service organization requires managers to be able to use ICT, ensure information transparency of the social service organization [Prof. standard No. 353]. The professional standard of a specialist in social work requires a specialist and a middle-level manager to be able to use the basic methods and means of obtaining, storing, processing information, skills in working with a computer as a means of managing information [Prof. standard No. 351]. The situation with the training of leaders in other segments of the social sphere is more defined. For example, the head of a health care institution, in addition to medical education, must have a specialist certificate in the direction of either "Health Organization and Public Health", or special training in health care management [Online sources: Qualification characteristics]. The situation that has emerged in the training system in the Russian Federation does not yet contribute to the ICT promotion in social protection institutions. A completely different situation has developed in the world practice of social security institutions management and the promotion of information technology in working with clients. Thus, American specialists conducted a survey of 361 managers of social work in Community Service Centers in three states (New York, Connecticut and New Jersey/ They had found that 90% of managers had a master's degree in social work, MBA 1%, others 4% master's degrees, 4% PhDs (candidate of sciences), and only 1% of all executives had a bachelor's degree. For example, in therapeutic areas, American respondents responded that ICTs are being adopted in activities such as mobile therapy (12%), teletherapy (18%), mobile play therapy (11%), avatar therapy (11%), online volunteer recruiting (21%), mental health therapy (18%) [Goldkind, 2016, pp. 342–348]. Unfortunately, it can be stated that ICT in domestic social work is not fully applied in the organization management. Such tools for researching population problems in subordinate territories as online surveys have not been introduced into the daily practice of institutions management, which indicates that the approaches of evidence-based practice are not yet included in the management priorities of department heads.

#### **4.3. The characteristics of clients that constrain the development of digital technologies of psychosocial work**

Social workers consider the elderly people to be their main recipients of services, who are currently receiving special attention for various reasons. Nevertheless, it can be noted that the use of ICT in the daily life of people of older age groups is not dominant now. So, according to the 2019 Federal State Statistics Service, if in the age group of 55-59-year-old Russians, 9% of respondents used the Internet, then among people 80 and older only 1%; a mobile phone was used by 96% of people aged 55-59 and only 59% of those 80 and older [Statistical tables 2019]. The gap in the indicators of the two age groups exceeds 1.5-9 times. According to studies by foreign scientists, the skills and ability to master digital means are largely due to the stable judgments of the older generation, which "consciously allow them to avoid 'immersion' in digital life"[Knowles,2018]. In this regard, such an installation is also characteristic of domestic users, which is confirmed by the personal computer usage.

For example, according to Russian Federal State Statistics Service 2019, only 28% of 55-64-year-olds never used a computer, then among citizens of the age cohort 75 years and older - almost three times more 79% [Statistical tables, 2019]. "Technophobia", fear or dislike of electronic devices among the elderly population, for example, in the United States reaches 30% of Internet users. The modern "fathers" generation is characterized by certain fears, typical for representatives of this generation in various countries. "Technophobia", fear or dislike of electronic devices among elderly people, for example, in the United States reaches 30% of Internet users [Knowles, 2018, pp. 74–76]. In 2017, among the Russian population 55-59 years old, only 8% used the Internet at least once a week, and in the cohort of people over 70 years old is only 1% [Distribution of the population]. As the researchers who conducted a survey of 1267 elderly residents of the metropolitan city in 2017 (about two-thirds of respondents aged 55-69 and only 8% are people over 80 years old), a significant part of the older generation, especially those with limited mobility, have communicative devices and uses them to search for information, make utility and other payments, organize leisure activities. But they mainly use the simplest options and do not always want to master new technologies, sometimes even becoming victims of cyber fraudsters. [Mkrtumova, 2017, pp. 11-13, 138-141.] Therefore, in social work with citizens of older age groups, there is an increasing need for affordable classes in digital literacy and e-security. At the same time, our study showed that so far in the practice of social work, administrative and organizational digital tools and competencies are mainly used, rather than those that are actually aimed at providing assistance, social therapy, rehabilitation and adaptation of clients.

## 5. CONCLUSION

The change from platform 1.0 to platform 2.0 is an objective large-scale phenomenon that affects a large number of factors: processes of globalization, which bring changes to the structure of population management not only at the national-territorial level, but also have an impact on the realities of the world "Big Society". The synergistic effect and its influence are rather difficult to predict, however, today there are trends in the global space, when the discourses of e-social work become a trend of both a new technology for helping a person and the philosophy of a new platform of social work. The ideas of self-care become not only a theoretical concept, but also technological digital practice.

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## THE PROBLEM OF PRIMARY ASSESSMENT OF FAMILIES AT RISK IN RUSSIA

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### **ABSTRACT**

*The article is devoted to the study of the problems of social workers during first assessments of the living conditions of families at risk. The authors describe the existing assessments' technology and identify groups of problems that arise in this process for social workers and members of the families at risk. As a result of the analysis, the authors formulate recommendations that can be used in the practice of social organizations.*

**Keywords:** *assessments, families at risk, social work*

### **1. INTRODUCTION**

Assessment is one of the most important activities of social workers. The aim of assessment – to identify the circumstances that indicate family problems and causing the need of help, taking measures to protect the rights and interests of children. The surrounding social microenvironment, the psychological climate in the family, the conditions of upbringing, the relationship with the parents and the personality of the parents themselves necessarily reflect on the child and, first of all, on the features of his character and behavior. It is important to understand that there are basic needs for love, protection, food, shelter, and if they are not a part of family culture, then the child's development cannot proceed normally. We are not talking about enough textbooks, beautiful clothes or the opportunity to go on vacation. Children from families at risk do not have basic things - bed linen, lunch, they are in danger from their parents. For this, assessments are needed. Specialists should identify conditions that pose a threat to the life or health of children or hinder their normal upbringing and development. However, not all specialists competently conduct assessments, which emphasizes the relevance of the topic under study. Moreover, its scientific base is extremely low. There are studies on family dysfunction [Kankin, 2005; Tseluiko, 2006; Lebedinskaya, 2014; Vorotilkina, 2016; Nikolaeva, 2018; Lebedeva, 2019; Rudykh, 2019], pedagogical researches [Maksimova, 2013, Stepanova, 2017], about social work with families [Filatov, 2008; Kostenko, 2014; Smorgunova, 2015; Goncharova, 2016; Istomina, 2018; Chernikova, 2018; Morozov, 2019], but assessments still remain outside the scientific field, despite the fact that many social workers in Russia visit their clients every day. One of the significant works is the methodological manual of the Novosibirsk authors Safronova and Osmuk «Methodology for assessing the risk of family trouble» [Safronova, 2011], which describes the process of assessing trouble. However, in practice, social workers use internal documents that have been developed by the relevant executive authority in the field of social protection. As a rule, such documents (regulations) describe the procedure for organizing the assessments and issuing papers confirming the fact of assessment. But not a single article has yet been published on the technology of conducting assessments of families at risk, which emphasizes not only the relevance, but also the scientific novelty of the presented study.

## 2. METHOD

This study is aimed at identifying the problems of assessments of families at risk. The objectives are to study modern diagnostic methods for assessments of families at risk, to analyze the regulatory framework of assessments and the experience of Russian social services, to identify possible problems and risks when conducting assessments of places where families at risk live. In the present study, a family at risk will be understood as a family in a socially dangerous situation. It is formulation that is used in the practice of social services [Regulations, 2014]. Families in a socially dangerous situation (SDS) are the main clients of social organizations, whose specialists are engaged in assessments of living conditions. A family in SDS is a family with children in a socially dangerous situation, or a family where parents or legal representatives of minors do not fulfill their responsibilities for their upbringing, education and (or) maintenance and (or) negatively affect their behavior or abuse them. A child in a SDS is a person under the age of eighteen who, due to neglect or homelessness, is in an environment that poses a danger to his life or health or does not meet the requirements for his upbringing or maintenance, or commits an offense or antisocial actions. SDS features include:

- non-fulfillment or improper fulfillment by parents and other legal representatives of their responsibilities for the life support of children (lack of necessary clothing, regular meals, non-observance of sanitary and hygienic conditions, connivance of the child's bad habits – alcoholism, drug addiction, etc.) );
- abuse by parents (legal representatives) of alcoholic beverages, the use of narcotic (psychotropic) substances, an immoral lifestyle;
- involvement of children in illegal or antisocial actions (begging, vagrancy, prostitution, etc.);
- the presence of signs of child abuse (signs of physical, mental, sexual or other violence) by parents (legal representatives).

Thus, the diagnosis of SDS is the most important indicator of distress, requiring the organization of interventions by social services. The problematic of providing assistance to these families lies in the variety of their situations and, therefore, in a huge variety of ways to solve these problems. A social worker deals with these problems and their solution.

The research was based on the Moscow social services Centers for social assistance to families and children «Family Planet», «Rodnik» and «Helios». The study was conducted in March-June 2020 in restrictions caused by the coronavirus pandemic.

## 3. RESULTS

Centers for social assistance to families and children are the main subject in preventive work with families at risk. Their activities are aimed at legal rights and interests of children and assistance in improving the social and material situation of the family, as well as the psychological status of its members. The structural units that carry out social work with families at risk are Departments of social or early prevention, departments for family and children problems, departments for the prevention of neglect of minors, etc. – in each organization they may be called differently. All of them provide social services in accordance with Federal Law N442: social welfare, socio-medical, socio-psychological, socio-pedagogical, socio-economic, socio-legal services, services to improve the communicative potential [On the basics of social services, 2013].

### 3.1. Problems of primary assessments

Usually work with families at risk has a few stages.

- Stage 1: identification of the family in the SDS.
- Stage 2: analysis of available information about the family and about the assistance provided to it (address of residence, family composition, information from departmental institutions and bodies (from commissions, schools, clinics), information about the social status of the family, etc.).
- Stage 3: first assessment of living conditions.
- Stage 4: determination of the volume and type of social assistance to the family. Drawing up an individual program of social work with the family.
- Stage 5: implementation of the comprehensive family assistance program.
- Stage 6: analysis of the results of the work, assessment of its effectiveness.

The primary assessment is stage N3. Secondary assessments are carried out at the 5th stage. The primary assessment is an integral part of the social diagnosis, the purpose of which is to identify the causes of SDS and possible ways of their correction. Social diagnostics is an analysis of the state of social objects and processes in order to identify problems of their functioning; the essence of social diagnostics is to obtain reliable knowledge about the studied object or social process in all its complexities and diversity, including medical aspects [Filatov, 2008]. Diagnostic work is the most important stage in social work with a family at risk. The correctness of the work depends on the correct diagnosis. Primary assessment is a difficult moment for both sides – social worker and family – for several reasons. They can be arranged in table 1.

*Table 1: Problems with primary assessments*

<b>For family</b>	<b>For social worker</b>
<i>Legal</i>	
Misunderstanding of the status of social worker, the purpose of his visit and his tasks	The family may not let come into the house and refuse to answer questions Lack of documents and official status The need to fill out a long paper
<i>Psychological</i>	
Discomfort from visitors, in clothes, shoes, personal protective equipment (masks, gloves)	Admitting their role in family life Awareness of the impossibility of help
<i>Communicative</i>	
Too formal speaking, use of terminology The official style of communication, social worker's position «above»	The closeness of the family, its fear of social services, refusal to communicate Slang language of family members
<i>Physiological</i>	
Intervention in family life, into a family environment	Unsanitary conditions, discomfort (hot in clothes, smoky, dirty)

Legal obstacles pose a particular problem for the specialist. According to Art. 23 of the Constitution of the Russian Federation, everyone has the right to privacy, and Article 25 proclaims that the home is inviolable: «No one has the right to enter a home against the will of the persons living in it, except in cases established by federal law, or on the basis of a court decision» [Constitution, 1993]. Assessments are not the cases described in federal laws, therefore, when a family refuses to let a social worker into the house, he can only take it up. At the same time, social worker is interested in visiting family's home, 'cause without this he will not be able to do his work and provide assistance to the family.



Therefore, social worker's task is not only to «penetrate» into the home, but also to convince the family that they are also interested in working together. Any assessment is aimed at finding the following indicators:

- Sufficiency of family income for basic needs of the child;
- Good sanitary and hygienic requirements;
- Sufficiency of living space for the development of the child in accordance with the number of people living together;
- Availability of a separate place for the child (for sleep, games, homework);
- Comfort of the internal psychological environment of the family for all its members;
- Pedagogical competence of legal representatives;
- Parents' responsibilities for the upbringing and raising of children.

### 3.2. Fixation of assessment results

Indicators are recorded in special documents - assessment reports, which have a standard form that is the same for all social organizations in the region. In Moscow, this form is approved by the Department of Labor and Social Protection. The process of recording indicators is called «actation». Actation is carried out by social workers. They fill out the papers during assessments and in the end ask parents to sign the blank. Initial filling is not always enough, therefore the final information can be wrote into the blanc after assessment. Acts are of two types – «primary» and «secondary», or «long» and «short». Short acts are filled out during return visits. During the primary assessment, the so-called «long» act is filled in, which includes 5-6 pages. The primary assessment's report includes an introductory part and 10 main blocks, each of them is quite capacious in content. The introductory part indicates the date of assessment, surname, name, patronymic, position of each specialist who conducted the assessment. Here also the data about the child (name, date of birth, data of the birth certificate or passport, address of residence and registration).

Figure 1: Form for secondary assessment

АКТ  
обследования материально-бытовых условий проживания семьи несовершеннолетнего,  
находящегося в социально опасном положении

Фамилия \_\_\_\_\_ Имя \_\_\_\_\_ Отчество \_\_\_\_\_  
 Число, месяц, год рождения \_\_\_\_\_  
 Адрес \_\_\_\_\_ Телефон \_\_\_\_\_  
 Место учебы \_\_\_\_\_  
 Состоит (не состоит) на учете \_\_\_\_\_  
 Социальный статус семьи \_\_\_\_\_  
 Общий бюджет семьи \_\_\_\_\_  
 Жилищные условия \_\_\_\_\_  
 Санитарное состояние помещения \_\_\_\_\_  
 Сведения о родственниках, проживающих вместе или раздельно \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Основные проблемы несовершеннолетнего \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Результат обследования \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Какая помощь оказывалась семье \_\_\_\_\_  
 Выводы о нуждаемости \_\_\_\_\_  
 Подпись лица, проводившего обследование \_\_\_\_\_  
 Дата составления акта « \_\_\_\_\_ » \_\_\_\_\_ 2020 г.  
 С актом ознакомлен (а) \_\_\_\_\_  
(родитель, законный представитель)  
 Заключение руководителя учреждения  
 \_\_\_\_\_  
 \_\_\_\_\_  
 ГБУ \_\_\_\_\_ / \_\_\_\_\_ /  
 « \_\_\_\_\_ » \_\_\_\_\_ 2020 г.

The first block of the «long» act is information about the child's parents. The name, date and place of birth, place of residence and stay, information about job, participation in the upbringing of the child of each legal representative are indicated. To complete these items, the social worker must ask direct questions to family members, which may cause mutual discomfort. The second block – information about the child – is even more big. It indicates the state of health of each child, features of his appearance, social adaptation, upbringing and education, ensuring safety and the degree of satisfaction of the child's emotional needs. For example, the item «education and upbringing» should include the following information: educational programs, educational institutions, including institutions of additional education for children; successes and problems in study in accordance with the age and individual characteristics of the child's development; the child's day timetable (sleep, nutrition, their compliance with age and individual characteristics), the organization of the child's free time and rest; developing and learning environment. Collecting this information takes quite a long time. The third block is more formalized and includes information about the family, the relationships that have developed between family members and their character, the social links of the child and his family, the persons who actually care about child. The fourth block concerns housing and property. It describes the living area where the child lives, provides information about the owners, characterizes the quality of the house, its improvement, sanitary and hygienic condition. The main sources of family income (income of parents and other family members, pensions, benefits) are also indicated here; average monthly and per capita family income, their sufficiency to meet the basic needs of the child, as well as information about the property rights of the child. Such questions can put a family in an awkward position, because not everyone is ready to talk about their income, many find it difficult to calculate the monthly income, especially if it is irregular. The fifth, sixth and ninth blocks are the smallest, contain information on the results of a conversation with a child and other family members, as well as the results of a asking persons who have data about relationship of parents with a child, their behavior in everyday life, and additional survey data. If such interviews were not conducted during the primary assessment and the information was not received, then the word «absent» is indicated. The seventh, eighth and tenth blocks are the most important, 'cause they form the strategy for further work, the choice of forms and methods for protecting children and providing assistance to the family. Block 7 describes conditions that pose a threat to the life or health of a child or hinder his normal upbringing and development. It records information about the internal environment of the family, for example, insufficient income. Block 8 includes circumstances indicating the absence of parental care over the child. Some facts are indicated here, for example, illegal actions of family members (crimes, antisocial behavior). The last, tenth block, contains the conclusions that the specialist makes based on the results of the assessment: threat to life, health, normal upbringing and development of the child, lack of parental care, necessary assistance and recommended forms of protecting the rights of the child. Blocks 7, 8 and 10, as a rule, are completed after assessment and analyzing the data obtained. The act is signed by the persons who conducted the assessment (at least 2 people), legal representatives. The act is approved by the head of the organization (director, head of the department). On average, filling out an act takes 4-5 hours. During the assessment, a specialist may be exposed to a large number of risks that require special attention. Adult family members may be aggressive, and hygiene conditions may also be unsatisfactory. Wearing masks and gloves is not always appropriate and hinders contact with families. In this case, the safety of a specialist must be fully ensured.

#### **4. DISCUSSION**

Assessments are an integral and essential part of the daily practice of family social workers. At the same time, most specialists do not have special training for it, there are no universal regulatory documents that can be applied to the unique living conditions of each family.

Primary assessments are the most significant for building the entire system of work. How the initial contact goes will also determine the relationship between the social worker and family members. But it is at the moment of initial contact that the specialist must fill out a big document with inconvenient, inappropriate, even non-ethical questions, and family members must be able to answer them, without objection accepting the need for the presence of a specialist in their home and recording information on a special form. On the other hand, the presence of children in the family and its socially dangerous position indicate that it is necessary to intervene in the family. In this regard, primary assessments should be the perfect balance between privacy and the need for intervention. This balance can only be found by a social worker, but this requires regulatory documents, special training and experience. And if the latter is only in the hands of a social worker, then all the rest can be provided by the state and educational organizations.

## 5. CONCLUSION

Given the urgent need to change approaches to primary assessments of families at risk, it is worth recommending the implementation of the following measures:

- development and implementation of special documents defining the technology for conducting assessments of families, incl. in risk situations that pose a threat to the health and life of a social worker;
- local governments need to establish clear criteria for risk and forms of documents that are filled in by social workers before, during and after assessment;
- compulsory training of family social workers, examination technology and algorithms for actions in crisis situations;
- introduction of special practice-oriented disciplines / modules into educational programs of universities and colleges aimed at teaching of assessments, incl. using virtual reality technologies to simulate the development of situations and work out the algorithm of actions of future social workers.

The implementation of these measures will help to improve the efficiency of assessments and improve the work of social workers, increase the comfort of family members during assessments.

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## INTERNATIONAL EDUCATIONAL ENVIRONMENT AS A SPHERE OF IMPLEMENTATION OF THE "SOFT POWER" POLICY AND EFFECTIVE STRATEGIES OF PUBLIC DIPLOMACY

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### **ABSTRACT**

*The article deals with political technologies that ensure the formation and promotion of a positive image of the Russian Federation among international youth and student organizations. The authors consider the concept of "soft power" to be the theoretical and methodological basis for the formation of such technologies, the main provisions of which were formulated in the 90s of the XX century by the American researcher J. Nye. The practical implementation of this concept has become possible due to the extensive development of public diplomacy as an effective means of resolving international problems. According to the authors, the most promising area of this activity is the international educational environment, within which international exchange and academic mobility programs are implemented. In this regard, the main goal of the study was to develop a set of measures aimed at developing international educational projects and promoting Russian achievements in the field of science and education. Special emphasis is placed on the use of the Internet space as an important resource that contributes to the internationalization of the modern education system and the creative self-realization of young people. Another effective form of work is the organization of international youth forums that provide a constructive intercultural dialogue. One of the successful examples of such events is the AFRUS – 2019 youth forum, which was held in Moscow and Kursk in December last year. The main results of this event were the growth of mutual understanding between representatives of youth organizations in Russia and Afghanistan, and the activation of their cooperation in various spheres of public and political life.*

**Keywords:** *Soft power policy, Public diplomacy, educational environment, Internet space, Youth forum, international image of the state*

### **1. INTRODUCTION**

A distinctive feature of modern international politics is the use of non - militaristic tools, which are usually described by the concept of "soft power". This term was first introduced into scientific use by the American researcher J. Nye, according to which, "soft power "is"forcing others to want the results you would like to get." At the same time, J. Nye divides "soft", "hard" and "smart" power, separates "soft power" from such means of influence as state propaganda or information wars. In General, modern science has developed the idea that "soft power" is a combination of humanitarian reserves and resources of the state, implemented in the field of foreign policy using certain methods and technologies. In addition, "soft power" of the state is "a way of exercising power, which implies creating a favorable environment for political action." This interpretation of the term makes researchers pay attention to various aspects of the "soft power" policy, which are manifested in culture, economy, and education.

## 2. LITERATURE REVIEW

Currently, there are a significant number of works in the scientific literature devoted to the study of the concept of soft power and its modifications. The source base of the research consists of the works of Russian and foreign scientists (primarily from the USA, China, and Great Britain), as well as regulatory documents of a number of States and analytical materials to them. Among the fundamental works on the study of the "soft power" policy are the works of such authors as J. Nye, O. Rusakova, A. Dolinsky, E. Panova, J. Gallaroti, D. Kovba, S. Helemendik, M. Clare, G. Filimonov, F. Kotler, Y. Davydov, P. Parshin, V. Ageeva, V. Seidov, M. Neymark, A. Abramov, A. Naumov, A. Budaev, O. Borokh, A. Kolesnikov and A. F. Anurin give a comparative analysis of the concepts of "soft power" in their works. An important part of the research is the works that consider education and culture as important components of the "soft power" policy. These issues are covered in their publications A. Torkunov, I. Dezhina, V. Eremin, A. Podberezkin, K. Tremblay, E. Panova, F. Vukht, V. Polyakova, I. Gorlova, F. Frolov. Works on youth policy and the development of international student programs were also used. These aspects of international cooperation are described in their articles by A. Arefyev, A. Vorochkov, V. Surtaev, Yu. Leonov, I. Ilinsky. However, despite the large number of studies devoted to the study of "soft power" policy in its various aspects, the formation of an appropriate educational environment is not sufficiently reflected in them. This determines the relevance of our research, in which the international educational environment is considered as a promising area for implementing the policy of "soft power" and the corresponding strategies of public diplomacy. The main goal of this work was to develop a set of measures aimed at developing international educational programs, actively demonstrating existing achievements in the field of culture, science and education, and forming, on this basis, an attractive image of the Russian state among international youth and student organizations. This goal implies a consistent solution of a number of research tasks:

- 1) study of the main parameters of the international educational environment and the role of youth organizations in the development of international cooperation;
- 2) analysis of the main components of Russian public diplomacy in order to assess their effectiveness and resource potential;
- 3) development of proposals for the formation of an effective strategy and identification of appropriate forms of activity that contribute to strengthening Russia's influence among international youth and student organizations.

## 3. METHODS

The basic theoretical and methodological position of the authors is that the educational environment is one of the most important areas of intercultural communication and international cooperation. Based on this, the authors analyzed the international educational environment, identified its formal and informal structures, and the main development trends in the modern era. The study used a systematic approach, institutional and constructivist methods, the method of comparative historical analysis, as well as an oral survey as a method of collecting primary information. The systematic approach, as the methodological basis of the study, provided an opportunity to study various factors of the internal and external environment that affect the state's foreign policy. The institutional method was implemented to study the role of formal and informal institutions and their functions in the implementation of the "soft power" doctrine. It helped to identify the mechanisms of political decision-making by specific state authorities. This approach was also used in the study of the system of rules and regulations governing the processes of academic mobility. The constructivist method allowed us to consider socio-political phenomena in the form of constructs that arose in the process of social interactions and reflect the system of interests and values, as well as the nature of mutual expectations of actors.

This approach allows us to understand the main determinants of their behavior and, consequently, to identify the underlying mechanisms of formation of modern political realities. The comparative-historical method made it possible to trace the mechanisms of implementation of the "soft power" policy in different chronological periods, as well as the features of their functioning in different geopolitical conditions. The empirical basis of the research consists in the study and analysis of current media publications on the use of "soft power" in modern conditions and its implementation by means of public diplomacy. In addition, the study conducted surveys among foreign students studying at the preparatory faculties of higher education institutions at Belgorod state University, as well as at the Moscow Higher school of Economics. The survey allowed us to identify the main forms of media behavior of foreign students and determine their needs for obtaining various types of information.

#### **4. RESULTS**

Students were interviewed using an open-ended test. A total of 832 responses were received, based on which General conclusions were drawn. It was revealed that 97% of respondents constantly feel the need for information, which they receive mainly from the Internet. However, when assessing the main functions of the Internet, opinions differed: 66% of respondents named the Internet as entertainment, 42% named the Internet as a source of social and General development information, and 70% named the Internet as an auxiliary educational resource (each of the indicators was evaluated on a 100 - point scale). Depending on the forms of media activity, the first place is taken by checking social networks (80% of respondents), then connecting with relatives and friends (50% of respondents noted), viewing news feeds (48%), and only after that - watching videos and listening to audio (39%) (each indicator is calculated on a 100-point scale). Depending on the subject of information, priorities were distributed as follows (on a General 100-point scale): world problems – 35%, crime – 18%, politics – 24%, sports – 15%, culture and education -5%, employment – 2.5%. A small number of tests were also highlighted, where the social chronicle and the fashion world were highlighted as priorities; none of the respondents mentioned religious issues. In General, the results of the survey confirmed the experts' conclusions that the Internet is not only a source of information today; it also serves as a social and communicative environment and serves as an important tool for self-realization of modern youth. As a result, there is an internetization of youth communities and events, which, however, has a wave character: the growth of interest in a particular topic can quickly disappear in the absence of supporting materials. Accordingly, it becomes possible to purposefully structure the Internet space and its informational content in order to focus the attention of the youth audience on certain politically relevant issues. For this purpose, various technologies can be used that reflect the foreign policy priorities of the state and its approaches to implementing the policy of "soft power" and methods of public diplomacy. Such technologies may include, in particular:

- stratification of the youth audience and identification of several target groups as the most promising "agents of influence" in the Internet space;
- creation of groups of volunteers and Tutors who post information on social networks and form a certain image of the represented country;
- conducting information work in the form of interpersonal dialogue, taking into account mutual expectations and with the complete exclusion of aggressive propaganda typical of official media.

In this context, the most promising part of the youth audience is represented by groups whose participants have the following characteristics: studying at a University or University, experience in communication in social networks, interest in getting a job (remote or with a flexible schedule), a desire to continue their education abroad or complete an internship in

foreign companies. In this context, the internationalization of modern education opens up the widest possible opportunities for using the resources of public diplomacy and implementing the policy of "soft power" as a means of achieving the state's foreign policy goals.

#### **4.1. Internationalization of education and its political consequences**

The term "internationalization of education" is usually understood as a process involving the inclusion of an international (cross-border or cross-country) component in educational and scientific activities. As a result of this process, the provision of educational services takes on an international dimension in terms of their quality and universality, the availability of foreign students and teachers in higher education institutions, the development of academic mobility and dual degrees, and the formation of common educational and professional standards and technologies for entire regions. The main goal of such activities, from the standpoint of public diplomacy, is to form an individual as a "person of peace", interested in the development of international cooperation and receptive to other cultures. Students and teachers who have been trained or retrained abroad usually represent a human resource that is promising in terms of continuing cooperation in the future. Thus, the stabilization of the system of international relations is achieved by activating horizontal ties and creating supranational integration mechanisms. The main difficulty in implementing a supranational integration strategy is that the policy of any country (both external and internal) is always based on national (state) interests, which are usually interpreted from the standpoint of the theory of political realism. International dialogue, with this approach, is built taking into account the points of contact of these interests, which does not exclude the possibility of using "soft" and even "hard" force against opponents. A striking example of this approach is the US foreign policy strategy, an integral part of which is the promotion of the American way of life. A whole range of tools is used for this purpose, including media resources, cinema, fast food, the beauty industry, and other resources. At the same time, the policy of "soft power", in its American version, is supported by the active use of state propaganda methods, which often causes a negative reaction from "westernized" societies. A completely different example is the continental – European strategy of "soft power", based on the use of cross-cultural discourse. Powerful levers of this policy are concern for the preservation of national languages, the development of tourism and sports, the construction of resorts accessible to various segments of the population, educational and health facilities. Positive emotions are usually caused by such phrases as "Italian cuisine", "French wine", "Swiss reliability", "German punctuality" and others. These cultural stereotypes have long been unique brands that are widely used not only in the economy, but also in international politics. A striking example of the use of "soft power" is today the policy of China, which successfully achieves its goals, while avoiding the methods of aggressive propaganda. External cultural exchanges are an essential part of China's foreign policy strategy: while preserving and preserving its own cultural identity, China is also developing and studying world cultures and successfully integrating their highest achievements. At the same time, unlike the US strategy, China's strategy is not aimed at the broad masses of the population, but exclusively at the national elites of other countries, who are called upon to become the main "agents of influence" of this state on different continents.

#### **4.2. National priorities in the field of educational policy**

According to experts, the main problem of Russia in this area is the fragmented nature of public diplomacy activities and the lack of a unified strategy aimed at forming a positive opinion about the country abroad. Meanwhile, back in 2012, President of the Russian Federation Vladimir Putin drew attention to the need to solve these problems. In his program article, he noted: "not an Empire, but cultural promotion; not guns, not the import of political regimes, but the export of education and culture will help create favorable conditions for Russian goods, services and



ideas." In General, such a statement of the issue fully fits into the framework of the concept of "soft power" and requires the formation of complex means for its implementation - regulatory, economic, infrastructure, information and communication, socio-psychological, organizational. The main priorities of the national strategy in this area should be: national identity, strengthening national competitiveness, coordinating international activities in the field of education, culture and sports, promoting the country's political and business interests and, as a result, improving its reputation rating. Language policy should play a special role in creating a positive image of the country; to this end, we should pay attention to the positive experience of Japan and China, which have many language centers around the world and implement cultural exchange programs with huge budgets. And finally, an educational policy that can provide a real "breakthrough" in the field of public diplomacy. The main components of this policy can be: creating a system of virtual information resources; holding international scientific conferences and forums; creating a network of youth consultation centers; organizing new discussion platforms; conducting scientific, literary and other competitions; organization of educational and entertainment excursions. All these activities should be integrated into a single strategy that focuses on working with young people. Modern society is considered to be a "knowledge society"; therefore, the use of "soft power" tools in the youth student environment seems to be the most promising. Youth and student associations are open to information that outlines the immediate future and future social prospects. The main thing when working with young people is the systematic nature of events, the availability of an effective staff from the student environment, the updating of country branding and the exclusion of state propaganda methods. At the level of the University community, it is advisable to create a unified system of teaching foreign students, reflecting the features of the pre-University, adaptation and integration periods of stay at the University. For this purpose, of course, it will be necessary to adjust the Federal state budget, write new educational programs, and organize advanced training courses for leading specialists. At the level of student communities, it is possible to organize events for the exchange of experience between young specialists from different countries. We should make more active use of such forms of cooperation as sending all University specialists (not just managers) with various programs to foreign universities and inviting foreign colleagues with mutual master classes. Thus, the tools of public diplomacy should be activated at all levels of government. Thus, all components of "soft power" are integrated, which makes it possible to conduct preventive diplomacy and stop emerging foreign policy conflicts.

## **5. CONCLUSION**

One example of implementing such a strategy is the Russian-Afghan youth forum "AFRUS 2019" (Moscow-Kursk, December 17 – 23, 2019), organized by one of the authors of this article, A. A. Khaybar, with grant support from the Russian public diplomacy Fund named after a.m. Gorchakov. The main goal of the forum was to establish a constructive dialogue between the youth of Russia and Afghanistan, to encourage their productive cooperation in various spheres of public and political life. The Forum was attended by officials such as the Ambassador of Afghanistan to Russia and cultural attache, the Governor of the city of Kursk, the Executive Director of the A. M. Gorchakov public diplomacy Fund, as well as leading Russian scientists and Orientalists. It is expected that further joint Russian-Afghan projects in the fields of culture, education, health, humanitarian assistance and international security will be developed on the basis of the platforms formed by the Forum. In General, according to the participants and organizers of this event, the Forum's decisions are in line with the strategy of public diplomacy and are designed to promote international cooperation in the humanitarian sphere.

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## OPPORTUNITIES FOR DIGITAL EDUCATION IN THE CONTEXT OF SOCIAL AND CULTURAL RISKS

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### **ABSTRACT**

*The aim of the study is to analyze the consequences of large-scale digitalization of education, to identify new constructive trends that appear under its influence and accompanying socioanthropological risks. The main research methods are dialectical, comparative and systems approach. As a result of the study, the advantages of wide digitalization of education were shown, facilitating access to information, allowing for detailed and individualized learning process. At the same time, the side processes associated with the formation of such socio-anthropological risks as: the risks of atomization of society and the extreme individualization of its members, oriented in the process of obtaining education only on their own success, deepening inequality, including at the level of education, were identified and characterized, associated with the use of different educational models for developed and developing countries, the risks of losing connection with the natural world and replacing it with an artificial one. The conclusion reached by the authors is that when implementing the global digitalization of the educational environment, which is objectively the need of modern society, it is important to take into account potential risks and develop strategies to reduce them. The novelty of the work lies in the study of the side effects of digitalization of education, identifying the specifics of the accompanying risks. The methodological basis of the study was made up of modern specialized studies on this topic both in the field of fundamental and applied sciences, targeted programs, rating studies of the digitalization of society in various countries. On the basis of the dialectical method, the contradictions associated with the digitalization of education were identified. The comparative method made it possible to identify the advantages and disadvantages of traditional approaches to education in comparison with modern ones. Based on the system analysis, the interdependencies of the digitalization of education processes and their side effects were revealed.*

**Keywords:** *digitalization, gamification, risks, digital technologies, exocortex, artificial intelligence, virtual, big data*

### **1. INTRODUCTION**

The formation and development of a network society (Oleskin A.V., 2016), which is defined as a new type of social organization, involving the unification of networks and the implementation of interaction between them in digital form, leads to fundamental changes in all areas of activity. In the global economy, digitalization is being carried out most intensively.

A new type of digital economy is emerging, which is significantly ahead of other areas of economic activity in its development, with an increase of 10% per year. (Shnets-Shneppe M.A., Namiot D.E., 2019.) The need for digitalization of education is closely related to the digitalization of the economy. Some researchers (Shnets-Shneppe M.A., Namiot D.E., 2019) compare digitalization with the GOELRO plan in the USSR in terms of significance and potential social consequences, the implementation of which allowed the Soviet Union to become a superpower in the future and compete on equal terms with the United States. In modern Russia, digitalization is also receiving close attention. In 2017, the Digital Economy program was adopted, the goal of which is the digital modernization of Russia. The implementation of this project requires complex efforts not only of an economic, but also of a social cultural plan, since without the training of high-level specialists capable of creative innovative solutions, the implementation of this task is impossible. The country's competitiveness, the ability to maintain its own independence directly depends on the degree of digitalization. The Chinese company Hauwei analyzed the degree of development of digitalization in various countries. According to 2016 data, Russia took the 26th place in this rating. Such indicators are due to the fact that, despite the fairly high level of Russian specialists in the field of information technology, over the years of perestroika, the communications industry in Russia was destroyed. The use of foreign technologies, most of them American, in the context of cyber wars, the purpose of which is global networks, leads to dependence on the largest corporations closely related to the US military structures. In this situation, there is a need for a breakthrough, a kind of leap towards creating the latest infrastructure based on our own developments. The solution to this problem is impossible without modernization of the system of higher professional education and training of personnel of a new formation. A big problem in the training of highly qualified specialists in Russia is the practice of leaving specialists trained on public funds to work in foreign companies or emigration to European countries and the USA. The development of targeted training of students at the expense of interested firms, although taking place, is still insignificant. Insufficient work is being done to attract the most talented schoolchildren for education and work for the needs of the state. The widespread use of telecommuting, which makes it possible to carry out activities anywhere in the world with the availability of high-quality communication means, leads to increased competition for attracting talented specialists, which in turn requires painstaking work with potential employees, identifying and maintaining relationships with talented children, starting from school and student audience before starting an independent professional activity. A good example in this regard is the practice of Japanese firms and corporations that maintain long-term contacts with schoolchildren and students, creating the basis for subsequent professional activities within the firm. The needs of the economic sphere stimulate the digitalization of the education system. In modern research literature, there are heated discussions about new opportunities and their attendant risks (Weber, A., 2020; Nadrljanski, D. Nadrljanski, M., 2019). Two extreme positions are standing out: firstly, the absolutization of positive effects from the introduction of information and technological innovations into the education system (Nadrljanski, D. Nadrljanski, M., 2017; Weber, A., 2020; Vissema, G.Y., 2019). Secondly, an extremely cautious attitude towards digitalization due to fears of destruction of the cultural and moral foundations of the educational process and the transformation of knowledge into one of the types of services that function according to the laws of purely market relations (Melikov, IM, 2020). Representatives of the third position, while not denying the positive effects of the introduction of the latest opportunities generated by the development of information technology, at that time consider it important to preserve the traditional foundations of university education associated with corporate values, real, not virtual communication, a special atmosphere of unity and trust, which is characteristic for many universities (Bowen, UG, 2018). This approach seems to be the most balanced.

This particular one that allows you to analyze both the innovative possibilities of digitalization in education and predict the risks associated with them.

## **2. ACHIEVEMENTS OF DIGITALIZATION OF EDUCATION**

In modern scientific studies analyzing the shortcomings of the existing education system, special attention is paid to the fact that its basic approaches were formed and correspond to the era of an industrial society with its orientation towards a mass person, standardization, average indicators and insufficient attention to a non-standard talented person. It is assumed that modern digital technologies will be able to create a platform for the development of individual programs and educational algorithms for each student. Biometric recognition technologies are actively developing. Already, many banks, in particular Sberbank, carry out identification by voice and facial features. Work is actively underway to determine the psycho-emotional reactions of a person using artificial intelligence systems when perceiving this or that information. Integration into a single system of "smart watches" (measurement of pulse, pressure, etc.) allows you to receive data on physiological reactions directly related to human brain activity. Based on artificial intelligence systems, it becomes possible to record not only the degree of attention of the student, his interest, reactions to various forms of information presentation, but also the assessment of its content. The collected statistical data processed by big data technologies allow you to create adapted educational courses that take into account both the individual characteristics of the student and his state at the moment (Melikov I., Skorodumova O., 2020). The absolutization of this approach generates risks of atomization of society. As a result, extreme individualism and variability of learning can lead to an even greater increase in inequality, consolidation of the status of an outsider, and extreme polarization of hierarchical statuses. The idea of mutual support, assistance, joint solution of educational problems is completely leveled. Given the nonlinearity of the educational process, the influence on it of many external factors that cannot be taken into account and analyzed by artificial intelligence systems, such an individualization of learning creates insurmountable obstacles to the intellectual leap that arose under the influence of a sudden interest, a factor random for the system. In addition, the very logic of the development of new network technologies requires collective creativity, which implies mutual enrichment and support. The intensive development of network technologies, project-oriented activities in the modern networked society give rise to the need to develop the ability to collectively interact. Teamwork comes to the fore. The focus on competition, individualism, the desire to dramatically increase their status in the hierarchical structure are becoming less relevant than solving a common problem. The most demanded qualities of a professional are the ability to work in a team, interact fruitfully with colleagues, and be ready to neglect personal interests in order to achieve a common goal. The intensive growth of information in modern network structures leads to the fact that specialists are unable to analyze the sources published on their subject. This leads to the demand for expert systems of specialists based on technologies of "collective intelligence" (The birth of collective intelligence ..., 2014). New network technologies provide an opportunity to create specialized professional associations within the network structures of the global level, using synergistic principles of self-organization. Such networks combine and process, on the basis of artificial intelligence technologies, the currently available stock of knowledge and heuristic ideas produced by specialists included in such a network. Automated search engines are able to find structure and correlate the necessary information necessary to solve a specific problem. Professional activity becomes impossible without the use of such networks. The system monitors the contribution to the solution of a common problem of each participant, performs ranking depending on the ability to fit into the team and contribute to the solution of a particular problem. It is based on activity in the network and contribution to solving common problems that the status growth of a member of the network community depends.

There is an objective need to merge this kind of smart grids into larger structures in order to enhance their intellectual capabilities. Potentially available knowledge and its carriers can create a single system, which is called collective intelligence (Gloor, R., 2017; Mulgan, G., 2017). Thus, a contradiction arises between the possibilities of orienting certain structures of modern society towards the ultimate individualization in education and the need for collective forms of creativity.

### **3. SOCIO-ANTHROPOLOGICAL RISKS OF DIGITALIZATION OF EDUCATION**

Digitalization processes allow converting any parameters of a person's and organization's activity into digital. On the one hand, this makes it possible to trace dynamics, identify growth trends, and conduct comparative analysis based on various ratings. At the same time, standardized ranking systems do not allow capturing the versatility of the educational process, the flexibility of human activity, which leads to distorted and often unjustified conclusions about educational processes. The famous American mathematician K. O'Neill in his book "Murderous Big Data. How mathematics turned into a weapon of mass destruction" (O'Neill, K., 2018) shows with vivid examples how the use of formalized ratings in the United States led to the layoffs of many talented teachers, and personnel machinations of a university in Saudi Arabia allowed him to enter the top ten universities the world. A serious danger is the tendency to minimize or even eliminate the human factor in assessing the knowledge of schoolchildren and students (Chetverikova, O.N., 2020, pp. 156-157). The pedagogical community is actively discussing the initiative on the need to cancel all exams with the student's electronic biography, in which, throughout his life, starting from school, all aspects of his educational activity, answers, grades, absenteeism, participation in circles and olympiads, etc. are recorded in the system. .P. Based on the processing of these data, a final assessment is derived, which has an average value, about the degree of its preparation. In the future, already at the university, this biography continues to expand. This does not take into account side factors, emerging force majeure, social and cultural context, etc. It is no coincidence that this approach is assessed as an attempt to organize totalitarian control and leveling the human factor (Chetverikova, O.N., 2020). The risks of totalitarian control over a person are also associated with the active development of a new communication environment - Neuronet, based on new neurocomputer interfaces, virtual reality headsets, and the use of elements of hybrid intelligence. For such a complex system, it becomes possible to analyze the user's emotional state (Goleman, D., 2013), his unconscious reactions to certain stimuli and, ultimately, the creation of "exocortex" technologies, representing an external map of the human psyche, which is actively involved in learning (Ababkova M. Yu., 2019). Connection to an integrated communication system of virtual voice assistants, such as Siri, Alice, Cortana, etc. based on self-learning computer neural networks makes it possible to control and direct the process of socialization. Starting from childhood, the choice of fairy tales, cartoons, and topics for conversations can be carried out purposefully. In the future, this may lead to a deepening of the already existing risk of inequality, now not only in access to material goods and digital technologies, but also in an orientation towards acquiring knowledge. A significant part of the new generation will receive information in a ready-made, already packaged form and will not seek to find a new one. However, according to the authors of the ambitious project "The Future of Education: a Global Agenda", this is a natural process. From their point of view, "new human material" arises: "the proportion of students who do not see any special value in education and have no particular interest in the content of the educational process is increasing" (Global Future ..., p. 7). To attract them to the educational process, it is necessary to compete with the media, which ultimately leads to the gamification of the educational process. In this regard, a non-creative, zombified majority is formed, capable of assimilating only "package solutions". The second category is "the conscious part of students who are looking for their own path and understand the meaning

of self-development." For this potential elite, all conditions must be created that can be created only in the most developed countries (Global Future 2045). Total digitalization, which provides quick access via smartphones to prepared "package solutions", potentially leads to the establishment of a kind of "educational imperialism", which sets the demand for new types of competencies and new forms of training. Since new digital technologies, according to the authors of the report, are transnational and transcultural, i.e. are able to penetrate everywhere, it is necessary to create and implement new educational forms, provided that the old ones are destroyed, the standard versions of which are the forms developed by the countries of the so-called North. Standardized "packaged" solutions are being prepared for developing countries. Digitalization processes within the framework of the fourth industrial revolution (Schwab, K. Davis, N., 2018) also create specific risks of losing connection with the natural world and replacing it with an artificial one (Kutyrev, V.A. 2015). In education, augmented reality pitchforks are gaining increasing importance (Ababkova M.Yu., 2019), which leads to a loss of understanding of the borderline between the real and virtual worlds. Already now there is a big problem of selecting information, separating it from pseudoscientific and fake information (Samartsev, O.R. 2020). Modern digital technologies make it possible to simulate any type of reality, create virtual personalities (Skorodumova, O., Matronina, L., & Skorodumov, 2017), imitate science and substantiate the most extravagant ideas. The widespread use of MOOCs in the modern educational environment as open online courses, on the one hand, provides access to high-quality resources. However, on the other hand, it creates a danger in the pursuit of attracting customers, and since obtaining a certificate is usually payable, falsifying the submitted material by presenting it in a fun way, sometimes having nothing to do with science. The orientation towards education as a commercial service, which must be imposed on the consumer in any way, using such new approaches as neuromarketing (Ababkova M.Yu., 2019), leads to the threat of devaluation of the information content of many such courses. The policy of gradual abandonment of the teacher as a mentor, which is openly stated in the report on the project "The Future of Education: a Global Agenda" blurring the line between reality and virtuality. We can agree with V. Kutyrev that technological progress should not lead to human regression.

#### **4. SOCIAL AND CULTURAL PROBLEMS OF DIGITALIZATION OF EDUCATION**

The implementation of digitalization of education allows us to remain at the forefront, providing science, technology and production with qualified personnel. At the same time, it is necessary to resist attempts at extreme globalization of this process, based on the policy of neoliberalism and the ideology of transhumanism. It is extremely important, on the basis of cultural and national specifics, to create barriers for manipulating the socialization of the individual, leading to extreme individualization, the destruction of any ties in the educational process to the national and cultural identity of the country. Passion for the pace of digitalization often does not allow realizing the significance of this factor. Although there are positive examples. Virtual assistant Alisa trained on the texts of Russian classical literary works. Unfortunately, the significance of this approach is not fully understood. The importance of the teacher's personality is also often ignored. Projects of replacing him with a virtual tutor carry tremendous destructive power. At the same time, in our opinion, harsh criticism of technocratic transhumanist projects will make it possible to find balanced decisions that will provide Russia with an independent and worthy place in the digital world. The study showed that the digitalization of the education system is due to an objective need associated with the development trends of a networked society and the fourth technological revolution. At the same time, socio-anthropological risks were identified associated with the absolutization of the possibilities of new information technologies. Extreme individualization of the educational process, ranking of students based on big data and emotional artificial intelligence can lead to the disintegration of social ties and

the atomization of society. Further strengthening of inequality is unacceptable: the division of students into a creative elite and a zombie mass capable only of consuming clichéd packaged information. There are real threats of manipulating learners in the process of socialization by virtual voice assistants based on self-learning neural computer networks. The filling of their content should be controlled by both the public and government agencies. It is inadmissible to replace a real teacher with a pronounced worldview and value position with virtual mentors. These measures can reduce the risks of total control over an individual by corporations developing intellectual programs of a new generation. The approach to the educational process as the sale of educational services, its assessment mainly from the standpoint of economic efficiency, calls for special discussions. It is extremely important to preserve ties in the educational process to the cultural and historical context, historical memory and moral values. It is important to cultivate a respectful attitude towards the natural environment, towards living things as the highest value.

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## INCLUSIVE TOURISM AS A WAY OF SOCIALIZATION OF TOURISTS WITH DISABLED HEALTH OPPORTUNITIES

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### **ABSTRACT**

*The article contains a description of the essence, main direction and content of the development of inclusive tourism in Russia and abroad. Object of research: inclusive tourism in the system of tour operator activities. The subject of the research is the specifics of the development of inclusive tours in the activities of tour operators. The purpose of the study is to determine the specifics of the development of inclusive tours in the activities of tour operators and to identify the value of inclusive tourism as a tool for the socialization of persons with disabilities. The main problems of the life of persons with disabilities are revealed, statistical data on travel companies working with the contingent with disabilities are analyzed. The forms and structure of the organization of inclusive tourism abroad are revealed.*

**Keywords:** *inclusion, accessible environment, barrier-free environment, persons with disabilities, tourist*

### **1. INTRODUCTION**

One of the key principles of the UN Convention on the Rights of Persons with Disabilities is the principle of equality of opportunity, full and effective involvement and inclusion of persons with disabilities in society on an equal basis with others. In its broadest sense, inclusiveness means the ability of people to participate in different aspects of life - culture, art, daily life, travel - regardless of their status, age, background, gender and health status. If we turn to Western sources, tourism for people with disabilities is often referred to as accessible tourism and is a complex of tourist services, including architectural, transport, informational and financial accessibility (Borisenko., 2016, pp 3191–3595). In 1991, the UNWTO General Assembly adopted a resolution “Creating opportunities for tourism for people with disabilities in the 90s. In 2005 in Dakar, such tourism was called “tourism accessible to all” (Bavel'sky, Zorin & Seselkin, 2012, pp 2-5). This term is enshrined in many international regulatory documents. A barrier-free environment is an international principle enshrined in such documents as the Convention on the Rights of Persons with Disabilities, the Standard Rules for the Equalization of Opportunities for Persons with Disabilities, adopted by a resolution of the UN General Assembly. Broadly speaking, a barrier-free or accessible environment is a space that creates an easy and safe environment for most people. The main legislative acts do not use the term “barrier-free environment” (Davydova, 2016, pp 247-250). The term “availability” is introduced instead. A synonym for the terms “barrier-free tourism”, “accessible tourism” is “inclusive tourism”. A review of the literature allows us to conclude that "inclusive tourism" is a type of tourism activities that includes the availability of outdoor activities for people with disabilities and ordinary people, as well as carried out by them together. Disability is a social phenomenon that no society can avoid, and each state, according to its level of development, priorities and opportunities, forms social and economic policy in relation to disabled people (Kropotova, Petrova & Kuttyeva, 2015, pp 89–93).

## 2. METHODS

Object of research: inclusive tourism in the system of tour operator activities. The subject of the research is the specifics of the development of inclusive tours in the activities of tour operators. The purpose of the study is to determine the specifics of the development of inclusive tours in the activities of tour operators and to identify the value of inclusive tourism as a tool for the socialization of persons with disabilities. To achieve this goal, the following tasks were solved during the study: a comparative analysis of the requirements for the activities of tour operators in the development of inclusive tours in Russia and abroad was made and the project was presented as a set of measures to facilitate the organization of inclusive tourism activities. To solve the tasks, the following research methods were used in the work: system analysis; modeling; method of expert assessments and opinion polls (Babkin, 2008, pp 251–252). The information base of the study was the regulatory documents of the Russian Federation, data from the state program "Accessible Environment", the UN Convention on the Rights of Persons with Disabilities, Moscow City Tour guidelines, materials of scientific conferences, seminars, various scientific publications on the topics under study, reference and information publications, official corporate Internet sites, as well as the results of the analysis and other materials.

## 3. RESULTS

If you ask a disabled person where he is resting, you will most likely hear the same answer - in a specialized boarding house or sanatorium. And not because people with disabilities like most of all to relax in these places, but simply because there is almost no alternative. Today, there are practically no specially equipped tourist complexes ready to accept disabled people, or their cost does not allow them to be used by a wide range of the population. The situation with children's inclusive tourism is difficult. Many parents of children with disabilities would prefer that their children rest not only in sanatoriums, where they are treated as sick and focus on their diagnosis, but also as ordinary children who need new experiences, communication and development. Inclusive tourism is a process of tourism development, which implies the availability of tourism for everyone, in terms of adapting the infrastructure of tourist centers and tourist display facilities to the various needs of all people, including people with disabilities and their families. Inclusive tourism can only develop if the objects of the hospitality and tourism industry meet the principle of "accessibility and convenience for all" (Kryukova & Khetagurova, 2020, pp 2.). Due to the growing population on the planet, the number of people with disabilities is also growing. There are various types of barriers for organizing tourism for disabled people: internal, external and communication barriers. Internal barriers are the result of the individual level of a person's physical, psychological and cognitive functions. Environmental Barrier - Includes attitudes towards people with disabilities, architecture, environmental conditions, transportation, economic elements, rules and regulations. Communication barriers are the result of interactions between people and their social environment. Tourism is part of a broader social relationship. Tourism helps to eliminate feelings of loss of dignity, inferiority and integrates into society (Arsen'yeva, Kuskov & Feoktistova, 2005, pp 12).

*Figure following on the next page*



Figure 1: The main forms of life of children with disabilities in the process of inclusive activities

The demand for affordable tourism is growing all over the world, and in Russia it is just beginning. Basically, these are individual firms, projects, adaptation of individual display objects, which are located in large cities of the Russian Federation. It should be noted that there are still a number of problems in this issue on the domestic market of tourist services, of which:

- inaccessibility of the environment (tourism facilities, roadside infrastructure, transport, finance, etc.);
- customers' fear of imminent discomfort due to disabilities, mobility, or cognitive disabilities in people with visual impairments;
- unavailability, incompetence of tourism industry specialists in matters of the peculiarities of services for disabled people, veterans, families with small children;
- lack of interagency cooperation.

Tourism is a unique phenomenon for the rehabilitation of people with disabilities, it includes both the cognitive process and makes it possible to bring a person to full-fledged socialization, which occurs throughout life. The main forms of life of people with disabilities in the process of inclusive activities are shown in Fig. 1. Inclusive tourism is a multifunctional leisure activity. It is advisable to consider it as a direction of social and cultural rehabilitation. Inclusive tourism performs the following functions:

- a compensatory function that contributes to the realization of personal potential that is not in demand in everyday, social, work and family life;
- developmental function, which is realized through enrichment of horizons, active knowledge of natural phenomena, traditions, physical, emotional and spiritual and moral development of the individual;
- a communicative function that contributes to the establishment of new social contacts, friendly and business ties, overcoming the monotony of life;
- hedonistic function, which contributes to the formation of a positive psychoemotional state, an increase in psychological security;
- rehabilitation function, which contributes to the restoration of human resources, prevention of psychosomatic diseases, maintaining physical fitness and health;
- an adaptive function, which is based on the fact that tourism is a complex means of adaptation by overcoming the social lack of demand, activating personal potential and maintaining a positive attitude towards life.

The six main functions highlighted indicate the multifunctional possibilities of inclusive tourism (Kryukova et al, 2018, pp 438–447).

But despite the great opportunities for the development of inclusive tourism in Russia, a number of problems can be identified, among which I would like, first of all, to note the underdeveloped infrastructure; low level of services and poor quality of accommodation and lack of a barrier-free environment for disabled children (Radygina, 2013, pp 213–218). The issues of acclimatization, adaptation, disclosure of the causes of the development of diseases and the use of natural factors are of great importance at the present stage. Methods for assessing natural conditions for each type of disease are gaining in importance. Therefore, three main directions of socio-natural-resource assessment are needed: psychological, physiological and technological. For technological assessment, it is important to develop innovative pedagogical technologies. For a psychological assessment, it is necessary to take into account the emotional and aesthetic impact of the landscape on a person, to determine the importance of the emotional component for strengthening the health of persons with disabilities. For a physiological assessment, the degree of comfort of natural conditions is of paramount importance. For the development of inclusive tourism, a comprehensive scientifically grounded assessment of the suitability of territories for people with various types of diseases is required. The natural environment has a great physiological and psycho-emotional potential. In the natural environment, persons with disabilities, especially children, can receive psychophysiological therapy, aesthetic and ethical perception, and scientific and cognitive function. Thus, inclusive tourism in Russia, its theoretical and methodological foundations are under development. In this regard, it became necessary to conduct scientific and experimental psychological and pedagogical research on the impact of inclusive tourism on persons with disabilities, taking into account various types of diseases and the selection of individual programs. The project under consideration is a set of activities that promote the organization of inclusive tourism activities. The target group of the project is families with disabled children, orphans with disabilities of various etiologies. Those in need of social adaptation, integration into the system of social relations. The project team consists of specialists in the field of training in the field of tourism and hospitality and managers of the tourism industry. Within the framework of the project, inclusive tours have been developed along routes adapted to a specific target category, taking into account the cognitive abilities of people with visual impairments, hearing impairments, and the needs of people with limited mobility. In addition, inclusive education services are offered, allowing target groups to gain versatile knowledge and historical information about their native land in the form of conversations, quests, and master classes. Within the framework of the project, an accessible environment is created according to the principle of "reasonable accommodation" - the use of special vehicles and equipment, situational assistance, the financial costs of the target groups are minimized. The project team developed and tested three routes composed of educational modules: "Ecological trail", "Inclusive world", "Local history". Routes are formed on a constructor basis based on the group's preferences. The result of the project is the organization and testing of a systematic approach in the direction of social tourism, the development of new routes, their inclusion in the map of the availability of tourist services in the Moscow region for special tourists, assistance in social integration through tourism activities of disabled children and their families in need of social assistance, the formation of teams of volunteers; and support for domestic tourism. Tourotherapy is one of the most effective means of sociocultural habilitation. Learning the diversity of the world, the significance of historical monuments and the greatness of spiritual shrines, getting to know the system of traditional family values, the history of the native land, his family, gaining ecological knowledge, comprehending his origins, a child, often concentrated on his problems, diseases, anxieties, realizes himself as a part of the universe, harmonizes, distracts from negative emotions, finds motivation for active activity and a healthy lifestyle.

#### 4. DISCUSSION

Inclusive tourism can be implemented in various forms: both with direct visits to tourist sites, and remotely. For people with limited mobility, virtual tourism is most relevant, which enables children with disabilities, thanks to modern technical means, to visit the sights of both Russia and world tourism centers, as well as expand the circle of their social contacts (Chetina & Zyryanova, 2015, pp 115–122). Unfortunately, inclusive tourism is not developing as fast as we would like, and not in all countries. There are, of course, expensive hotels that have special equipment and facilities for people with disabilities. Since this is an important condition for obtaining the appropriate category of hotels, assignment of the next "star". But financially, for most people with disabilities, this is not the optimal solution to the problem. If we turn to the world experience in the development of inclusive tourism, the experience of Spain is interesting. In particular, Barcelona has a corresponding server for inclusive tourism, where you can find excursions available to tourists with disabilities with different health disabilities, and you can also learn more about how transport works, find hotels with adapted infrastructure and highly specialized services for people with disabilities. health opportunities, order a tour along the route that is available to people with limited mobility, watch video material in sign language (Ceballos Lascurain, Hector, 1984). Similar sites operate in the UK. Ground transportation is adapted to individual needs, museums offer interesting and convenient tourist programs, and even an individual specialized tourist operator Tourism for all functions (Kuzhel, 2019, pp 47-48) Berlin is another example of a city adapted to the development of inclusive tourism. There is a special website in Germany where you can find the appropriate travel programs for people with limited mobility. There is also a section of affordable and inexpensive hotels, cafes, supermarkets. In addition, there is a section where you can find information about museums, events in the city with inclusive access for everyone, and a free application that will help you choose the best route (Kropivenko & Pavlov, 2016, 100–104). The theoretical and practical foundations for the development of inclusive tourism in foreign countries are also presented in the Czech Republic, France, Hungary, Israel, the USA, Australia and China (Ceballos Lascurain, Hector, 1993). In Russia, a barrier-free environment for the development of inclusive tourism is intensively developing in Moscow (National Center for Tourism for Disabled People "Invatur" and "Agency WELL"), St. Petersburg ("Liberty") and Sochi. In other cities, elements of the emergence of inclusive tourism are noted (Anikeeva, Anisimova, 2011, pp 14–20).

*Table following on the next page*

City name	Barrier-free country	Adaptation of infrastructure elements	Types of tourism
Moscow	National Center for Tourism for Disabled People "Invatour" and "Agency WELL" All elements of the tourist infrastructure have been adapted	30 %	Cultural and educational, health and wellness
St. Petersburg	"Liberty" All elements of the tourist infrastructure have been adapted	30 %	Cultural and educational, health and wellness, intellectual
Sochi	A barrier-free environment has been created with the adaptation of all elements of the tourist infrastructure	60 %	Cultural and educational, health-improving, Paralympic committee
Saratov	All elements of the tourist infrastructure have been adapted	5 %	Cultural and educational
Republic of Adygea	All elements of the tourist infrastructure have been adapted	5 %	Cultural and educational
Republic of Tatarstan	All elements of the tourist infrastructure have been adapted	5 %	Cultural and educational
Republic of Karelia	All elements of the tourist infrastructure have been adapted	4 %	Cultural and educational, ecological
Khanty-Mansi Autonomous Okrug	All elements of the tourist infrastructure have been adapted	5 %	Cultural and educational, ecological

*Table 1: Development of inclusive tourism in the Russian Federation*

B In the international practice of inclusive tourism, several forms of development and construction of a tourist product are used:

- independent travel of persons with disabilities;
- with the involvement of accompanying family members, guardians or friends;
- with the involvement of accompanying volunteers or accompanying persons. paid by charities;
- travel with people who are attracted as an escort for a tourist with disabilities at much lower prices.

Although the most common option is the option of being accompanied by family members, it is becoming more and more attractive to travel together by groups, divided into pairs, where one of the tourists accompanies the other with some form of restrictions. This practice is economically beneficial both for accompanying persons who receive discounts on tours, and for families of persons with disabilities, since they do not have to pay for two tours: for a tourist with disabilities and his relative. In addition, it is common practice to use one escort for several tourists. As a rule, such forms of escort are used if tourists with disabilities are able to perform most of the actions on their own. The type of tourist is selected depending on the impaired functions of the tourist, his personal interests, desires, financial capabilities and expected rehabilitation results. An innovation in the world is children's inclusive camps, the experience of creating them is small, but effective. An example of the creation of effective children's inclusive camps abroad is Armenia, Belarus, Latvia (Borisenko-Klepach, 2016, p.12–13). The practice of organizing inclusive shifts in Russia is also no less successful. The current regulatory framework obliges children's summer health institutions to comply with the established requirements in federal laws, the Civil Code of the Russian Federation (Lapochkina, 2016, pp 55–61). The activities of such institutions should be carried out in accordance with the requirements of national standards and legislation.

Changes in legislation that took place in 2015 allowed children with disabilities to rest in regular camps on an equal basis with children without health limitations (Mosalev et al, 2018). Inclusive shifts began to appear, which are showing successful results. Events are no less important element of inclusion. In 2016, the Inclusive Practices Portal was created, which forms a single inclusive environment and covers all events held in the country. The children's tour operator "Mosgortur" has developed a number of methods and practices for organizing inclusive shifts. The state autonomous cultural institution of the city of Moscow "Mosgortur" is the largest organizer of full-cycle children's recreation in Russia. Mosgortur is the author of healthy recreation programs, the methodological content of which is aimed at the intellectual and personal development of the child. Since 2015, Mosgortur has been conducting inclusive shifts in children's health camps, and since 2016, it is responsible for organizing children's recreation under all preferential programs of the Moscow Government. The organization of an inclusive shift should start with determining the target audience of children on vacation. The purpose of the selection of children is to ensure that the children are ready to meet and live together in the shift with children with disabilities, as well as the awareness and consent of parents for their children to stay in the camp.

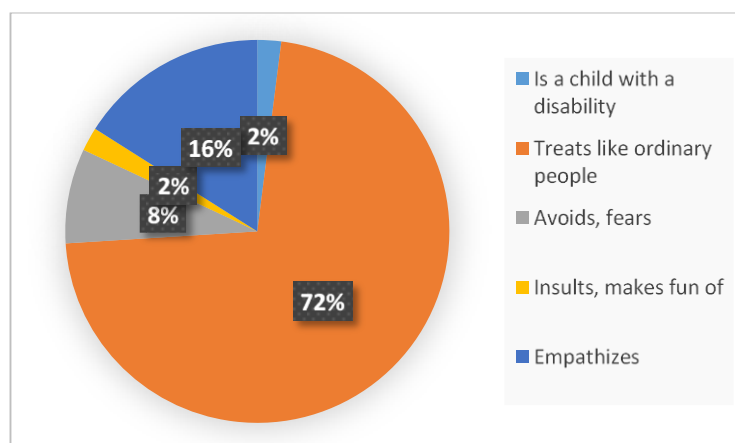


Figure 2: Attitude of children to children with disabilities

Having conducted a study of the interest in inclusive change in the camp, we can conclude that the environment is ready to accept children with disabilities. Data collection was carried out through social networks using a questionnaire, the sample consisted of 60 respondents, including 40 parents and 15 students, 5 children with disabilities. The research results are shown in the figure 2. Taking into account the social orientation of the internal policy of the state, the Russian Federation has recently begun to pay more attention to the issues of inclusive tourism for children (Khetagurova et al, 2018, pp 204–206). In September, on the website of the Public Chamber of the Russian Federation, at the initiative of the Commission of the Public Chamber of the Russian Federation on an accessible environment and the development of inclusive practices, the Center for Sociocultural Rehabilitation of Diana Gurtskaya, the All-Russian Organization of Parents of Disabled Children, a survey of parents of disabled children was launched on the topic: "Inclusion in children's recreation: barriers and ways to overcome them". The survey was conducted within the framework of the project "Formation of an inclusive environment for children with disabilities in children's camps and centers." The goal of this project is to create conditions for inclusive shifts in children's recreation organizations, including in the All-Russian children's centers "Artek", "Orlyonok", "Smena", "Ocean" and a rehabilitation center for orphans. The objectives of this sociological survey are: to assess the degree of awareness of parents of disabled children about the possibilities of inclusive recreation in the Russian Federation; assessment of the willingness of parents to send their



children to a camp that implements programs of joint (inclusive) recreation for children; preparation of a guide for disabled parents "How to collect and take a child to the camp?" identification of regulatory requirements that impede the development of inclusive recreation; development of a checklist for the availability of the environment of a children's camp or recreation center for disabled children. The results of the survey were summed up at the seminar-conference "Problems and prospects of the formation of an inclusive environment in children's camps and centers" following the results of the inclusive session "Impulse of creativity".

## **5. CONCLUSION**

Nowadays tourism has become one of the most important elements in the lives of thousands of people around the world. Increasing attention is paid to the problems of ensuring the rights of persons with disabilities, their integration into society. One of the priorities of the social policy of many countries, including Russia, in accordance with the principles and norms of international law, is to create opportunities and conditions for disabled people and other people with limited mobility to participate in the life of society on an equal basis with other citizens, increase the level and quality of their life. On the basis of the Convention on the Rights of Persons with Disabilities, various countries have adopted programs, the main direction of which is the integration of people with disabilities into modern society, for which it is planned to create the infrastructure of cities necessary for the free movement of people with limited mobility. Providing opportunities for recreation and tourism will play an important role in the integration of this category of the population into modern society. It is tourism that is one of the most important methods of socialization of people with disabilities, promotes their integration into the life of society, develops their skills, abilities and various competencies. Recently, the organization of tourism is acquiring a more perfect form, more and more people with disabilities can spend their leisure time in various travels, trips, in rest homes, sanatoriums, etc. The social significance of inclusive tourism through some functions should be highlighted: educational, sports and others. It should be noted that inclusive tourism is an important part of the social integration of disabled people and their rehabilitation, the result of which is the preparedness of disabled people for free interaction with society, on the one hand, and the reciprocal readiness of society to accept people with disabilities. Measures for the social integration of disabled people are carried out at all levels of state levels, from the highest - federal, ending with local government bodies. Based on the material considered, we can conclude that inclusive tourism is of particular importance for the development of both society and the state, it is difficult to overestimate its social functions, civic and humanitarian importance, while the concept of inclusive tourism and its practical implementation corresponds to the goals of the tourism business. , which is associated with the growing activity in the field of creating an accessible, barrier-free environment in accordance with the UN Convention, its ratification in Russia.

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# THE ANALYSIS OF MARKET POTENTIAL OF ADDITIONAL VOCATIONAL EDUCATION SERVICES OF RUSSIAN UNIVERSITIES

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## **ABSTRACT**

*The need of “marketing” or promoting educational services has come on the foreground for most Russian universities due to current significant demographical decline which intensified competition in the sector of higher education. Even high-ranked institutions face the challenge of recruiting the desired target customers and promote their programs utilizing different marketing techniques and resources. The complexity of the problem is also determined by such factors as the reduced funding; the growth of the importance of international and national rankings; increased competition at the regional, national and global markets; pandemic conditions and other social challenges. Effective positioning in the market place can be viewed as a source of new opportunities, as well as a challenge, not easy to cope with in some cases. Most universities strengthen their additional vocational education services as a highly competitive tool and potential sector of enhancing effectiveness in promoting educational services in the Russian market. The paper aims at the analysis of a potential source of additional vocational education and measures that should be implemented to support Russian universities to better market themselves in a national dynamic and competitive market place of higher education.*

**Keywords:** *service sector, additional vocational education, marketing of educational services, marketing strategy of higher education institutions*

## **1. INTRODUCTION**

In Russia there are more than 10 000 registered organizations providing additional educational services for adults, 2 000 of them are licensed providers of additional vocational education and training programs for specialists [4]. The implementation of additional vocational education services (AVES) is a competitive market in which each player chooses specific niches or segments and is actively competing. A survey of the heads of AES organizations [16] showed that most respondents (93%) feel strong competition in this sector, and 40% consider it quite intense. In this regard, 82% of organizations conduct marketing research of AVES in specialized segments. According to the respondents, the most tangible competition is observed with higher educational institutions (59%), additional educational organizations (55%) and corporate training centers (35%). Research agencies do not constitute much rivalry. The most significant competitive advantage is a strong collaboration and cooperation with business, which has become a common practice. Most often, AVES agencies employ field specialists as teachers and lecturers (72%). 58% of AVES organizations enhance collaboration with business in curriculum and program design and 41% of them implement field trip or internship programs [21]. The majority of heads of AVES organizations (80%) note the competitive incentives of hiring highly qualified teachers with practical experience, which contributes much to the development and modernization of additional vocational education programs (AVEP) and their customization to the needs of the consumers. It also contributes much to raising attractiveness of the educational institution in the target market [12]. A characteristic feature of the AVES market is flexibility in meeting consumers’ needs, as well as frequency of upgrading the software package. Over the past three years, the content of more than half of the programs has been revised, and quite often the initiators of this process are the consumers of educational services, both individual and corporate ones [3].

In general, the AES market in Russia is growing both in financial and physical terms, or in terms of the number of students and academic hours. Such rapid growth is determined by the following factors [2]:

- inconsistency of basic professional education with the demands of the labor market;
- legally enshrined obligation to improve qualifications for employees in such sectors as education, healthcare, public procurement, security, audit, civil service, etc.;
- development of the format of online education, which makes it possible to receive in-service education, i.e. without interrupting work and changing place of residence.

In 2018, the AVES market in Russia raised up to 104 billion rubles [2]. There is an upward trend in 2019. Almost half of it is by the funds of legal entities (48-49%). They are followed by budgetary sources at all levels (27-30%) and funds of the individuals (15-20%). It should be noted that distant training formats are firmly entrenched in corporate education. Thus 70% of companies use both online and offline training. The global training funds equal \$ 190 billion in 2018 and will grow to \$ 300 billion by 2025 [20]. Market growth in the coming years will be driven by increasing demand for cost-effective teaching methods and technologies in the corporate and academic segment.

## **2. METHODS**

In this paper, the author uses a systematic approach to analyze different instruments for promoting educational services of higher education institutions through strengthening and developing additional education programs, consider the current state of this issue in Russia and look at what difficulties may arise at various levels when the university attempts to implement its marketing strategy.

## **3. RESEARCH**

The analysis of different official sources, related to AVES provision in Russia, shows that since 2016, the market has slightly grown by 3% in terms of the number of customers [3]. Thus, the educational market is relatively stable and the growth in volume in monetary terms is mainly due to the increase in prices or the amount of hours taught. The most consumers of AVES are legal entities or companies and corporations that are interested in updating the skills of their employees (~50%). They order services from large educational organizations with a wide range of programs and courses in a blended learning format. Such institutions target different market segments, therefore, they have a variety of course topics and organize training in both short-term and long-term programs. Small educational institutions are more susceptible to negative economic trends, since they are less well-equipped with financial and other resources. The highly demanded programs of additional vocational education and pre-retirement age for persons of pre-retirement and retirement age will continue to develop within the framework of the National Project "Demography" [14]. More than 500 professional retraining and advanced training programs are offered in 13 areas, full-time or in-service. Surprisingly, the most competitive programs for post-retirement age today are foreign languages and computer literacy courses. Learning foreign languages creates opportunities for memory training, acquaintance with the world culture, fluent communication while traveling and the chance to socialize and make new acquaintances abroad. The second program helps to master computer software, mobile applications, digital devices and the Internet in order to search necessary information, make purchases or payments online without leaving home, use city electronic services, communicate with relatives and friends online, as well as form the basis for lifelong learning using digital educational technologies. According to the data on the actual expenditures of the Consolidated Budget of the Russian Federation and the budgets of state extra-budgetary funds [6], in 2018 the amount of 10 RUB bln was spent from the federal budget and state extra-

budgetary funds on professional training, retraining and advanced training. In 2019 the amount equals 14 RUB bln, its further growth being forecast. In this scenario, the total expenditures on additional vocational education from public sources by 2021 will totally constitute 45 RUB bln. Among the federal state funded projects of AVES the most relevant programs include:

- Implementation of educational programs for vocational education under Education Development Program;
- Human resources management under Innovative Economy Development Program;
- Stimulating innovation: personnel for the digital economy under Innovative Economy Development Program [16].

Within 2020-2024 under the federal project "Human Resources for the Digital Economy", it is required to provide full-time retraining of 270 000 specialists on digital economy competencies, and 10 mln people shall be provided online training on digital literacy skills. Most Russian universities strengthen their AVES sector as a highly competitive tool and potential area of enhancing effectiveness in promoting educational services in the Russian market. According to Rosstat data [8], the total income of universities from the implementation of AVES in 2018 amounted to 28.4 RUB bln, in 2019 - more than 30 RUB bln. 94% of it is related to state universities. The geographical structure is dominated by Moscow - 41% of the total income. In terms of total income and the number of students enrolled in additional education programs, the high-ranked are the Russian Presidential Academy of National Economy and Public Administration under the President of the Russian Federation, the Higher School of Economics and Lomonosov Moscow State University (including its affiliates) [7]. The latter is leading in the number of implemented online AVES as well [18]. Within the framework of this research, Russian corporate universities are of a particular interest, since they can become partners of state universities providing joint AVEP. Recent studies show that among the global trends and peculiarities of corporate governance development there are the following:

- a) The infrastructure of modern corporate governance is aimed at supporting the implementation of corporate changes, including those related to digitalization;
- b) One of the most important trends is building a full cycle of competence management at the enterprise at the corporate government level;
- c) The importance of collaboration with universities, business schools, colleges and other educational institutions is high [11, 13, 17]. Thus, partnership with universities opens up the possibility of developing corporate training programs as a corporate university can get access to the knowledge of qualified teachers and a convenient infrastructure for the implementation of programs. Universities, in turn, receive a base for research and reputation advantages, which can contribute much to the mutual knowledge development and the exchange of experience, merging theory and practice.
- d) The corporate training segment in the digital space will increase due to greater flexibility and speed of decision-making, as well as immense resources compared to traditional players in the educational market. Its implementation will be possible both through the use of external educational online platforms and through the creation of their own platforms. The most important conditions for the development of the technological component of educational platforms for corporate universities will be the openness of the basic systems for integration and the developer's readiness to support changing standards;
- e) Successful integration into the professional community through participation in associations of corporate universities. In Russia, the platform for building a professional dialogue is the Association of Citizens and Organizations to Promote the Development of Corporate Education of IACS (over 40 Russian and international companies, including Russian Railways, Rosatom, etc.).

Within the framework of the IACS, in particular, the School of Leadership project has been launched for the employees of companies who are responsible for digitalization [13].

However, the Russian corporate education market deviates somewhat from global trends in the following aspects:

- According to the International Laboratory for the Economics of Intangible Assets (IDlab) of the Higher School of Economics, only 2.4% Russian companies have organized corporate universities. For European companies this figure is much higher, i.e. 28%;
- There is no system of mutually beneficial cooperation between classical universities and corporate ones in Russia. The latter act more as competitors for traditional universities, which can negatively affect the effectiveness of the implementation of professional enhancement projects [17];
- From the point of view of creating educational platforms for corporate universities on the Russian market, it seems to be more effective to provide co-branding solutions with leading international or Russian educational institutions on Russian platforms such as Stepik, etc.;
- The strategy for promoting Russian corporate universities is largely based on advertising in social networks, while foreign ones are practically not represented in them, whereas most of the information is posted on their websites;
- Corporate universities abroad are less oriented towards the external market of educational services rather than towards the internal customers [11].

Thus, Russian corporate universities cooperate with traditional universities, buying from them educational services for advanced professional training, and, at the same time, compete with them, providing AVES not only to their employees, but also to employees of partner companies, including customers outside Russia. Almost all market experts confirm the rapid penetration of online technologies into AVES and the transition of most formal AVES to the sphere of mixed education, displacing full-time formats [1, 5, 9, 20,21]. By 2024, up to 30% of continuing professional education programs will be available online. In subsequent years, AVES system will continue to develop and widely spread the model of blended learning, while preserving opportunities for socialization. In 2019, a significant increase in investment fell on companies using gamification in the educational process: its funding doubled over the year, reaching a total of \$ 2.25 billion, with 133 companies [9]. Another \$ 1.96 billion was directed to mobile solutions in education (74 companies) [19]. In light of the increasing popularity of online platforms in the AVES market, it is beneficial to organize cooperation between institutions representing online platforms and universities. According to experts, digital platforms can function effectively within the framework of a traditional university [5, 9]. Partners developing online platforms will provide content and select methods of working with students, while universities will customize content and methodological techniques, involve cooperation of practitioners, representatives of academic society and the customers themselves. The advantage in the emerging market will be given to those companies and universities that develop educational technologies that can integrate into the Scientific and Educational Centers (REC) at the national or international level [1]. This is due to the fact that the businesses participating in the REC will place permanent orders for training employees under the AVES. Funding for such centers will be mixed: partly budgetary, partly raised. The development of digital educational technologies stimulates the administrations of many universities to develop their own additional vocational education programs in new technological conditions. Some experts identified one of the main problems of modern additional education which is the lack of a single marketplace for AVES [9]. As a result, the programs are designed under similar requests of the same customers with no competitive background for their development, with no relevant market study.

Digital platforms would help eliminate such problems and create the most customized programs which will be in great demand and of a great value for business and, as a result, will add credentials to the providing university. It's not surprisingly that implementation of digital educational technologies has become one of the criteria of ranking Russian universities at present [10]. Thus, most universities design their own digital educational environment, including management system, online courses, online tests and other high-quality digital solutions, which contribute much to their high market value.

#### **4. CONCLUSION**

The most relevant source of enhancing market value of Russian universities is the development of AVES as a highly potential sector at a regional, national and international level. The most beneficial is the implementation of programs under the state funding of relevant federal projects, such as Economic Development and Innovative Economy, Human Resources for Digital Economy, or Demography National Project for people of pre-retirement or retirement age. While providing its AVES, traditional universities should make partnerships with corporate universities as their main competitors. Potential areas of cooperation are digitalization programs, the creation of corporate educational platforms, mobile solutions in education, soft skills development, etc. In the coming years, the blended learning model will continue to develop and become widespread in the additional vocational education system. Almost all market experts confirm the rapid penetration of online technologies into AVEP, displacing traditional full-time formats. By 2024, up to 30% of AVEP will be available online. Partner companies can help developing online educational platforms, provide content and select methods of working with target audiences, while universities will customize content and methodological techniques, as well as unite practitioners, representatives of academic society and consumers to better meet their educational needs. In 2019, a significant increase in investment referred to companies using gamification in the learning process. This sphere is extremely promising for the development of AVES. While implementing an optimal strategy for promoting educational services, universities should take into account their operational capacity. At the same time, it is necessary to choose (or develop) the main large-scale and most attractive educational product and start positioning it for a special market segment and in a mixed format, focusing on its differentiation, unique qualities, distinctive properties that constitute a key value for the target audience. The most highly potential segments of AVES in a blended learning format for adults in the national market are language education, corporate training, digital learning, retraining in applied professions, the development of soft skills, cognitive skills, business education. When choosing a key promotion strategy for educational institutions, it is necessary to focus on these facts. As a prerequisite for the effectiveness of promoting AVES can be the placement of demo versions of the courses on the Internet and the development of university educational platform, which will integrate all the potential and enhance the capacity of the university in providing its educational services as well as strengthen its competitive positioning on the educational market.

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## **SELF-DEVELOPMENT AND STRESS TOLERANCE OF FUTURE SPECIALISTS ON SOCIAL WORK IN MODERN CONDITIONS**

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### **ABSTRACT**

*The article deals with the issues of self-development and stress tolerance of future social work specialists in modern conditions. Self-development is considered one of the main steps for achieving success in life, one of the main components that allows you to regulate the well-being of a social worker under stress. As shown by the analysis, future social work specialists revealed an insufficient degree of self-development and stress tolerance. The most effective self-development and formation of students' stress tolerance in modern conditions occurs in the process of using game technologies, the main role belongs to technologies that imitate the conditions of future professional activity.*

**Keywords:** *personal growth, self-development, social work specialist, stress, stress tolerance, subject of activity*

### **1. INTRODUCTION**

The main trend of modern higher education is the most complete disclosure of the creative potential of the future specialist, increasing personal responsibility for the social realization of their own purpose and recognition, as well as for solving specific problems [11,12]. The content of education is determined by what are the requirements of the social protection system itself, what specific knowledge and skills must be formed among graduates in order to meet the requirements of the labor market [3,7 p. 3-9]. The stresses that society is exposed to every day, according to different circumstances, do not allow you to improve your strength, both physical and intellectual, to an absolute extent. The ability to improve and develop yourself is considered one of the main steps to achieve success in life. Self-development helps to be self-confident, have the ability to find a way out of a situation, and not just one, to enjoy life. Self-development makes a person more persistent, stronger, more resilient, constantly working on themselves, forming individual qualities. Stress disrupts a person's concentration, the body begins to weaken, there is a loss of strength, the ability to solve difficulties and gain new knowledge in order to achieve set goals and desires. For a future specialist in social work, it is important to have such qualities as: tolerance, the desire to accept various manifestations of people without irritation and hostility, the ability to manage their own feelings and emotions. It is very important to adapt to new circumstances and be open to change. In a stressful situation, you should use the ability to remain calm, implement your task, find solutions to an established problem, expressing self-control and tact. Stress tolerance is determined by a set of individual properties that enable a person to endure significant loads – emotional, mental, and volitional, which are due to the peculiarities of professional activity. Training specialists in social work for the social protection system is a very relevant topic. The effectiveness of social protection of the population, the social well-being of citizens and society as a whole depends on its solution [16]. The conditions and factors that influence the professional development of a social work specialist impose special requirements on the individual from the society, organization, and professional activity. The process of professional development of a social work specialist is not only the result of development and formation, but also the process of generating new ways of

professional development of the individual. Successful development of competencies occurs if students are active, increase the amount of knowledge in the profession, extracting information from their life experience and communication with classmates, teachers and new colleagues at work. This process makes it possible in the system of modern training to maintain the necessary environment for the full use of personal skills, the ability to create, to form the necessary knowledge, to acquire skills in practice in the profession, to determine their own goals and aspirations [10,14]. Our research is an attempt to generalize about the features of the relationship between self – development and stress tolerance of future social work professionals in modern conditions. Comparing data on testing the self-development and stress tolerance of future social work professionals will help you better understand the main problems they face. Moreover, the data obtained reflect that during stressful situations, the personality of future social work professionals is influenced by the degree of their reaction and experiences, as well as the choice of specific behavior is influenced by factors such as: experience of stressful situations, the number and importance of events, everyday difficulties, as well as personal and environmental characteristics: locus control, achievement motivation level, anxiety level, social support, and self-regulation skills. Self-development is one of the main components that allows you to regulate the well-being of a social worker under the influence of stress. We will be able to assess how self-development acts as a specific mediator in a stressful situation, through which psychological constructs provide self-regulation of individual behavior. The authors admit that self-development is an important component of stress-overcoming behavior in difficult situations, as well as for predicting one's own behavior. The purpose of this study is to identify the relationship between self – development and stress tolerance of future social work professionals. Objectives of the study were: a) to determine the specificity of self-development and stress resistance of future specialists in social work; b) to diagnose the level of self-development; C) to conduct a study of stress resistance of future specialists in social work; d) provide a perceptual evaluation of the type of stress; d) identify the ability to self-development and self-education.

## **2. METHODS**

The study was conducted in 2019 on the territory of Moscow (Russian Federation) at the Russian state social University. This study involved 72 future social work specialists aged 19 to 23 years, who are students of 2-4 courses of the faculty of social work. The work was based on the age periodization of V. S. Mukhina, which distinguishes the intervals of youth age from 15-16 to 21-25 years [17]. In accordance with the purpose and objectives of the study, diagnostic blocks for self-development and stress tolerance of future social work specialists were compiled. The main criteria for selecting methods were the following indicators: the level of ability and readiness for self-development; the type and level of stress resistance of the individual. For diagnostic features of interrelation of self-development and stress resistance of future specialists of social work were used diagnostic techniques: unit 1 included methods of diagnosis features of self-development of future specialists in social work (determination of the level of self-development (ODR); the willingness for self-development (GCS); assessment of abilities to self-development and self-education (OXIS)); block 2 methods of diagnostics of stress resistance of future specialists in social work (a self-assessment test stress (TSS); the perceptual evaluation of the type of stress (POTTS); stress tolerance test (TNS)). The paper uses the method of mathematical statistics of Spearman's rank correlation coefficient.

## **3. RESULTS**

The empirical study involved 72 future social work professionals who, during their studies at the University, once or several times had failures in their future professional activities. The results were presented in two blocks of research.

The results of diagnostics of self-development of future social work specialists showed that 3 students (4.2%) have a low level of self-development; they are characterized by a lack of desire to know themselves, lack of cognitive interest, limited vocabulary in speech, lack of desire to self-develop, a tendency to analyze further actions; 48 students (66.7%) have an average level of self-development; they are characterized by the absence of an established system of self-development, chaotic development of new things, independent self-development and self-education, a slightly more in-depth study of information of interest, not lacking self-improvement skills; the desire to know more about themselves, or, conversely, to have more opportunities for self-development than the desire to know themselves; 21 students (29.1%) were diagnosed with a high level of self-development; they are characterized by in-depth study of information, the need for continuous self-development, a rich variety of speech techniques, high cognitive interest. The results of diagnostics of stress resistance of future social work specialists showed that 6 students (8.3%) had a low level of stress resistance; they are characterized by a desire to compete, may show dissatisfaction with themselves and circumstances, aggression, impatience, constant tension of the facial muscles, fast speech; 67 students (87.5%) were diagnosed with an average level of stress resistance; they are not always unstable to stress, sometimes stress resistance is manifested; 3 students (4.2%) have a high level of stress tolerance; they are characterized by a clear definition of the purpose of their activities, the desire to cope with difficulties independently, the ability to rationally allocate time and the ability to work with great stress for a long time. The results of the study were mathematically processed using Spearman's rank correlation coefficient, which showed that there is a relationship between the average level of self-development and the average level of stress tolerance. The results of empirical research indicate an insufficient degree of self-development and stress tolerance in future social work specialists, which increases the relevance of their development in the process of professional training of a future social work specialist. The main role in this case belongs to technologies that imitate the conditions of future professional activity. Practice-oriented education is a vital task that is based on a good theoretical basis. Applied competencies are most effectively formed in the process of using game technologies, as well as competitive activities during the Abilympics and World Skills Championships, the "I am a professional" competition, and Olympiads. Innovation of the University was the international Championships at the competence of Social work of Abilympics, which is held for professionals with disabilities health, World Skills (the competence of the University has developed and implemented championship for the first time in the world), the contest "I am a professional" all-Russian student Olympiad for specialty "Social work". The competence "Social work" involves the provision of social services and state assistance to citizens. Students should be able to improve the living conditions of citizens and help them to provide for their own basic living needs. Professional activity of a social work specialist includes: identification of circumstances that worsen or may worsen the living conditions of a citizen; planning of actions, selection and implementation of technologies, forms and methods of providing social services; assistance in enhancing the potential and own capabilities of citizens-recipients of social services, expanding opportunities for self-help and mutual assistance; organization of preventive work to prevent the emergence and (or) development of circumstances that worsen or can worsen the living conditions of citizens. Among the competitive tasks should be highlighted video contest on "the Mission of social work in the modern world"; computer testing on core disciplines "Scrabble", where for an hour each participant answers questions; marathon practice-oriented tasks (which law to apply to help a person? What do the signs of accessible environment for disabled people show?); a creative contest where teams present business card numbers [13].

#### 4. DISCUSSION

Describing stress tolerance and satisfaction with their work, Glotova Notes them as a significant incentive for personal development during the student period. At this time, the educational activity gives way to the primacy of labor, and labor activity becomes the leading one. The level of stress tolerance and satisfaction with activities act as qualitative characteristics of the individual, which link its own characteristics and the dynamics of the development of the activity in which the person is involved. This relationship has a twofold meaning: on the one hand, some personality traits affect the degree of satisfaction with the work process, but satisfaction with this activity should also positively affect the personal development and self-development of a person [8]. At the stage of studying at the University, as noted by N. R. Bityanova, the readiness of students themselves for self-development, and their ability to do so, is of particular importance. During the educational process, students continuously develop as subjects of activity. Self-development can lead to personal growth and self-improvement, as well as to deformation or degradation of the individual [6]. If we talk about a person as a subject of self-development, V. I. Andreev characterized such a person as active, capable of resolving contradictions, having inner freedom and a Tendency to boldly enter into new life situations. It is distinguished by a high level of self-regulation, the ability to manage yourself, to show tolerance towards other people. Important characteristics of such a person are also spirituality and the presence of high moral values. The subject is a whole "I", which is actively creative, active, conscious, goal-setting, and self-aware [2]. L. M. Popov defines the psychological organization of a person as a subject that consists of two complexes – intellectual and personal. The personal complex is responsible for the actions of the external plan, and, depending on the situation, causes the actions of the internal plan, which contributes to the development and self-development of the subject [18]. Stress tolerance is included in the group of regulatory characteristics, as G. G. notes. Arakelov, and the ability of each student to self-development also depends on its level [1]. One of the most modern methods of professional development is the "portfolio" method. Its purpose is to bring the student's accumulated experience into the system, to see more clearly the directions of their development, and to learn to more objectively assess the level of their professional development. A similar method is the self-presentation method, during which the student must briefly present basic information about themselves. Such exercises help determine the direction of further self-development [4,19]. An excellent method of stimulating self-development is independent scientific work. The effectiveness of scientific work as a method of stimulating self-development depends on certain conditions, the main of which are: 1) building a system of didactic tools in order to indirectly manage students' independent activities; 2) independent work should be educational and have a proactive character [5]. In the process of performing such work, students increase the level of independence, which in this context is considered as a characteristic of activity and as a personal quality. The individual must set goals for himself, choose ways to achieve them, and take responsibility for his actions. The personality itself comes to certain results, subsequently analyzing them, and carrying out corrective measures to improve the activity [5]. Stress is closely related to a person's emotional responses, and even more so, it has a strong influence on the burnout syndrome in social work professionals. It is worth remembering that its development takes place in stages, and at each stage there are characteristics that characterize it. The Ability to resist the factors that provoke stress, to a large extent depends on the level of stress resistance of the individual. Isaeva writes that the potential to overcome stressful events in life is reproduced in the choice of adaptation strategies of behavior, they are either successful or unsuccessful, as well as the level of development and the presence of adaptive mechanisms play a significant role, both for the life of the individual and for the preservation of mental well-being [9]. Based on the opinions of V. A. Ababkov, as well as M. Perret can say that in standard and everyday activities, the individual has the opportunity to use various behavioral models

aimed at achieving equality between the attitudes of society and individual human desires [1]. If we talk about the level of stress resistance, it can also be increased, there are quite a lot of trainings to increase stress resistance [20]. As for the relationship between stress tolerance and self-development, the first is an integral part of the second, as noted by E. E. Sapogova. The specificity of the self-development of future professionals in social work is that the qualities necessary for self-development of man as a subject of activity, are the basis for this competence, any specialist and also self-development of social work specialist as a person and as a professional must continue throughout his career. Students should learn how to counteract stressful factors so that this does not negatively affect their future work activities.

## 5. CONCLUSION

Modern social education is an open socio-cultural information system that adapts to environmental changes, is ready for innovation and organically perceives the development of the social sphere. It is based on the highest spiritual and moral ideals, deep historical roots and traditions of charity and voluntary charity of the Russian society, on a rich Arsenal of socio-educational and socio-educational practice-oriented developments of previous generations [13]. The global changes happening in today's world and problems that arise in the process of education cannot be resolved only by the introduction of more advanced methods and technologies, and require a re-evaluation of the methodological bases of professional activity, development of a new concept of education, the formation of a new type of future specialists. The main goal of professional education is to train a qualified specialist who is capable of effective professional work in the specialty and competitive in the labor market [3,7]. The study showed that for each person, the ability to self-develop is the main thing in the development of their skills and abilities for successful career advancement. The future social work specialist must be sincere in their relationship with the client, be able to join their emotional life, share their experiences, but a very strong immersion in other people's experiences can negatively affect the physical and mental health of the future social work specialist and provoke a stress reaction. That is why another important quality of a future social work specialist is high stress tolerance, i.e. such a set of personal qualities that allow him to carry significant intellectual, volitional and emotional loads without any harmful consequences for the activity, for others, for health.

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## THE ROLE OF ACCOUNTING IN REDUCING SHADOW ECONOMY IN RUSSIA

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### **ABSTRACT**

*The participation of private business in public procurement as a General contractor for state and municipal needs has contributed to the emergence of an uncontrolled and unregulated sector of the economy that is not usually reflected in accounting. The lack of a regulatory framework, lack of control over the use of material, labor and financial resources in accordance with approved estimates from the moment of competitive bidding to the stage of acceptance of completed works contributes to the formation of the shadow economy.*

**Keywords:** *accounting, control, shadow economy, private property, Federal budget funds, unified reporting forms, control, estimates*

### **1. INTRODUCTION**

Any prudent entrepreneur, implementing the tasks of his business, very carefully calculates the size of his investments, income, expenses and expected profit. If a businessman under standard circumstances of financial and economic activity does not acquire what he created the business for-profit, the search for any ways to achieve the goal begins. This article is not about private investments or loans received by a businessman in banks, but about gaps in the accounting of private organizations that receive Federal budget funds for state and municipal needs. Cancellation from 2013[9] unified accounting forms changed the existing approaches to the formation of primary accounting documents and their use, both in the accounting system and management in General[3]. Participation in public procurement as a performer of contractual relations for state and municipal needs of any legal entity, regardless of its organizational and legal form of ownership, contributed to the emergence of an uncontrolled and unregulated sector of the economy that is not usually reflected in the accounting records. The lack of regulation and lack of control over the organization and accounting of Federal funds from the moment of the bidding prior to acceptance of work promotes formation of economic crime and shadow economy. For a long time, the laundering of "dirty" money, i.e. money obtained by criminal means, was investigated only by financial analysts and Executive bodies, decisions of the legislative power.[1] the shadow economy is understood as a set of operations that contradict the requirements of accounting, taxation, legislation and lead to the appearance of material and financial flows that are not detected by open verification methods. The definition of "shadow economy" refers to economic operations that are outside the official, formal, legally regulated sphere, and not always in the field permitted by law, the task of which is to conceal from the state the income and expenses of an economic entity. The content of the concept under consideration is determined by the nature of the approach used - economic, accounting, financial, statistical, legal, moral, etc. According to Rosstat, the Bank of Russia estimated the amount of money withdrawn abroad in construction in 2017, equivalent to 176 billion rubles, which is 0.9 percent of the country's GDP[18]. Scientists in different countries attach great importance to the study of this problem. Among the most serious studies covering aspects of the shadow economy, we should note the works of Yu. a. Danilevsky, V. O. Ispravnikov, G. B. Kleiner, E. A. Kondratiev, T. I. Koryagina, V. L. Makarov, Yu. y. Rusanov, S. O. Shokhin, and others.

However, a study of the literature has shown that a small number of studies have been devoted to reflecting the role of accounting in reducing the scale of the shadow economy with the participation of private business in public procurement as a General contractor for state and municipal needs.

## **2. METHODS**

A comparative analysis of the distribution of existing construction organizations by form of ownership in the Russian Federation from 2005 to 2017, [12] is based on the hypothesis that the share of private enterprises in the construction market in Russia is 99.16 percent and has been constantly growing since 2005. An analysis of the distribution of existing construction organizations by number of employees and forms of ownership showed that the number of private enterprises with employees up to 100 people is 98.6 percent of the total number of construction organizations, while enterprises with employees from 250 people is only 0.54 percent. However, the specifics of accounting in construction provide for many features, starting with the design of contractual relations. Thus, a full-fledged construction team with a monolithic technology for the construction of buildings made of concrete is considered to be a team consisting of at least 40 people or more, and the profitability of construction equipment is achieved when at least two teams work in one shift of the production cycle. Accordingly, the number of construction organizations in the execution of state orders can not be less than 140 people, including administrative staff, accounting, human resources, production and transport departments, logistics Department of the organization. At the same time, we are not talking about private investments, but Federal budget funds. This makes us think about the reliability of the information contained in the accounting and reporting of organizations that receive taxpayer money. Analysis of the distribution of construction work performed by private organizations showed that the volume of budget funds disbursed by private organizations in 2017 amounted to 6,909,652 million rubles, or 91.5 percent of the total volume of construction work performed. A comparative analysis of the movement of construction workers in Russia in 2017 shows that the number of employees leaving in 2017 exceeds the number of employees accepted by 6.3 percent. The paper uses methods of comparative statistical analysis of the main indicators of construction organizations of various forms of ownership. Analysis of indicators for the period from 2005 to 2017 showed that the degree of depreciation of fixed assets is growing every year, fixed assets are not updated and as of January 01, 2018 is 52.1 percent. A similar situation is observed with retired fixed assets for the same period of time. The share of fully worn-out fixed assets as of January 01, 2018, was 17.7 percent. Within the framework of the provided research, we cannot describe in detail the specifics of these organizations, so we provide data as of January 01, 2020, since official statistics for recent years provide information only on small businesses. There are also no statistics on the number of private enterprises with up to 10 employees, although registered enterprises with an authorized capital of 10 thousand rubles participate as executors of state contracts.. For comparison, in the Hashemite Kingdom of Jordan, just to be able to negotiate with representatives of the state about participation in state construction programs, an enterprise must present a Bank certificate to the state authority that the authorized capital of the participant is at least \$ 1.5 million. The main source of statistical information in the article is the official publications of the Federal state statistics service.

## **3. RESULTS**

Working with figures, external and internal users of accounting information hope to get reliable information on the basis of which management decisions will be made. [20] For example: evaluating the possibility of entering into a contract, monitoring the flow of funds to the Federal budget; the possibility of providing loans and loans; the probability of loan repayment;

assessing the financial prospects of the organization; business management efficiency; adjusting the state's financial policy through the tax system; checking the legality of transactions. Accounting is a set of special methods and techniques for processing information about an organization's business activities, from collecting primary documents to preparing financial statements. How well the state carries out regulation of accounting, so correctly carried out the procedure of documenting business transactions; calculated indicator of the presence of assets and liabilities of the organization; reflects the valuation of accounting objects; calculated the unit cost of products (works, services); correctly reflected the changes in the property of the organization the sources of formation; and grouped accurately reflect the assets of the organization and sources of its formation on a certain date; a reliable system of indicators is formed that reflects the financial position and results of financial and economic activities of organizations of any form of ownership for the reporting period. Statistical information of the Russian Federation is formed on the basis of accounting statements of organizations of various forms of ownership. The entrepreneur goes "into the shadows" mainly because the costs of his business under the existing rules and laws exceed the corresponding benefits and revenues. And participation as executors of state contracts with the authorized capital of 10 thousand rubles is a very interesting idea. Unfortunately, the organization accepts specialists for the position of accountant who do not have accounting knowledge. Standard "Accountant" [7], adopted by the Ministry of labor of Russia in 2014, it remained only on paper. In 2019, the Ministry of labor of Russia adopted a new standard "Accountant"[8], which sets the labor functions of an accountant, requirements for education and training, requirements for practical work experience, and the necessary knowledge and skills. [6] today, the employer tries to hire not an accountant, but an operator with the skills to enter data into the accounting program. The task is to prepare a report to the tax authorities so that they do not close their current accounts and do not interfere with their work. The algorithm for generating accounting data in the accounting program is not able to distinguish between a businessman's personal money and Federal budget money. The operator in the position of an accountant will unquestioningly fulfill any whim of the owner, without understanding the requirements of industry accounting. The basis for reflection in the reporting of the customer and contractor of construction works is the act of acceptance of completed works, compiled on the basis of the log of completed works. The log of work performed is kept at the construction site and is the basis for writing off construction materials and installed equipment. This feature is omitted by accountants, and the management of companies tries to part with accountants who have mastered the industry features of accounting. This is also evidenced by the turnover of personnel in construction organizations, table 5. Acceptance of works is made by the customer according to the physical volume of construction work actually performed, the completeness and quality of technological operations, the quantity and quality of materials and their cost in accordance with the approved estimate. Payment for completed works is made by the customer at the prices at the time of their actual performance. When drawing up work orders for completed works, a monthly report on the consumption of construction materials is compiled in parallel in comparison with the consumption determined by production standards. Only the report serves as a basis for writing off materials for the cost of construction work and comparing the actual consumption of materials with the consumption determined by production standards. The number of materials written off to the cost of construction and installation works is specified by the head or chief engineer of the construction organization. If the foreman made an overspend of materials in the reporting month, he / she submits an explanatory note along with the report on the reasons for the overspend in the prescribed form. Accounting should be carried out only on the basis of data on completed construction volumes in physical terms, taken from the log of completed works, as well as approved production standards for the consumption of materials per unit of measurement.

The volume of types of work performed should be divided into General, departmental and local production standards for the consumption of materials in construction and material consumption standards used only in a separate construction organization. When forming primary documents for accounting for materials for the construction of temporary buildings and structures and works performed at the expense of overhead costs, a separate completion card must be drawn up by the construction organization at the request of the foreman in accordance with the design and estimate documentation. Reconciliation of data on the supply of materials and products should be made quarterly. In identifying the increased volume of work performed, should be corrected to the volume of work performed during the period in which it discovered the overstatement, refined the consumption of materials for scope of performed work. At the same time, materials previously written off for the production of these works should be attributed to the report of financially responsible persons. Savings or overspending of materials for each month is defined as the difference between the actual consumption and the consumption calculated according to production standards. If the amount actually spent on the construction of basic materials more than the number calculated according to the rules and a waste of materials technically feasible or due to production necessity, the cost of construction and installation works will be debited the amount of materials permitted by the head of the construction organization to write off. Technically unjustified overspending of materials is not allowed to be deducted from the cost of construction work. At the same time, each case of overspending of materials, both technically unjustified and justified, should be carefully considered, appropriate measures taken to prevent overspending of materials in the future, as well as measures to bring to justice in accordance with the established procedure persons who are responsible for mismanagement. If the amount of basic materials actually spent on construction work exceeds the amount allowed for write-off, the head of the construction organization indicates which accounting accounts should include the cost of these materials. At the end of the year, the number of materials spent and written off for the cost of construction and installation works, as well as saved or overspent for the reporting year and for the period from the beginning of construction of the object is calculated [19].

#### **4. DISCUSSION**

The structure of revenues and expenditures of the consolidated budget of the Russian Federation and budgets of state extra-budgetary funds in 2019 [11] shows that expenditures on road construction, housing and communal services account for 22.2% of expenditures, excluding expenditures on social and cultural events. Given that the costs of road construction, housing and utilities, and construction are included, we will investigate this sector of the economy.

##### **4.1. The distribution of the applicable building organizations by forms of ownership in the Russian Federation**

Today, the market produces products, sells goods and provides services to enterprises of various forms of organizational and legal forms of ownership. Having considered the distribution of existing construction organizations by ownership in the Russian Federation from 2005 to 2017, table 1, we see that the number of construction organizations with private property as of January 01, 2018 was 99.16%.

*Table following on the next page*

*Table 1: Distribution of existing construction organizations by form of ownership in the Russian Federation from 2005 to 2017 [12]*

	2005	2010	2016	2017
<b>Total</b>	<b>112846</b>	<b>196234</b>	<b>271604</b>	<b>279496</b>
<b>Number of construction organizations</b>				
including by form of ownership:				
state	1877	1203	778	759
municipal	685	530	426	442
private	106834	192165	269548	276944
mixed Russian	2004	775	242	283
other	146	1561	610	1068
<b>As a percentage of the total</b>				
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
including by form of ownership:				
state	1,7	0,6	0,3	0,3
municipal	0,6	0,3	0,2	0,2
private	94,6	97,9	99,27	99,1
mixed Russian	1,8	0,4	0,1	0,1
other	1,3	0,8	0,2	0,3

#### 4.2. Distribution of existing construction organizations by number of employees

The distribution of active construction organizations by the number of employees as of January 1, 2014 [13], table 2, shows the dominance of organizations with the number of employees up to 100 people – 214195 out of 217961, which is 98.27 percent. The distribution of active construction organizations by form of ownership for the same period was: private property 214055 (98.27 percent), state property – 879 (0.40 percent), municipal property 522 (0.23 percent), mixed Russian property – 522 (0.18 percent) and other 2102 (0.96 percent).

*Table 2: distribution of existing construction organizations by number of employees and forms of ownership as of January 1, 2014 [14]*

Distribution of construction organizations by type of ownership	Number of construction organizations, total	including the number of employees, people		
		to 100	101-250	over 250
<b>Total</b>	217961	214195	2254	1512
including by form of ownership:				
state	879	543	211	125
municipal	403	334	45	24
private	214055	211085	1795	1175
mixed Russian	522	377	82	63
other	2102	1856	121	125
<b>As a percentage of the total</b>				
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
including by form of ownership:				
state	0,4	0,2	9,4	8,3
municipal	0,2	0,2	2,0	1,6
private	98,2	98,5	79,6	77,6
mixed Russian	0,2	0,2	3,6	4,2
other	1,0	0,9	5,4	8,3

The distribution of existing construction organizations by number of employees is taken as a basis as of January 1, 2014, since these data are not available in official statistics, so the distribution of existing construction organizations in the Russian Federation by form of ownership is shown in table 3.

*Table 3: distribution of active construction organizations in the Russian Federation by form of ownership as of January 1, 2018 [15]*

	As a percentage of the total amount	including:		
		organizations not related to small business entities	among them: medium-sized enterprises	small business entity
<b>Total</b>	<b>279496</b>	<b>17093</b>	<b>1693</b>	<b>262403</b>
including by form of ownership:				
state	759	759	3	-
municipal	442	442	1	-
private	276944	14541	1622	276944
mixed Russian	283	283	9	-
other	1068	1068	58	-
<b>As a percentage of the total</b>				
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
including by form of ownership:				
state	0,3	4,4	0,2	-
municipal	0,2	2,6	0,1	-
private	99,1	85,1	95,8	100,0
mixed Russian	0,1	1,7	0,5	-
other	0,3	6,2	3,4	-

#### **4.3. Distribution of construction works performed by organizations of various forms of ownership in Russia**

The distribution of construction work performed by organizations of different ownership forms in the Russian Federation as of 1 January 2018 is presented in table 4. As the number of construction work performed by private organizations made up: private property 6809652 mln (91.6 percent), state property – 132927 million rubles (1.8 percent), municipal property 16477 mln (0.2 percent), combined Russian property – 58966 million rubles (0.2%) and other 427890 million RUB (5.6 percent).

*Table 4: distribution of construction works performed by organizations of various forms of ownership in the Russian Federation [16]*

	2005	2010	2016	2017
<b>Total</b>	<b>17544066</b>	<b>4454156</b>	<b>7204234</b>	<b>7545912</b>
<b>Scope of work, million rubles.</b>				
including by form of ownership:				
state	9560134006	154161	153865	132927
municipal	13400	16880	18528	16477
private	1428205	3973772	6518971	<b>6909652</b>
mixed Russian	131544	102833	65169	58966
other	85651	206510	447701	427890
<b>As a percentage of the total</b>				
<b>Bcero</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
including by form of ownership:				
state	5,4	3,5	2,1	1,8
municipal	0,8	0,4	0,3	0,2
private	81,4	89,2	90,5	91,6
mixed Russian	7,5	2,3	0,9	0,8
other	4,9	4,6	6,2	5,6

Analysis of the distribution of construction work performed by private organizations showed that the volume of budget funds disbursed by private organizations in 2017 amounted to 6,909,652 million rubles, or 91.5 percent of the total volume of construction work performed.

#### 4.4. The movement of workers of construction organizations in the Russian Federation

A comparative analysis of the movement of employees of construction organizations in the Russian Federation in 2017 shows that the number of employees leaving in 2017 (56.8 percent) exceeded the number of employees accepted (50.5 percent) for the same period by 6.3 percent.

*Table 5: Movement of construction workers in the Russian Federation [17] (as a percentage of the list of employees, excluding small businesses)*

	2005	2010	2015	2016	2017
Accepted employees	49,0	49,0	43,8	49,2	50,5
Employees dropped out	51,2	49,3	57,3	58,1	56,8

*For 2005,2010 – as a percentage of the average number of employees*

*For 2015-2017 – as a percentage of the list number of employees*

## 5. CONCLUSION

The problem of limiting the shadow economy is not only political and economic, but also social in nature, that is, it cannot be solved with the help of legislative acts alone, since a set of measures-political, social and administrative - is necessary. Measures to increase state financial control and responsibility of management and accounting personnel of economic entities engaged in financial and economic activities are of paramount importance here. Here, long-known measures to increase the role of accounting and control in the state are of paramount importance [20]. State regulation of accounting of private organizations that perform work at the expense of the Federal budget from the moment of competitive bidding to the stage of acceptance of completed works will restrain the shadow economy in the industry.

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## RECOMMENDATIONS FOR THE DEVELOPMENT OF THE TOURISM AND HOSPITALITY INDUSTRY IN THE RUSSIAN FEDERATION: AGRICULTURAL TOURISM

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### ABSTRACT

*Agricultural tourism in Russia is a relatively new and promising area that allows urban residents not only to relax in nature, but also to join the traditional way of life of rural residents. For the latter, in turn, this type of tourism is one of the important sources of income generation. Of particular importance is the fact that rural tourism does not require as much public investment as other types of tourism. Thus, the proposed study focuses on the allocation of the most successful and bright projects implemented in various regions of Russia in several of the most common categories: tourist villages, camps, event events, investment projects, training in the field of rural tourism. The purpose of the study is to analyze the current state and develop recommendations for improving the organizational and economic basis and improving the efficiency of the development of agricultural tourism in the Russian Federation. Object of study: agrarian tourism. Subject of the study: organizational and economic foundations of effective development of agricultural tourism in the Russian Federation. To achieve this goal, the following tasks are set: to analyze the terms and concepts of agricultural tourism; to organize the research methodology and theoretical approaches to the analysis of the development of the agricultural tourism; to reveal the economic and social aspects of development of agricultural tourism in the Russian Federation; to perform the resource base for the development of agricultural tourism in Russia; to summarize the best regional practices of Russia's agricultural tourism; to perform a regulatory framework for the development of agricultural tourism in the Russian Federation; to assess the economic efficiency of agricultural tourism development in the Russian Federation; to analyze the main problems and present solutions to improve the organizational and economic basis for the development of agricultural tourism in the Russian Federation; to develop recommendations for improving the efficiency of agricultural tourism development. The following methods of scientific research were applied to the solution of objectives in work: the Delfi method, questioning, collecting, processing and the analysis of the data obtained from regions of the Russian Federation on successful regional practitioners of development of rural tourism to Russia, studying demand. Information base of a research were works of such authors as: Bogolyubov, V.S., Bugorsky, Accusative, Kolody, N.A., Rusinova, O., V.A. Fedorov.*

**Keywords:** *agricultural tourism, sustainable development, destinations, tourism industry*

### 1. INTRODUCTION

The modern Russian economy undergoes significant structural shifts, one of such manifestations is reorientation of economy of Russia from the sphere of production with to the industry of service and service, in particular the tourism industry. The conditions of the COVID-19 pandemic have strengthened this effect, in particular, the process of developing domestic tourism in Russia has intensified. Currently, agrarian or as rural tourism is often called has gained special popularity.

In this study, the concept of agrarian tourism is embedded in the key concept of "rural warmth," therefore, in the general interpretation for us, Agrarian tourism is one of the forms of tourism aimed at transferring proposals for the movement of buyers from urban to rural territory. It is possible to qualify agrarian tourism as tourism of rural warmth. Agrarian tourism, or as it is called rural tourism, is designed to the fact that a person tired of the urban territory and all the fuss accompanying it strive to get a well-deserved rest, even for a short period of time. So moving to the countryside, the consumer is placed for some time in the countryside and absorbs all its features. Conscious climate change allows the consumer to truly "rest" from the city, working atmosphere and plunge into another, completely unobtrusive atmosphere. Agricultural tourism can be perceived in a narrow and broad sense. In a narrow sense, this is the implementation of various types of activities, for example, sports competitions, health trips and other activities aimed at creating employment for the population of rural areas and attracting the target audience of tourist organizations. In a broader sense, this is a sector of economic activity in the territorial aspect, when a number of other business areas adapt to this type of tourism, in order to provide appropriate conditions for the inflow of new funds to the region's economy. The General list of agricultural tourism services includes: eco-friendly food, accommodation in houses typical of rural type, familiarity with the features of rural life, if possible, work in the village, Hiking for mushrooms and berries. Today, agricultural tourism has many subspecies that are intertwined with other types of tourism:

- agricultural medical tourism;
- agricultural historical tourism;
- agricultural ecotourism (green tourism);
- agricultural sports tourism;
- agricultural educational tourism;
- agricultural tourism;
- folklore agricultural tourism;
- agricultural international tourism.

## **2. METHODS**

The methodology for assessing the rural tourism potential of rural settlements presented in this work was developed in connection with previous studies in this area, primarily made by Rusinova, who developed a rating of the efficiency of using the resource potential of rural communities (Zolotovskiy, 2019, pp. 202-247); Floysand and Jacobsen, who explained approaches to rural commodification (Zdorov, 2017, pp 152-155); and Volkov, who presented strengths, weaknesses, opportunities and threats (SWOT) - an analysis of the work of rural tourism potential in Russia and analyzed the main problems of this industry with special attention to the regions of Russia (Kamenets, 2019, pp. 10-192). Having studied a wide range of theoretical and practical approaches to rural tourism, for the purposes of this study, the main socio-economic implications of rural tourism for sustainable rural development were identified, which are:

- Creating new employment opportunities and alternative sources of income for the rural population;
- retention of economically active population and youth in rural areas, reduction of migration outflows;
- Creation of a market for local agricultural and organic products, local delicacies and handicrafts;
- preservation of natural, ecological and cultural heritage of rural areas.

These parameters are taken as the basis for the development of a methodology for assessing the potential of rural tourism in certain rural settlements. The methodology included six groups of factors: economic, population distribution, environmental, cultural, infrastructural and psychological. The analysis was carried out using the example of southern Russia (North Caucasus Federal District-North Caucasus Federal District). The area was chosen as a model due to its predominance of rural areas, a high proportion of local residents, involvement in agricultural production, the reputation of the tourist destination and unique environmental advantages for the development of rural tourism.

### 3. RESULTS

Proposals for rural tourism development:

1. Improvement of Russian legislation regarding the regulation of activities in the field of rural tourism:

- To consolidate the concepts of "rural tourism" and "agrotourism" in the federal law of 24.11.1996 No. 132-FZ "On the basics of tourism activities in the Russian Federation."
- Amend the federal law of 06.10.2003 No. 131-FZ "On general principles of local self-government in the Russian Federation" in terms of excluding from the list of issues of local importance the issue of tourism development.
- Include the terms "village guest house" and "village estate" in federal legislation.
- Adopt a separate law on rural tourism, taking into account the specifics of rural activities. Introduce tax incentives for owners of rural tourism facilities.
- Legitimize the right of farmers to create tourism services in the countryside (non-agricultural activities).

2. State support:

- Include rural tourism in the areas of state support, develop a subprogramme "Development of rural tourism" within the framework of the state program "Integrated development of rural territories." The most effective development of tourism is possible only within the framework of the integrated development of rural areas.
- Include the Rural Tourism subprogramme in the Sustainable Rural Development FTP.
- Develop a strategy for the development of rural tourism at the federal level with specific activities, indicators and indicators of development as the basis for the preparation of policy documents at various levels, providing for a system of measures to stimulate development; develop regional state support programs; Develop municipal programs aimed at the development of rural and environmental tourism, establish interagency cooperation in order to develop joint activities within the framework of state programs.
- Include rural, ecological and agrarian tourism in federal tourism development programs as a separate area for an application with preferential investment conditions.
- Increase funding for activities aimed at the development of tourism from municipal budgets.

3. Improving the legal and regulatory framework for rural tourism:

- Introduce a new type of economic activity with the definition "Activities in the field of domestic rural tourism."
- Develop a legal and regulatory act to provide grant support to regional associations uniting rural tourism entrepreneurs.
- Introduce the patent "Activity of a rural tourism facility"; Expand the patent taxation system for all non-agricultural activities; consider the feasibility of introducing an annual patent for the provision of tour services for pensioners providing themselves independently.

- Develop and annually hold mini-grant competitions for rural residents, including for individuals, to organize activities in the field of rural tourism.
- Hold competitions to support local initiatives in the field of rural tourism.
- To ensure the development of domestic and inbound tourism by including all subjects with potential in the development of rural tourism in the list of regions receiving subsidies from the federal budget for state support of tour operators.
- Promote foreign and national investment in rural tourism.

#### 4. Simplification of requirements for owners of rural tourism facilities (accommodation, food, display):

- Reduce administrative barriers in terms of mandatory requirements of control and supervisory bodies; Introduce into the legislation of the Russian Federation a simplified system of registration of rural guest houses and reporting of owners of rural tourist facilities.
- Introduce special (simplified) professional regimes for owners of guest houses and artisans who provide services in private (due to seasonality of services).
- Introduce tax holidays for small and medium-sized enterprises (SMEs) in the field of rural tourism.
- Develop and implement uniform minimum tax deductions for enterprises operating under the OKVED code 79.90.2 "Activities for the provision of excursion tourist services."
- Develop measures aimed at compensating the interest rate on loans for the implementation of regional rural tourism and agro-tourism projects.
- Develop a system of benefits and preferences for specialized tour operators working with rural tourist products.
- Create a system of uniform standards and regulations applicable to rural tourism.
- Simplify the requirements applied to food objects in rural areas, allow owners to service the meals of vacationers in their own guest house without applying the OKVED "Public Food" and relevant requirements for it.
- Simplify the requirements for the sale of their own agricultural products to tourists for the owners of personal subsidiary farms.
- Simplify the requirements applied to trade in own products at fairs, holidays, other events, including gastronomic events. Establish measures of social support for young specialists in the field of "Tourism" for work in rural areas.

#### 5. Rural tourism infrastructure development:

- Develop rural tourism infrastructure through preferential lending tools provided by regional development funds, small and medium-sized business support funds.
- Stimulate the development of the supporting infrastructure of the tourism sector - the road network and roadside service: road repair, the development of roadside service, points of residence and food.
- Modernize road transport and engineering infrastructure, create a network of tourist hubs.
- Create public and private agricultural parks as large multifunctional tourist, exhibition complexes with accommodation facilities and appropriate infrastructure. Create and improve tourist trails for hiking and hiking, uniting natural and rural areas (natural and cultural landscapes); Develop tourism infrastructure in priority rural areas due to the availability and growth of demand for environmentally oriented types of tourism.

#### 6. Consulting and support:

- Ensure that public measures to support rural tourism are communicated to stakeholders. To establish consulting support at the district and municipal levels: to talk about the potential

of the rural tourism sector, to inform about the possibilities of state support, about the organization of grant competitions, about regulatory regulation, to provide information and consulting support on classification in accordance with Art. 5 of the Federal Law of November 24, 1996 No. 132-FZ "On the basics of tourism activities in the Russian Federation," etc.

- Create a federal NPO (Association); initiate and promote the creation of regional NGOs in the subjects - rural development agencies, rural tourism centers, etc.
- Provide advice to SMEs on the development of business plans for rural tourism and financial support through existing government programmes.
- Create a single Rural Development Center, including rural tourism, to develop a "Rural Development Strategy" and its implementation in cooperation with regional authorities and NGOs.
- On an ongoing basis, provide work with rural tourist facilities from identification to assistance in the development of a range of sought-after services, promotion and support of activities (tourism specialists of municipalities, NGOs, TOS).
- To specialists in tourism to hold explanations, meetings, meetings. Together with residents, TOC and the authorities, develop proposals, work out the formation of projects for the development of rural tourism, assist in the interaction of facilities with tour operators, and improve the quality of services for tourists in rural settlements.
- Develop the practice of interaction of tour operators with the family and ancestral communities of the indigenous and small peoples of the North, as well as with peasant farms that have preserved their nomadic lifestyle, to organize unique tourist offers in the field of ethnographic and rural tourism. Develop ethnographic tourism.
- Recommend that the turbo business develop new tourist routes with visits to facilities located in rural settlements.
- At the municipal level, facilitate the unification of citizens (possibly in the form of TOC), cooperation for the construction and development of a network of green routes in rural areas and rural settlements; To form and promote tourist routes in municipal areas.
- To promote the self-organization and cooperation of agricultural producers of districts, farmers and organizations providing rural tourism services.
- To contribute to the reconstruction of the socio-cultural environment of historical settlements, "historical/national village," estates, temples, monasteries, etc.
- Develop international cooperation in the field of rural tourism.

#### 7. Training and training:

- Provide training in accordance with the needs of the industry market. At the state level, organize training of specialists in rural tourism, including the provision of budget places in state educational institutions.
- To organize cooperation between rural tourism entities and universities in order to undergo industrial practice by students on the basis of rural tourism enterprises.
- Organize retraining and advanced training courses on the topic "Rural tourism."
- Establish training of the rural population through the involvement of experts, NGOs: regularly organize courses, seminars, lectures, internships, other training, including through the Internet (webinars, web conferences). Issue educational grants, including to individuals, for participation in visiting training seminars and conferences for the exchange of experience.
- Organize free business training in the countryside.

- Develop methodological recommendations on the organization of rural tourism for subjects of the Russian Federation, subjects of tourism activities and local authorities; publish information and methodological literature on the development of rural tourism.
- Develop methodologies, programs and step-by-step recommendations (instructions) for the development of tourism in the countryside.

#### 8. Advertising and Promotion:

- Create an effective system of information and advertising promotion of rural tourism products in domestic and international markets.
- Develop an action plan to promote rural tourism at the federal level.
- Promote rural tourist products in large centers (Moscow, St. Petersburg, etc.).
- Establish regional tourist information centers (TIC) to support and promote rural tourism facilities.
- Involve rural areas and the tourism business in interaction, in large-scale regional and tourist events.
- Develop a set of measures to promote enterprises and organizations in the field of rural tourism on official tourist portals, on social networks, in mobile applications (for example, "Top trip tip"). Develop a set of measures for promotion at exhibition events of regional and federal level, such as MITT, Inturmarket, Leisure, etc.; Ensure the participation of representatives of networks of rural facilities in specialized forums and other congress and exhibition events.
- Promote rural tourist products through the publication of printing products (catalogs, newspapers, magazines, booklets).
- Include rural tourism facilities in the tourist products of the country's tour operators.
- Regional executive authorities conduct information tours, post advertising materials in the media; organize (together with district administrations) advertising tours for the tourism business with a presentation of the potential of the districts.
- Create a special program on TV to popularize rural areas, rural natural and cultural heritage, recreational opportunities in the countryside with the display of the best practices of regional tourism in rural areas.
- Ensure regular updating of information on tourist portals for independent tourists and travel companies.
- Establish regular generalization and replication of the best municipal practices for the development of rural tourism.

#### 9. Organization of events:

- Regularly organize major regional festivals of rural tourism.
- Promote the organization and conduct of regional tourist events.
- Support and conduct events at rural tourism facilities.

## **4. DISCUSSION**

### **4.1. Analysis of the development of agrarian tourism in the regional context**

The study methodology was based on the Delphi approach. In the initial stages of developing the study concept, the author investigated many potential research methods. Since the purpose of the study was to develop a tool for assessing the potential of rural tourism, which could be summarized for implementation in various regions and around the world, the author wanted professional academic and practical opinions of experts in this field. After considering many qualitative research methods, the author chose the Delphi method because of its appropriateness for a given study and its flexibility with small samples.

The teams of selected experts received questionnaires (different for each level) to obtain specific information on the potential for rural development in the region, region or community. At the regional level, a group of 14 experts (two from each region) were asked to test and assess the potential of rural tourism for individual regions on the basis of a set of six predefined parameters. The aim of the study was to obtain consensus on the region most suitable for the development of rural tourism. The Delphi method at the district level included eight respondents (representing authorities, university experts and businessmen of the Stavropol Territory) who were interviewed on seven parameters. The Delphi method at the community level included 73 respondents living in six rural settlements of the Foothill region of the Stavropol Territory, who were interviewed on six parameters. The authors believed that identifying the specificity of rural tourism potential in specific areas and communities would be useful with such a wide range of views. The Delphic approach was implemented: from March to April 2020, fourteen experts were interviewed (two people from each region). Parameters are estimated in the range of 0 (lowest) to 10 (highest) and weighted as the average of 14 independent estimates. The resulting parameter (R) for each region is calculated as the average of the six parameters. The results are shown in Table 1.

*Table 1: Assessment of the potential of rural tourism for selected regions of Russia*

Region	Parameters						Result parameter
	R1	R2	R3	R4	R5	R6	
Chechen Republic	6,23	7,11	5,01	8,22	3,10	6,15	5,97
Republic of Dagestan	6,09	8,12	6,47	8,31	4,08	6,49	6,59
Republic of Ingushetia	4,17	9,20	5,63	8,04	3,16	4,14	5,72
Kabardino-Balkarian Republic	6,16	8,54	7,40	9,24	5,61	5,30	7,04
Karachay-Circassian Republic	7,21	8,02	7,09	8,14	5,55	6,12	7,02
Republic of North Ossetia-Alania	7,36	8,26	7,84	8,11	6,23	7,47	7,55
Stavropol Territory	8,59	6,30	9,17	6,97	8,10	8,95	8,01

The potential of the Stavropol Territory in the field of rural tourism is estimated as the highest among the regions of the North Caucasus Federal District. The region has the highest GRP in agriculture per capita (R1), the potential of urban agglomerations (R3), the number of historical and cultural sites (R5) and the most developed transport networks (R6) among the surveyed regions. Negative (or less favorable) factors for the development of rural tourism in the Stavropol Territory are a lower proportion of the rural population compared to neighboring regions (R2) and less favorable natural conditions (R4).

#### **4.2. Research of state support for agricultural tourism in the regions of the Russian Federation as a tool for socio-economic development of rural territories**

Currently, Russia pays great attention to state support for the development of tourism as a sector of the economy, including such a priority type of tourism as rural. The state program "development of culture and tourism" for 2013-2020, the Federal target program "development of domestic and inbound tourism in the Russian Federation (2011-2018)" (Birch, 2019, pp. 280 - 320), the strategy for tourism development in the Russian Federation for the period up to 2020,

and the Federal target program "Sustainable development of rural territories in the Russian Federation for the period up to 2020" have been approved and are being implemented. In many regions of Russia, a regulatory framework has been developed that regulates the development of this type of tourism, including in terms of state support for rural tourism both in organizational and financial terms. Rural tourism development is a priority for a number of regions of the Russian Federation. Rural tourism is most actively developing in the republics of Altai, Buryatia, Karelia; Altai, Krasnodar territories; Arkhangelsk, Astrakhan, Belgorod, Vologda, Voronezh, Ivanovo, Kaluga, Nizhny Novgorod, Novgorod, Ryazan, Tambov, Tula and Yaroslavl regions (Bugorsky, 2019, pp.305 - 348).

#### **4.3. The study of regional practices in the development of agricultural tourism.**

As of 2019, there are about 4,500 rural tourist accommodation facilities in the country, including 3,500 rural guest houses and about 1,000 agro-tourism farms. Thus, the number of agrotourism accommodation facilities is only 22% of the total offer of accommodation in the field of rural tourism. According to expert opinion, the percentage of registered placements to shadow ones is more than 1 to 3 (the national average). Thus, according to the preliminary assessment of experts, it is assumed that the real number of functioning guest houses in the country is about 20,000. With an average occupancy rate of 20-22% per year, an average check for accommodation and meals of 2000 rubles/day, and an average stay of 2-3 days, the total annual income of registered rural guest houses in the country reaches approximately 2 billion rubles. The total revenue of the guest house market in Russia, according to experts, is about 8 billion rubles a year. Other objects of rural tourism (craft houses, workshops of crafts and crafts, rural "museums of traditional life", rural routes, display objects, interactive programs, etc.) – about 10,000. The number of rural events held in the country is more than 7,000. Based on these statistics, agricultural tourism accounts for only about 6% of the total rural tourism supply in the country. According to the data of the Executive authorities of the subjects responsible for the development of domestic and inbound tourism, the number of tourists who visited rural tourism facilities in 2018 is about 8 million people. Average visit duration: 1-3 nights. According to the Federal Agency for tourism, the total number of domestic tourists in Russia is 36 million people. Thus, the number of tourism consumers in rural areas is 22% of all tourists traveling around the country. An analysis of the practice of regulating rural tourism in Russia shows that a more active and often productive policy of stimulating the development of rural tourism is being implemented at the regional level. Generalization of regional experience in promoting and supporting rural tourism allows us to identify the most effective practices and best practices.

#### **5. CONCLUSION**

Rural tourism as a phenomenon is relatively new, and only in the last decade it has developed rapidly abroad, and has become recognizable in Russia, has many definitions and classifications. Based on a comparative analysis of the definitions of the concept of "rural tourism, by rural tourism, we mean a type of activity related to the organization of targeted travel in rural areas, involving the formation and provision of a comprehensive tourist product to tourists (accommodation, meals, sightseeing, leisure activities) reflecting and preserving the natural and national identity of the regions and providing economic benefits to host communities by creating jobs and income opportunities for the local population. The development of rural tourism involves solving not only technical and economic, but also socio-psychological problems. This is the demographic situation, the formation of the labor market and employment of rural youth, poverty, the development of social and engineering infrastructure in rural areas. The implementation of rural social programmes, of which rural tourism development programmes are an integral part, will help to identify ways to reduce rural



poverty, prevent the negative consequences of the demographic crisis in rural areas, balance the demand and supply on the agricultural labour market, optimize the employment structure of the rural population and create favorable conditions for labor and personnel security to provide the country with food for the future. A prerequisite for the successful development of rural tourism in the region is its sustainable development, which involves planning and managing the development of the territory and ensures the protection of the natural and cultural environment, improving the quality of life of the local population, providing tourists with conditions of stay that meet high international standards. This is generally achieved either by managing resources at the same rate as they are used, or by switching from slow renewable resources to fast renewable resources.

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# THE ROLE AND SIGNIFICANCE OF LAW IN THE SYSTEM VALUES OF MODERN SOCIETY

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## ABSTRACT

*The article represents a comprehensive study of the problem of determining the significance and role of law among other social norms of society. In the course of conducting research for the study, both general scientific and specific scientific methods of cognition were used. The study analyzes the role and significance of law in the system of values of modern society. It investigates the influence of law on society and of society on law. More than that, it establishes the semantic meanings which the term "value" has in scientific literature. The study also determines the aspects of the social significance of law. It establishes the definition and essence of the term "global challenges". The essence, types and role of other social norms, as well as law, included in the system of values of modern society are investigated in the study.*

**Keywords:** *global challenges, significance, social relations, law, sense of justice, role, system of values, modern society, social institutions, social norms*

## 1. INTRODUCTION

### 1.1. Introduction to the subject

At present, in any society, social relations are built on the basis of a certain system of values that determine and consolidate the rules of behavior of both individuals and society as a whole.<sup>1</sup> Along with this, they establish a sequence of actions for their achievement and observance, attitude towards an individual and a citizen, their rights and freedoms, methods and forms of state administration by subjects of state strategy. It should be noted that the system of values of human society emerged and has continuously been developing in the process of the historical development of mankind. For example, in the works of Russian philosophers of the 19th century, moral rectitude was considered as a system value, which consisted of such values as brotherhood, court, truth, freedom, justice, brotherly love<sup>2</sup>. The system of values of modern society can be considered as the foundation for the formation of consciousness and personality of an individual<sup>3</sup>. This system of values also includes law. It helps form a certain cultural and historical form of relations between individuals and society, and establish a strong connection between generations. A certain legal reality arises around each individual, which they perceive on the basis of their level of legal awareness<sup>4</sup>. The problem of determining the role and significance of law in the system of values of modern society is extremely significant, since without its comprehensive study it is not possible to eliminate conflicts and gaps in law,

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<sup>1</sup> (Tolkachev, 2017, pp. 6-10)

<sup>2</sup> (Shchipachev, 2015, pp. 64-66)

<sup>3</sup> (Kholopov, 2018, pp. 82-88)

<sup>4</sup> (Kochkarov, 2019, pp. 32-35)

optimize the legal system for socially progressive functioning, and duly improve the mechanism of legal regulation. The solution of this problem is the most important prerequisite for the progressive development of the Russian state.

### **1.2. Prior studies of the problem**

Despite the obvious urgency of conducting a comprehensive study in the field of determining the role and significance of law in the system of values of modern society, the necessary attention to this problem has not been given in the scientific literature. Nevertheless, various authors conducted research on some aspects of the problem of determining the role or significance of law in the system of values of society. Particular ways of solving this problem were determined in fundamental research by A.A. Klishas, P.V. Krashennnikov, L.A. Morozova and in doctoral theses by K.V. Agamirov, S.E. Ruzhentsev, D.V. Shamsutdinova. Some aspects of defining the role and significance of law in the system of values of modern society have been studied in scientific articles by A.N. Babenko, D.V. Baev, M.S. Buryanov, V.S. Chernichenko, L.N. Chertova, V.I. Chervonyuk, A.V. Dymov, V.Yu. Eremenko, S.Kh. Khamatova, A.V. Kholopov, R.M. Kochkarov, O.E. Leist, D. Lloyd, R.A. Muradyan, N.G. Pavlova, A.A. Popova, E.A. Popov, G.S. Pratsko, O.S. Rybakova, E.A. Shchipachev, K.B. Tolkachev.

## **2. METHODS**

In the process of writing this scientific article, both general scientific and specific scientific methods of cognition were used. Among the general scientific methods, the study used induction, systems analysis and deduction. Of the specific scientific methods of cognition, historical legal, analytical, systemic structural, statistical and formal legal methods were used. On the basis of the historical legal method of cognition, the specificity of the influence of historical conditions on the development of law, as well as other social norms included in the system of values of modern society, was determined. With the help of the analytical method, the study of the problem of determining the significance and role of law in the system of values of society was carried out, initially in its individual aspects, then in a complex form, as a single and integral phenomenon. The systemic structural method was used to establish structural links between law and other social norms that are part of the value system of modern society. Using the statistical method of cognition, various statistical data were analyzed that had a connection with the problem of determining the role and significance of law in the value system of modern society and could be used in this study to resolve it. The formal legal method was used to process and analyze the studied norms of law and various definitions contained in the scientific literature.

## **3. RESULTS**

The study analyzes the role and importance of law in the value system of modern society. In the process of the historical development of mankind, the social norms of societies did not remain unchanged, they constantly changed. Over time, the law took a dominant role in the system of values of society, began to have the greatest social significance in it. However, despite this, all processes implemented by law are carried out in conjunction with other social regulators. The influence of law on society and of society on law has been investigated. Having arisen in the process of the historical development of society, law actively interacts with all the social institutions that have developed in it, develops in parallel with it, absorbs all the achievements of social values available to society. In turn, society has a dominant influence on the development of law, during interaction with it, it occupies a dominant position. The semantic meanings, which the term "value" has in scientific literature, have been established.

At present, it is possible to find a lot of definitions for this concept. Some scientists believe that values can be understood as something dear to people, while others are trying to formulate different definitions for this term. In view of this, it becomes possible to conclude that values can be understood as everything that is characterized by the presence of a collective significance. The following aspects of the social significance of law in the system of values of modern society have been determined:

- 1) Law has an instrumental value;
- 2) Law is the most important social regulator of social relations;
- 3) Law performs the function of expressing the freedoms of individuals in society;
- 4) Law acts as a criterion of justice for the distribution of material wealth in society;
- 5) Law to the greatest extent regulates the areas related to the material world and is a powerful tool for the progress of society;
- 6) Law is becoming more and more global in nature, becoming a nationwide instrument for resolving emerging problems and global challenges.

The definition and essence of the term "global challenges" have been established. They are a set of especially important problems of mankind, by solving which human civilization can ensure its survival and sustainable development. These problems arise due to the uneven distribution of the development of global processes in the world. In view of this, knowledge of the rules of law and legal rules becomes more and more necessary for each individual. At the same time, the individual must have a high level of legal awareness, be confident in the fairness and humanity of legal norms. The essence, types and role of other social norms, as well as law, included in the system of values of modern society have been studied. They are understood as the fundamental tools and forms by which the actions of individuals and the relationship between them are regulated. This role is played by the norms of morality, ethics, corporate norms, aesthetic norms, religious norms and other norms. At present, it is possible to observe the direct influence of other social norms on the process of life of individuals on the scale of society as a whole.

#### **4. DISCUSSION**

Currently, the world is undergoing a process of large-scale changes in all spheres of social life, as a result of which society goes through a complex, multi-stage transition period of its development<sup>5</sup>. First of all, these changes are associated with the cultural and ideological foundations of people's lives. However, with all the totality of the ongoing changes, the complexity of the structure of society and its constituent parts, in order for society to function and develop, it needs regulation<sup>6</sup>. In this case, the functions of streamlining, organizing and regulating public relations are exercised by law. According to R.A. Muradyan, V.S. Chernichenko, by exercising regulatory influence, the law ensures structure, legal order and stability in society<sup>7</sup>. Having arisen in the process of the historical development of society and the state, law actively interacts with all the social institutions that have developed in them. In turn, society has a dominant influence on the development of law, and while interacting with it, it occupies a dominant position<sup>8</sup>. In view of this, law develops in parallel with society, its level of development cannot be higher than the achieved spiritual and economic level of development of a particular society. It absorbs all the achievements of social values that have been formed in a particular society: religion, customs, morality, culture and other values. Law fulfills not only the role of a social regulator within a certain society, but also of a kind of social good, that

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<sup>5</sup> (Morozova, 2018, p. 464)

<sup>6</sup> (Ruzhentsev, 2020, p. 376)

<sup>7</sup> (Muradyan, Chernichenko, 2016, pp. 116-117)

<sup>8</sup> (Klishas, 2019, p. 512)

is, a value of modern society. And what is the semantic meaning of the term "value" itself? There is no definite answer to this question. In the scientific literature, it is possible to find a lot of definitions for this concept. Some scientists believe that values can be understood as something dear to people, namely, certain natural phenomena, material things, actions or moral qualities of an individual. According to G.S. Pratsko, D.V. Baev, values are the general ideas of individuals about the norms and goals of their own behavior, which express the main meaning of the culture of a society and all mankind as a whole, and embody their historical experience<sup>9</sup>. As A.A. Popova notes, values reflect preferences and beliefs that are not empirical in nature. They are not subject to mandatory empirical and logical justification and verification, in contrast to any knowledge<sup>10</sup>. In turn, A.N. Babenko argues that values can be understood as certain normative foundations of people's behavior and consciousness<sup>11</sup>. Due to the fact that in the scientific environment there was no single definition of values, different values were formed in different historical epochs. In the process of the historical development of mankind, due to the influence of internal and external factors, some values lost their paramount importance, others acquired it. Based on the above, it becomes possible to formulate a conclusion that values can be understood as everything that is characterized by the presence of a collective significance. In the present period of development of society and the state, particular importance is given to the significance of law in the system of values of modern society. Its role and importance among other social values is steadily increasing. It becomes possible to highlight the following aspects of the social significance of law for modern society:

- 1) As noted by V.Yu. Eremenko, law has an instrumental value. It is a special tool for ensuring the coherence, civility and organized nature of the actions of society<sup>12</sup>. Also, law is important in the implementation of public administration of various subjects of state strategy;
- 2) Law is the most important social regulator of social relations. It affects the actions performed by both individuals and society as a whole, harmonizes the personal interests of individual members of society. At the same time, the law does not violate the private interests of people, but on the contrary correlates them with public ones;
- 3) The law performs the function of expressing the freedoms of individuals in society. It introduces certain restrictions on the freedom of action (inaction) of a person in society, without defining it in full. In view of this, individuals have the right to independently perform certain actions (inaction) in society, but within the framework of certain rules of behavior, excluding high-handedness, abuse of power or uncontrolled actions;
- 4) Law acts as a criterion of justice for the distribution of material wealth in society. It establishes and ensures the equality of people before the law and the court, regardless of their social status, their background and financial situation;
- 5) According to E.A. Popov, the law to the greatest extent regulates the areas related to the material world of man. It has a humanistic character, manifested in the provision of an individual with access to material and non-material benefits, ensuring their social security<sup>13</sup>. Also, law is a powerful tool for the progress of society, a source of its renewal;
- 6) In the present period of development of society and the state, law is increasingly acquiring a global nature. Only with its help it is possible to resolve the arising domestic and international problems and tasks, various global challenges.

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<sup>9</sup> (Pratsko, Bayev, 2018, pp. 38-41)

<sup>10</sup> (Popova, 2017, pp. 124-128)

<sup>11</sup> (Babenko, 2016, pp. 13-18)

<sup>12</sup> (Eremenko, 2016, pp. 32-34)

<sup>13</sup> (Popov, 2018, pp. 96-101)

According to M.S. Buryanov, global challenges are a set of especially important problems of mankind, solving which, human civilization can ensure its survival and sustainable development<sup>14</sup>. These problems arise due to the uneven distribution of the development of global processes in the world, especially due to the lagging behind in the political, educational and legal spheres. Global challenges are reflected in various spheres of public life: ensuring peace and security, economic, environmental and other spheres, as well as the process of globalization in general. As N.G. Pavlova notes, the main material object of globalization is the accelerated internationalization of financial and economic processes, carried out with the help of the latest information technologies on a global scale<sup>15</sup>. It should be noted that nowadays it becomes more and more necessary for every individual to know the norms of law and legal rules. However, knowledge alone is not enough. An individual should be guided by a respectful attitude to legal norms, have a high level of legal awareness, be confident in their fairness and humanity<sup>16</sup>. All this predetermines the civic activity of both an individual and society as a whole. Human and civil rights and freedoms are based on universal human values, have a universal nature, are formally explicit and universally binding. In modern society, along with the norms of law, social relations are regulated by other social norms that are part of the value system. They are the norms of morality, ethics, corporate norms, aesthetic norms, religious norms and other norms<sup>17</sup>. In the scientific literature, social norms are understood as the fundamental tools and forms with which the actions of individuals and the relationship between them are regulated. Usually in every society there is an unspoken rule according to which the actions of all its members should not contradict the social norms adopted in this society. In view of this, it becomes possible to observe the direct influence of social norms on the process of life of individuals on the scale of society as a whole. A.V. Dymov argues that in the process of the historical development of mankind, the social norms of certain societies did not remain unchanged. They constantly underwent changes, some social norms lost their paramount importance, others acquired it<sup>18</sup>. The interconnection between legal, aesthetic, religious, and moral norms has been constantly changing, and along with that, their content has also undergone change<sup>19</sup>. Gradually, the law began to exercise a leading role in the system of social values, to have the greatest social significance in it. However, despite the dominant position of law in the system of values of modern society, one must not forget that all the processes it implements are carried out in conjunction with other social regulators.

## 5. CONCLUSION

Summing up, it should be noted that the historical process of the development of society and the state unambiguously demonstrated the dominant role of law in solving problems, issues and global challenges. The social significance of law in the system of values of modern society is also constantly growing, which is extremely important given the coexistence of various ethnic cultures, social groups and political forces within the framework of society<sup>20</sup>. Modern society begins to perceive law as a general social value, which is common for the entire society<sup>21</sup>. Sociological studies by various scientists show that over the past twenty years, the most significant rights for people have become such rights as the right to life, to a secure old age, to free medical care and education, to the inviolability of home and private life<sup>22</sup>.

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<sup>14</sup> (Buryanov, 2018, pp. 36-39)

<sup>15</sup> (Pavlova, 2018, pp. 172-195)

<sup>16</sup> (Agamirov, 2020, pp. 593)

<sup>17</sup> (Shamsutdinova, 2020, pp. 185)

<sup>18</sup> (Dymov, 2020, pp. 98-108)

<sup>19</sup> (Krashennnikov, 2016, pp. 256)

<sup>20</sup> (Khamatova, 2019, pp. 155-160)

<sup>21</sup> (Rybakova, 2020, pp. 56-67)

<sup>22</sup> (Chertova, 2015, pp. 144-150)

It should be noted that law is the most important social regulator of various social relations, only with its help modern states can effectively implement their own policies, including those aimed at making changes in public relations. However, we must not forget that it is impossible to modify the society as a whole with law alone, since other social norms also operate in society. For example, different regions of the world have developed different legal traditions that can both facilitate and complicate the operation of legal norms and institutions. In turn, legal traditions also have a certain regulatory potential<sup>23</sup>.

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## **ANALYSIS OF THE INTERNATIONAL RESEARCH MARKET AND RECOMMENDATIONS FOR IMPROVING THE EFFICIENCY OF RESEARCH IN RUSSIAN STATE SOCIAL UNIVERSITY**

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### **ABSTRACT**

*The article discusses the results of research on the Russian and international research and development market, as well as an overview of indicators and tools for displaying scientometric information. Using modern methods of data analysis and systematization, data aggregation, analytical data processing, comparative analysis, classification and structuring of information, reference and statistical data, a study of international and Russian performance indicators of higher education institutions was conducted and recommendations were made to improve both the content and display of scientific work carried out in the organization.*

**Keywords:** *scientometrics, research, University rankings*

### **1. INTRODUCTION**

The purpose of the work is to identify opportunities and limitations for strengthening the position of RSSU in the Russian and international research and development markets, including scientific and technical and consulting services, based on a comprehensive analysis of the external and internal conditions of RSSU development at the present stage. The object of this work is the Russian and international research and development markets. The subject of the research is the key success factors of RSSU in the Russian and international research and development markets. The main objectives of the research, which includes the main collection and analysis of data on the Russian and international research and development markets, are as follows:

- to analyze the main trends and trends in research and development, production of world-class intellectual products;
- conduct analysis of demand for innovations in the real sector of the economy;
- identify the main thematic areas of modern research and development implemented by leading Russian and world scientific and educational centers, in order to determine the list of promising topics for forming a proposal for mutually beneficial cooperation with the RSSU, taking into account the possibilities of cooperation with professional communities and associations;

- develop recommendations for the promotion of research and development, scientific and technical and consulting services.

## 2. METHODS

Modern methods of cognition developed by science and tested in practice became the methodological basis for carrying out research work. When conducting work used, in particular, the method of scientometric analysis using the technology of mutual citation, the method of analysis of documents, analysis and systematization of data, the aggregation method for analytical data processing, the method of concretization, ranking methods, the method of qualitative analysis method of comparative analysis, classification and structuring of information, reference and statistical data methods of presenting data using information technologies and visualization techniques, method of drawing conclusions based on causal analysis.

## 3. RESULTS

Critical analysis has shown that the most representative is the comparison of the effectiveness of scientific research in the countries of the G20 grouping, which includes 19 countries with the most developed economies located on different continents. The EU is also a member of the G20. Together, these countries represent more than 80% of the world's GDP and 65% of the world's population, according to the world Bank (World Bank, 2018). According to the OECD, these countries collectively spend 90% of the funds allocated to R & d in the world, and employ 87% of researchers (OECD, 2015). According to the G20 annual research performance assessment report, the country's scientific profile includes the following key statistics:

- number of researchers per 1,000 people;
- gross domestic R & d expenditure (PPP in us \$ billion) (GERD) relative to GDP;
- number of patents in relation to business sector investment in R & d (BERD);
- normalized average Citation by category (Category Normalized Citation Impact).

This indicator is increasingly used instead of (or mandatory) addition to the indicator "number of papers per researcher", since it also reflects the demand for publications by the scientific community, which is a kind of indicator of the quality of these works. Conventionally, the first two indicators are aimed at assessing the resources allocated by a particular country to the production of scientific knowledge, and the last two characterize the effectiveness of "output" or increment of new knowledge in the field of applied and fundamental research. Unfortunately, there are no data available for this indicator for the following countries: Australia, Brazil, Canada, India, Indonesia, Saudi Arabia, and the United States. If you build a rating without taking into account these countries, Russia will take the 8th place: there are 2,49 researchers per 1000 people in the Russian Federation (*Fig. 1*). the leaders in this indicator are South Korea and the United Kingdom, where the number of researchers per 1,000 people is more than 3 times higher than the Russian value.

*Figure following on the next page*

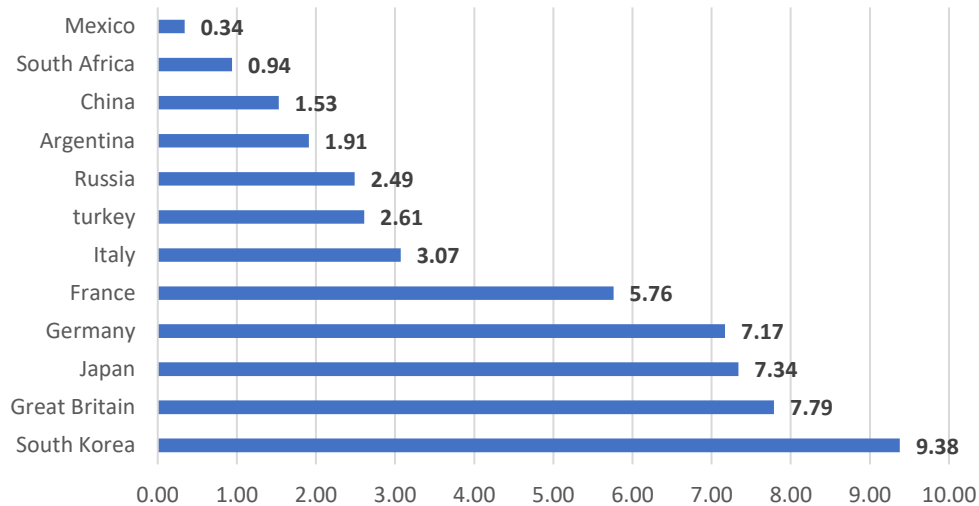


Figure 1: number of researchers per 1,000 people (Gross domestic R & d expenditure (PPP in us \$ billion) (GERD) relative to GDP) (Adams, 2020 b)

Brazil, India, Indonesia, and Saudi Arabia are not included in the rating for this indicator due to lack of data. Gross domestic expenditure on R & d in the Russian Federation is 1,11% of GDP (11th place). The undisputed leader in this indicator is South Korea: gross domestic R & d expenditure in relation to GDP for this country is 4,55 %, followed by Japan – 3,2% and Germany – 2,2% (Fig. 2).

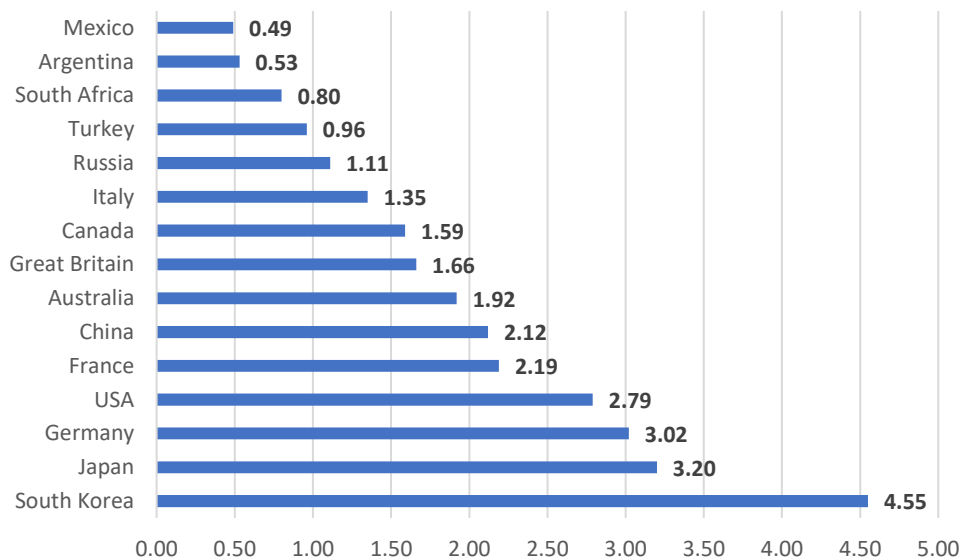


Figure 2: gross domestic R & d expenditure (GERD) relative to GDP, % (Adams, 2020 b)

The most striking indicator of the level of implementation of scientific research is the indicator that reflects the number of patents per billion dollars of investment. In international statistics, it is calculated as the ratio of the number of patents in relation to the investment of the business sector in R & d (PPP in billions of us dollars). Despite the fact that South Korea was the leader in previous indicators, it is behind Japan and China in terms of patent implementation, where 3,421 and 3,394 patents account for \$1 billion of investment in R&D, respectively. For Russia, this figure is more than 3 times less and is 1103. Brazil, India, Indonesia, and Saudi Arabia are not included in this rating.

Using the multi-dimensional classification tool (k-means), the analyzed countries can be divided into 4 groups. India, Indonesia, Saudi Arabia, Australia and Brazil were excluded from the classification due to the lack of data for 2 of the 4 indicators analyzed (*Table 1*).

Indicators	Cluster			
	1	2	3	4
Gross domestic R & d expenditure (GERD) relative to GDP, %	2,11	0,70	1,75	3,29
Number of patents in relation to business sector investment in R & d (BERD) (number of patents per billion dollars of investment)	1734,43	798,95	1315,47	3316,97
CNCI	1,30	0,88	1,05	0,92
Number of researchers per 1,000 people	5,18	1,45	1,85	6,08

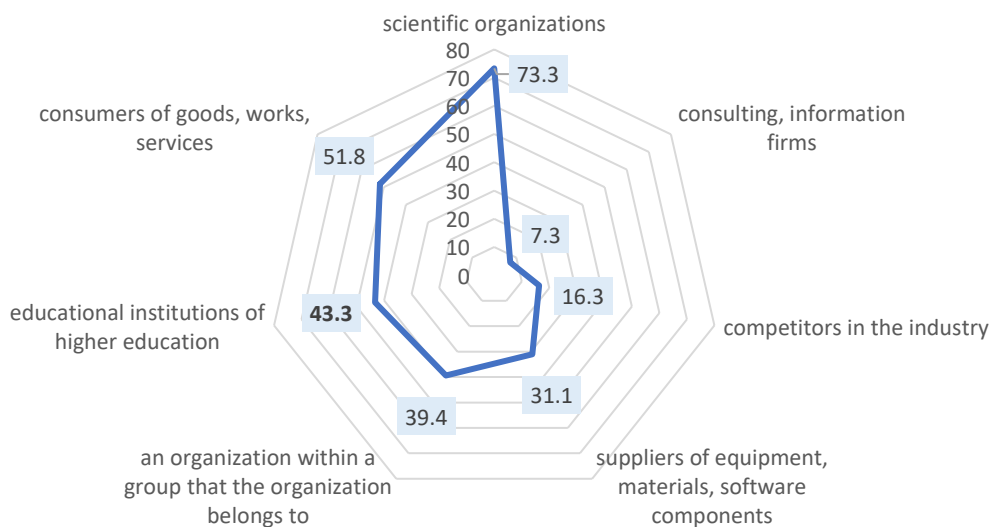
*Table 1: Cluster end Centers (compiled by the authors)*

The first cluster included 4 countries: great Britain, Canada, France, and Germany. A striking feature of this cluster is the highest values of the CNCI indicators, which are 1,3 times higher than the global average, as well as a high share of investment in science (on average, 2,11 of GDP for the group). This group is also characterized by a fairly high number of researchers per 1000 people. The number of patents in relation to the business sector's investment in R & d is not the highest, but is just above the median level. In these countries, great importance is given to basic science, with a very high proportion of researchers present in the 10% of the most cited publications. Conventionally, this group can be described as countries with a high level of resources directed to the scientific sphere, a high level of return in basic science, and an above-average level of return in applied science. The second cluster consists of 4 countries: Argentina, Mexico, South Africa and Turkey. This group is characterized by a low level of R & d resources, both financial and human. Their gross domestic expenditure on R & d (GERD) in relation to GDP does not exceed 1%. The average number of researchers per 1,000 people in the group is 1,45, which is also the lowest value among the analyzed clusters. The return on research in these countries is also one of the lowest. Nevertheless, Argentina and South Africa became actively involved in international cooperation, which contributed to an increase in the share of their publications in the 10% most cited. However, they have a fairly bright industry specialization. Argentina in the social Sciences and Humanities, and South Africa in medicine and health. At the same time, Turkey remains quite closed in terms of international scientific cooperation compared to the countries of its group. The third cluster includes Russia, Italy, and the United States. These countries are primarily United by the average level of return on applied science: the number of patents in relation to the investment of the business sector in R &D for this group is 1315,47. However, the US has a fairly large R&D expenditure relative to GDP – 2,79%, while Russia only 1,11%. The share of US international cooperation in science is quite low. In Italy, the situation regarding international scientific cooperation is completely different: 55% of publications are the results of international research. In Russia, this indicator is at the level of 38% and, as mentioned above, significantly affects the citation index. The fourth cluster is formed by China, Japan, and South Korea. These are the countries with the highest resource expenditure on research: gross domestic expenditure on R&D in relation to GDP is 3,29% on average for this group. These countries also have the largest number of researchers per 1,000 people. At the same time, the return in the framework of basic science is quite low (the group value of the citation index is below the average level). The exception is China, which has reached the G20 average, and 10% of papers are among the 10% most cited publications in the world.

## 4. DISCUSSION

### 4.1. Analysis of demand for innovations in the real sector of the economy

The total level of innovation activity of Russian organizations is 10,6%, which is less than that of any of the countries of the European Union and the CIS leaders. At the same time, the analysis of the cost structure for technological innovations by type of innovation activity shows the share of research and development performed by third-party organizations at the level of 15,3% (+0,9 percentage points since 2015), including universities. Preference is given to research and development carried out in-house (27,1%) and purchase of machinery, equipment, and software (36,1%). When analyzing the most common factors that hinder technological innovation, the most significant for Russian organizations are the lack of their own funds (17,5%) and the high cost of innovations (16,5%). At the same time, low demand for innovation is not singled out as a priority factor that hinders innovative development. If we focus on the factors that hinder innovation in the real sector of the Russian economy, then in addition to the lack of own funds and the high cost of innovations, the most significant ones are also high economic risk, lack of financial support from the state and low innovation potential of the organization. However, the remaining factors can be attributed to complementary ones. At the same time, the largest share of organizations that report the termination of innovation activities over the past three years falls on high-tech manufacturing, metallurgical production in low-level medium-tech manufacturing, as well as research and development in the service sector. Thus, a preliminary analysis of the demand for innovations in the real sector of the Russian economy shows rather than opportunities, but threats (restrictions) for the development of such areas of higher education as research and development, as well as scientific and technical and consulting services. The research and development sector, which is represented by research and education centers and higher educational institutions, including RSSU, has the greatest potential for implementing joint projects. In this regard, it is necessary to pay attention to the distribution of organizations that participated in joint projects by the types of partners in the research and development segment (*Fig. 3*). In the segment we are interested in, universities are in third place after scientific organizations and consumers of goods, works and services. In this regard, opportunities from the external environment can potentially be identified for the CSG.



*Figure 3: distribution of organizations that participated in joint projects by type of partners: research and development segment (Indicators of innovation activity, 2019)*

At the same time, cooperation within the framework of individual (urgent) projects is fundamental, which accounts for 69.2% of technological partnerships in the implementation of research and development of organizations among higher education organizations. At the same time, universities are almost not considered as one of the main sources of information for technological innovations, either in industrial production or in the service sector. Scientific organizations of academic or industry profiles, as well as professional associations (associations) are not included in the list of main ones. Preference is given to internal sources, consumer opinions, and online sources. In this regard, the CSG may consider developing its web-based information platforms for implementing research and development projects.

#### **4.2. Identification of the main thematic areas of modern research and development**

At the end of the twentieth century, scientometric indicators began to be integrated into ratings, which form the idea of a University as a successful educational and research organization. The topic of University rankings in Russia began to develop, gaining particular popularity and practical significance, after the decree of the President of the Russian Federation of May 7, 2012. №599 "On measures to implement state policy in the field of education and science" and decree of the government of the Russian Federation of 16.03.2013 №211 "On measures of state support for leading universities of the Russian Federation in order to increase their competitiveness among the world's leading research and educational centers", which set the goal to enter the top 100 international University rankings for at least five Russian universities by 2020. Due to the fact that these documents do not specify what kind of ratings are meant, as well as why this is necessary, it is worth understanding what University ratings currently exist, how they are compiled and what they show. Among the most significant from the point of view of the University's activities are the following:

- Academic Ranking Of World Universities (ARWU);
- Times Higher Education (THE);
- QS World University Rankings

From the point of view of practical significance, the achieved levels of scientometric indicators are characterized by three directions:

- when evaluating the University's activities at the international level (as part of the ratings);
- when monitoring the effectiveness of higher education organizations in the Russian Federation (block research activities of higher education institutions);
- to receive mega-grants in national projects (TOP 100, Academic leadership, etc.);
- when confirming qualifications when applying for research.

Usually, for the analysis of scientometric indicators when calculating international ratings, international databases are used – Web of Science (when compiling the ARWU rating) and Scopus (when compiling the QS and THE ratings). However, when calculated in different ratings, they have different weights. Ratings as a mechanism for evaluating the effectiveness of the University cannot fail to respond to the expansion of its functions and tasks. Initially, most University rankings, including the most authoritative ones – ARWU and THE – were based on research universities, i.e. universities that place the most significant emphasis on research, and the educational process is inextricably linked with research activities (Zhuravlev, 2020).

- in THE (the Times Higher Education World University Ranking), the total weight of scientometric indicators is 38,5% (indicators: "Citations" (30%), "research Productivity (the number of articles per scientist published in scientific journals indexed by the Scopus database)" (6%), "International cooperation (the share of scientific articles co - authored with foreign scientists)" (2,5%)); In General, the University's research activity rating in

THE ratings IS 56,5%, and the quality of education in the overall assessment of the University is 27,75%. In addition, THE also assesses the degree of effectiveness of interaction between universities and the real sector of the economy, the University's ability to attract co-financing through the implementation of relevant scientific research, popular educational programs, etc. the total weight of indicators that assess this area is 10,75% (Polikhina & Trostyanskaya, 2018).

- in the ARWU (Academic Ranking of World Universities), the most significant total weight of bibliometric indicators is 40.0% (the indicators "Number of articles published in the journals Nature and Science" and "Number of articles indexed in the Science Citation Index – Expanded and Social Sciences Citation Index" have a weight of 20% each). In General, the assessment of research activities of the University in ARWU is 56.5%, and the quality of education in the total assessment of the University is 10% (Polikhina & Trostyanskaya, 2018);
- in QS (world University Rankings), the share of scientometric indicators is 20% (the main indicator is "Number of citations per University employee"). and the quality of education in the overall assessment of the University – 27.75% (Zhuravlev, 2020). The rating pays significant attention to the analysis of the educational function of the University (based on the indicator "ratio of research and teaching staff to students" (20%)). As part of the rating, a survey of employers is conducted, which determines the universities that produce the most qualified specialists. This criterion also largely characterizes the quality of education at the University and adds 10% of the weight to the total assessment of this direction of indicators. In addition, 40% of the weight when evaluating the University's activities in the QS rating is given to the academic reputation of the University, determined on the basis of an expert survey: scientists, employees of research and educational centers should indicate the universities that, in their opinion, stand out in terms of the quality of scientific and teaching activities in their field of knowledge. Thus, this criterion evaluates both the educational and research functions of the University, which indicates that the real assessment of the quality of University education in the QS rating significantly exceeds the 30% indicated above, and the assessment of research activities – the specified 20% (Polikhina, 2019).

In addition, the world's leading rankings (both institutional (for example, THE) and subject-based (for example, ATWU, QS, THE)) use such a scientometric indicator as the number of publications over a five-year period as a certain threshold value for considering a University when compiling a rating.

## 5. CONCLUSION

The choice of promising research areas of the University should be formed taking into account 3 main components:

- global trends in the field of science;
- a national request for scientific research in accordance with the Science development strategy;
- own the Scientific potential of the University.

The international research report "The value of scientometric databases: from information search to deep Analytics" shows the following trends based on quantitative scientometric analysis:

- a) Web of Science is the main source of publications and citations for most of the system scientific Analytics, Web of Science publication data, Scopus database data was used in 7212 (25%), and Google Scholar data — in 1488 (5 %). On the other hand, in 20,511 studies that used Scopus data, 35% of the cases also used Web of Science data



- b) review articles are mostly cited
- c) research is becoming increasingly interdisciplinary, as research topics often cover traditional disciplinary structures and cutting-edge solutions to major problems that affect multiple areas.
- d) establishing links between topics.

According to the types of publications of RSSU employees, articles predominate (73,5), conference materials occupy about 25%. The largest share in the structure of publications of RSSU employees on topics is occupied by interdisciplinary research (30,4%). Within specific areas, education (12,1%) and the economy (10,5%) are leading. Less than 1% of the total thematic structure is occupied by: communications, physics, General mathematics, religion, sports Sciences, analytical chemistry, psychological education, automation systems, music, multidisciplinary physics, public administration, art, business Finance, physical chemistry, linguistics, clinical psychology, regional urban planning, telecommunications, information computer systems, geriatrics, gerontology, materials science and mechanics. At the same time, the most popular in the world scientific community in terms of citation was mathematics, which accounts for about 27,5% of external links, in second place Economics and business and education – 9,6%, and in third place automation systems and engineering – 8,1%. The discussion of the goals, tasks and problems of modern University science and, consequently, the possibilities of assessing its social significance unfolds in the context of stating the difference between University models. It is this – to be aware of the difference in models (and their real implementation) and, accordingly, in the difference in the target orientations of the organization, can allow an adequate assessment of science in this institution. As an illustration, we will point out a number of publications whose names already determine the variety of ways of existence of University science. We emphasize that the main alternative that defines the existence of modern University science is between economic efficiency and freedom. Note that some real-world practices of University science, which the authors write about, will allow us to constructively connect these models. The author of the article "The idea of the University" based on the analysis of classical concepts defines several functional models of the University, which can serve as the basis for further differentiation:

- 1) research University (Jaspers, 1986), whose functions are: preservation, transfer of knowledge, development, pursuit of truth).
- 2) Social University with the functions of professional training of specialists and public expertise (Wolff, 1977; Kerr, 2001) .
- 3) Mass education or a University (Newman, 2006; Ortega-y-Gasset, 2003).

The problem is that each model of the University requires a certain selection of key scientometric indicators, the set and achievement of which are laid down in the University's development strategy. The chosen target model of development is reflected in the long-term plan (strategy), its implementation requires achieving a certain system of indicators, which in turn are embedded in effective contracts and target the teaching staff for the growth and development of the University itself according to the chosen scenario. The development of plans-algorithms for optimal improvement of h-indices begins with an assessment of the scientific level of articles published by the University. However, there are a number of points that need to be taken into account when developing such an algorithm. First, you need to create a publication window and a citation window to determine which publications to evaluate and at which time interval. However, as research on RSSU publications shows at the moment, the selected publication flow is extremely heterogeneous: it contains publications from different journals and different subject areas, in addition, it includes publications of different types (research articles, scientific reviews, theses, etc.), which leads to additional difficulties.

Second, the citation rate of a publication is influenced by a number of factors that are not directly related to its scientific level:

- field of science (the average citation rate depends strongly on the scientific discipline);
- year of publication (the earlier the article was published, the more links it could have received by the time of measurement);
- type of publication (on average, for example, scientific reviews are cited more often than original research articles).

As recommendations, it is necessary to note the implementation of measures in 3 large blocks:

- 1) A set of measures providing for the availability of a University journal with a high impact factor for promoting the results of scientific research in the scientific field.
- 2) forming a pool of third-party journals, publications in which expand the possibilities of intensifying the citation of articles from the University.
- 3) The formation of barriers to reduce publications in the "junk" journals.

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## DEVELOPMENT OF INCLUSIVE EDUCATION: TRENDS, CHALLENGES, PROSPECTS

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### ABSTRACT

*The article discusses public education policy. It analyses the basic normative acts addressing the right of every person to education. Trends and contradictions in the development of inclusive education in modern Russia are the subject of research. The major focus of the research is to analyze the emergence and development of the inclusive education foundations in the national educational system. The research methodology bases on systemic and humanistic approaches. We have analyzed and studied regulatory issues of inclusive education in Russia. In analyzing the development trends of inclusive education, the authors conclude that today there is a set of challenges and contradictions in its development. The article provides an overview of the most important government measures aimed at introducing the inclusive education technologies. The study showed the significant potential of inclusive education for disabled people social integration; however, now, there is a psychological unpreparedness of teachers and society as a whole to develop and implement it in modern conditions.*

**Keywords:** *Education, inclusive education, persons with special needs, regulatory acts, federal state educational standards*

### 1. INTRODUCTION

Education is one of the most important areas of life with an impact on harmonious development of an individual, which lays down competencies for the subsequent application of knowledge in the field in which a person can reveal his potential with the greatest strength and productivity. Education modernization processes are taking place in Russia against the background of intensive global integration in this sector. National educational policy seeks to take into account any international trends to facilitate the country's scientific and cultural progress, closely related to education and having a high position in the ranking of leading countries worldwide. Interests of the state, society and individual become closely entangled in education. Key approaches to education rely on elements of social agreement with the values that lay the ethical foundations of society. The educational state system of all types and levels accumulates and develops the spiritual, intellectual and moral potential of human society. The basic principles of the state policy in education include ensuring the right of every person to education and the inadmissibility of discrimination in this area. The citizens' constitutional right to education (Article 43 of the Constitution of the Russian Federation) (Constitution, 1993) is fully consistent with international standards enshrined in documents such as the International Covenant on Economic, Social and Cultural Rights, the Universal Declaration of Human Rights, and the Convention against Discrimination in Education. International legal standards also abolish all forms of discrimination for population groups that could violate the equal

opportunities of people in the educational sphere. According to the World Health Organization, persons with disabilities constitute about 15% of the world population (WHO, 2011). World experience in creating conditions for integration of disabled persons shows that inclusive education has enormous potential in this regard (Dooris, 2017; Makhov, 2017). However, we must point out that Russia has no long-standing traditions of inclusive education. As President V.V. Putin noted during the “direct line” on April 14, 2016, “the society is not ready for a full inclusive education”, although the state should support and promote such ideas (Report, 2016). This issue is especially relevant, since according to the Federal Register of Persons with Disabilities (FRI), the total number of disabled people in Russia as of June 2019 has amounted to 11,282,246 people (including: 6,448,355 females and 4,833,891 males), the number of disabled children is 676,363 people (289,877 girls, and 386,486 boys) (The federal register, 2017) [3].

## **2. METHODS**

To achieve this goal, we analyzed some regulatory documents related to education and protection of persons with disabilities. The authors of the article studied international and national documents characterizing the inclusive education. A systematic analysis of the legal and regulatory framework governing the content of inclusive education in the Russian Federation was made.

## **3. RESULTS**

Russia has a developed legislation regulating a state policy in relation to disabled people. Of fundamental importance is Law No. 419-FZ dated December 1, 2014 “On Amending Certain Legislative Acts of the Russian Federation on the Social Protection of Disabled Persons in Connection with Ratification of the Convention on the Rights of Persons with Disabilities” (Federal Law, 2014), which brought the country's legislation closer to international standards for understanding the problem. The RF Government pursues a unified educational state policy, relying on the Federal Law "On Education in the Russian Federation" No. 273-FZ of December 29, 2012 (On education, 2012). This Federal Law recognizes twelve principles as fundamental, taking into account general directions of development in the education. The main principle in the document is the principle of priority of education. The quality of education has moved into the field of public policy from the field of particular interest of specialists and persons interested therein; federal state educational standards began to be developed and approved. In addition to the high quality of knowledge, the concepts of socialization of the younger generation serve as the basis for modern education standards now, that is, not only professional erudition, but also life values and priorities. The priority development of education is to create the foundations for sustainable socio-economic and spiritual development of Russia, to achieve a high quality of life for population and national security of the country. Thus, the humanitarian mission of education is the disclosure by population of their sociocultural and economic potential through the provision of qualified educational services throughout their lives. Principle of state educational policy has recognized the humanistic nature of education, the priority of human life and health, individual rights and freedoms, free development of people, development of mutual respect, industriousness, citizenship, patriotism, responsibility, legal culture, respect for nature and the environment, and rational nature management. The content of this principle is directly consistent with the National Doctrine, with the purpose to create a modern, well rounded and comprehensively developed, creative and socially active individual, integrated into the global process of economic and social development of humanity. The consolidating basis of the state educational policy is the unity of educational space in the Russian Federation, the protection of ethnic and cultural characteristics and traditions of peoples within the multicultural state.

The Russian educational system for managing the sector builds on both vertical and horizontal methods of management, having a complex and ramified structure. Despite the unity of the educational space, this norm establishes the parity of interests of the state and territorial objects under joint jurisdiction of the Russian Federation and its subjects in the territories of dual reporting lines, protecting the territorial features of an ethnically diverse state. In the light of the new civilization processes of recent decades, the principle of public policy is very important, aimed at creating favorable conditions for the integration of the educational system of the Russian Federation in the educational systems of other countries on an equal and mutually beneficial basis. This norm takes into account the procedure laid down in the Declaration on the Creation of a Common European Higher Education Area adopted in Bologna on June 19, 1999 (Declaration, 1999) and signed by Russia on September 19, 2003, among about fifty participating countries. The Declaration reflected the started in Europe process of convergence and harmonization of national higher education systems, and its signing by Russia indicates that post-Soviet reform of higher education relied on the concept of integrating the Russian Federation into the educational system that was already traditional for developed Western European countries. The key provisions of the Bologna process (a system of comparable degrees, two-stage training - undergraduate and graduate, "credit system", expansion of the mobility of students and teachers, comparability of criteria and methodologies, joint educational programs, common forms of education documents) must finally become the norm for Russian universities in the foreseeable future. The measures taken are intended not only to unify and "raise the bar" of education in Russia in those segments, where it is below world standards, but also to contribute to the development of agreed criteria and technologies for monitoring the status and quality of education in order to achieve the correct comparison of human development results in the countries worldwide. The foundations of state policy fix the secular nature of education, based on the constitutional rule, Article 14 of the RF Constitution. A reasonable and balanced implementation of this principle in practice protects cultural and civilizational traditions of the peoples of Russia in a multi-ethnic state, guarantees equal rights to its ethnic members, emphasizes that no religion can be recognized as common or mandatory. Proclaimed are the freedom of choice of education for the individuals' self-fulfillment, ensuring the right to education throughout life, the autonomy of educational institutions, democratic nature of managing the sector with a combination of state and contractual regulation of relations, the inadmissibility of restrictions or elimination of competition in the educational field. We would make a special emphasis on the principle of adaptability of the education system to the level of training, developmental characteristics, abilities and interests of the individual. The existing Federal Law "On Education in the Russian Federation" assumes the introduction and implementation of the education program three-stage structure: 1) general, 2) vocational and 3) additional. The second and third clusters of education are especially important for social rehabilitation and improving the quality of life of people with disabilities and with special health needs. They exactly aim at the human development and have significant potential to meet the basic needs of the individual, both in obtaining a special education and in implementing skills and competencies that though do not increase the level of education, but have a great impact on the individuals' self-fulfillment and their psychological comfort in society. We would especially note the need to use the distance education technologies, introduce individual curricula on a variable basis, develop a modern education infrastructure for people with disabilities, and ensure an inclusive educational process. As part of measures for establishing the technological environment, programs are developed using electronic and distance education in various sociocultural conditions, including for gifted children, children with disabilities and children with special needs.

#### 4. DISCUSSION

On May 29, 2017, a regular meeting of the RF Presidential Coordinating Council on the implementation of the National Strategy for Children took place, which coincided with the signing by the President of the Russian Federation V.V. Putin's Decree No. 240 on the announcement of the "Decade of Childhood" in Russia (On announcement, 2017). The events of the announced Decade, which started in 2018, will have to address a wide range of issues, including upbringing and education, additional education and children's leisure, orphans and children with special needs, family problems and training activities with parents groups. They estimate that during 2018-2028 the government will develop a specific program of activities dedicated to childhood every three financial years. When discussing the Decade's action plan, proposals were made to protect the rights of children with special needs. Inclusive education in this regard is obviously important. Russia is a country with a traditionally high level of education of the population, so the current trend of weakening the positions cannot but cause concern. Experts, the drafters of the national Human Development Report in 2016, suggested, that "In the medium term, the further reduction of federal budget expenditures on education, problems at the level of regional budgets and non-recovery of real incomes of the population can lead to an even greater gap between Russia and the OECD countries according to the amount of education expenditures as a percentage of GDP" (Report, 2016). The forecast of long-term socio-economic development of the Russian Federation until 2030, developed by the Ministry of Economic Development of the Russian Federation (Forecast, 2018), provides for increased funding for the educational sector in three scenarios: conservative, innovative and forced. Since the third scenario is no longer on the agenda, the figures for the first two should range from 4.8-6% to 7% of GDP. So far, the events do not confirm a positive trend and are developing in a very restrained manner. Narrowing of the educational institutions circle observed in recent years, growth of a regional gap between the federal territories, slowdown in education investments are the objective impediments that both hinder the national educational system development, and also decrease the effectiveness of management principles, reduce the equality of educational opportunities and, ultimately, have an adverse effect on the country's prestige, which is losing ground where it traditionally led. The crisis in the economy, aggravated by a series of international political and economic sanctions, led to transformation in the educational sector management and reduction of investments in its development. The humanistic and progressive principles of education management run counter to the reality, and this cannot but affect the pace of Russia's entry into the elite of highly developed countries of the world, which determine a common civilization strategy for a long time. Taking into account these difficulties, the issue of education of persons with disabilities and persons with special needs is particularly acute (Mikhaylova, 2019). Russia ratified the UN Convention on the Rights of Persons with Disabilities only in 2012. The purpose of this international act is "to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities" (UN, 2006). Inter alia, the states - parties to the Convention not only recognize the right of persons with disabilities to education, but also commit themselves to provide inclusive education at all levels and lifelong education without any discrimination against persons with disabilities, and on an equal basis with others. A system of inclusive education has been operating for many years in advanced economies that Russia has yet to achieve (Mikhaylova, 2018). On the one hand, the Russian Federation has developed a state policy in education of children with special needs, established mechanisms and norms for implementing the idea of inclusion; the "Accessible Environment" state program is in place. On the other hand, experts of the Center for Strategic Research believe that "... at the moment, the state practically eliminated support of inclusive education, having sub-contracted these tasks to regions and municipalities." (The future, 2017). Big problem is the lack of professionalism of teachers to work with "special" children.

However, psychological barriers remain the major challenges to the inclusive education implementation, since the general education in Russia is not yet ready to include children with disabilities (Amiridze, 2012).

## 5. CONCLUSION

The progress of human development depends not only on expanding the people's life choices, their opportunities to get an appropriate education, to achieve a certain standard of living, to feel healthy or at the upper limit of the quality of life that they can afford (for people with disabilities and people with special needs). It also depends on how stable these achievements are and whether the conditions for sustainable human development have developed in the country of residence. Government institutions, structures and norms can increase or decrease the resilience and vulnerability of a person. The state being the guarantor of his rights, must take upon itself the implementation of ideas that remove the distinction between a sense of well-being and vulnerability or inequality. For most persons with disabilities, the causes of insecurity lie not in the area of physical impairment, but in the absence of an adequate education, social experience, access to information and adaptation (Mikhailova, Makhov, 2018). There are still public prejudices that lead to discrimination and even social deprivation of people with disabilities and people with special health needs. A special Institute for the Problems of Inclusive Education was established in Russia in 2009. The legislation of recent decades took into account the desire to achieve social justice for special groups of people, but specialists recognized all measures as ineffective (Bogomolova, 2015). Sazonova T.V. asserts that in the coming years the following areas will become key for the genuine realization of the rights of people with disabilities: shaping of legal awareness in society, development of national concept of inclusive education, taking into account international experience, organization of universal access to the information and legal field, the formation in children of a positive public opinion in relation to people with special needs, and state control over the observance of the rights of people with disabilities (Sazonova, 2015). The forecast of scientific and technical development of the Russian Federation for the period until 2030, adopted by the Government on September 19, 2017 (Forecast, 2017), provides for the development of such areas as resources for distance education, multimedia means of full-time study support, reserves for education of people with special needs, information databases of general and highly professional profiles, search and library systems, software for portable systems with training programs, and many other things that would help a disabled person and persons with special needs to reveal the full human potential and to overcome the barrier of social adaptation. Education today is not only one of subsystems of the social structure responsible for acquiring a set of knowledge, skills and abilities by a person, but a social phenomenon or a social institution of cultural inheritance, socialization, and the development of a person's potential. Promoting international standards, Russia now belongs to the circle of countries that shall adhere to high standards in creating educational conditions for people with special health needs

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## “THE THIRD AGE EDUCATION” AS THE TASK FOR STATE SOCIAL POLICY AND STATE SOCIAL UNIVERSITY

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### **ABSTRACT**

*The study is carried out in the framework of the project named "The Analysis of the target market of educational services of the University". The purpose of the project - to identify those markets of educational services that could be target market for Russian State Social University, as well as to develop the most of its effective forms to University activities on the target markets to achieve the strategic objective of increasing the share of Russian State Social University in Russian and foreign educational market until 2025 to 1,0% . The purpose of the analysis provide in the paper is to prove the importance and potential for RSSU of the market for the 'third age' as well as the critical analysis of modern forms of work in this market. After analyzing the material of twenty-six Moscow universities participating in the state program "Moscow Longevity", using a combination of dialectical, systemic, comparative methods, as well as synthesis, analogy, deduction, it is concluded that it is necessary to involve the RSSU as a university in the education of the 'third age', about insufficiently high efficiency of modern forms of work in this sector of the market and the need to optimize these forms taking into account Russian and foreign experience.*

**Keywords:** *Third Age, Education, University, Social Policy*

### **1. INTRODUCTION**

The demographic trend of our time is the permanent aging of the population. In Russia, every fourth inhabitant (25.9%) is over 60 years old. In Moscow, the proportion of people of the “third age” is even higher: as of 2019, 60-years-old and over men and 55-years-old and over women accounted for 27.7% of all residents (Demographic Yearbook of Russia, 2019). Moreover, life expectancy in Moscow is 74.39 years among men and 81.19 years among women (Ibid). An effective mechanism for resolving many of the problems of this age is education, viewed as investing in the social group, and as a way of adapting to the changing social environment, and as a technology improving the quality of an important part of human capital (Zborowski and Ambarova, 2019, c . 22 - 23). It is education that is viewed as a measure of state social policy on the way to solving the broader task of resocialization of that rapidly increasing part of the Russian population, which belongs to the “third age”. In that part of the state social policy, which is aimed at resocialization of the “third age”, a specially directed education is acquiring an increasing role, and educational programs of the “third age” are becoming an ever-increasing sector of educational services in terms of importance and size. Our assumption that the “silver or third age” market has great potential for the Russia State Social University is associated not only with the active growth of the Russian population aged 60+ and the extension of the period of their business activity. This market is of interest to RSSU also due to the special status of RSSU, which this university has among classical universities. Since the mission of the Russian State Social University is closely linked with the implementation of state social policy, and the Russian State Social University is one of the few universities in Russia, highlighting its focus

on training for the implementation of the state social policy, the development of the university is seen as the involvement is the “third age” education. Accordingly, active work in this market, not only could help progress in solving the strategic task of increasing the share of Russian State Social University in Russian and foreign educational market to 2025 to 1.0%<sup>1</sup> in accordance with the 2020-2025 RSSU Development Strategy adopted in 2020 (RSSU Development Strategy, 2020, p. 33), but would also strengthen the image of the country's First Social University. In order to prove or to test the hypothesis that one of the priority markets for educational services of the RSSU, subject to the correct choice of the form of work in this market, should be the “third age” market, the following research tasks has to be solved.

- 1) Clarify the theoretical methodological grounds used for the formation of such a phenomenon as “the third age education”.
- 2) Critically analyze the experience of the market for the “third age” in the system of Russian higher education.
- 3) Search for the factors of the successful promotion of classical university in this market.
- 4) Release the most effective forms of dealing in this market for the University.

## 2. METHODS

### 2.1. Material

It was also necessary to find answers to a number of methodological questions, the main of which is the question of creating an evidence base that is, creating a sample of materials and selecting methods by which the data from the sample could be generalized and systematized. The material include the secondary sources: research papers written by Russian and foreign researchers on the issue of re-socialization of the “third age” and “the third age education”, published in leading Russian and foreign journals; and primary data collected on the websites of Russian and foreign universities and centers of social protection, laws and regulations (“On the Strategy in the interests of senior citizens in the Russian Federation until 2025”, the “Memorandum of continuous education in the European Union”, etc.); information materials of the mass media; reference and statistical data (“Demographic Yearbook of Russia”, etc.). The sample consisted of 26 Moscow universities that implement the state programs “Moscow Longevity”<sup>2</sup>. We were interested in Moscow universities primarily because the head campus of the RSSU is located in Moscow and the regional network is represented by branches that deliver only selective areas of training. Such a sample has certain quantitative and qualitative limitations (not all universities included in it are multidisciplinary universities and can be compared with the RSSU), but it is wide enough to draw conclusions.

### 2.2. Methods

Aiming to develop the conceptual framework the dialectical and systematic method that allowed to explain the genesis and transformation of the concept of “the third age education” and its applicability to the phenomena of the information society (Nikiporets-Takigawa and Otyutskiy, 2017). In order to generalize and systematize empirical material related to the activities of Moscow universities in comparison with foreign experience, a comparative analysis of the training areas, the educational sites, as well as of the profiles of universities from the sample was carried out. General scientific methods of synthesis, analogy, deduction were used to assess the prospects for the work of classical universities in the “third age education” market and to clarify the most effective forms of work of classical universities in this market. The chosen methodology made it possible to find answers to the posed research questions.

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<sup>1</sup> “For 2019, the share of the educational services market in Russia was 0.6%, with the predicted value of the indicator being more than 5.0%” (RSSU Development Strategy, 2020, p. 10).

<sup>2</sup>Moscow longevity. Education. [Electronic resource]. URL : // <https://www.mos.ru/city/projects/dolgoletie/> (Date accessed: 05/25/2020)

### 3. RESULTS

The term “third age” was introduced into scientific circulation by the British researcher P. Laslett in 1996 as the age of retirement and the stage of a person's life cycle between adulthood and old age. He designated old age itself as “the fourth age” (Laslett, 1996, pp. 21-38). “Third age” in the XXI century began to be understood not as the age of the survivor, but as a period of ‘highest wisdom, deep sense, characteristic for many older people, developed their philosophy of life, accumulated a lot of experience of successes and losses’ (Zborowski, 2019, p. 10). In Western studies “third age” accounts for a period of 65 years (retirement) and 80 years (when people become old). Russian researchers practically do not use the concept of the “fourth age”. G. Zborovsky accurately characterizes the “third age” as a social community, with its particular features, structure and functions, the majority of which are unemployed retirees. There is a tradition and a number of studies linking problems in re-socialization of the “third age” or “silver age” only with the organization of leisure activities (Kokoshnikova and Tatarova, 2018; Makukha, 2019; Halitski; etc.). In general, the ‘human capital of the social community is not used properly to solve a number of economy and other problems of society’ (Zborowski, 2019, p. 15). The major document concerning on measures of re-socialization of the “third age” at the state level in Russia, it “The Strategy for the benefit of the citizens of the older generation in the Russian Federation until 2025”, which highlights the need to increase the educational potential of the person during all life, including both of general and vocational education. The Strategy compares with world practice: “On average, formal and non-formal education covers 30 percent of the country's adult population (in countries with the highest values of this indicator, the share of the adult population studying reaches 70 - 80 percent) ( On the approval of the Action Strategy ..., 2016 ). A comprehensive overview of international “silver” educational strategies is given in the volume “International perspectives on older adult education” edited by M. Formosa and B. Findsen ( International Perspectives..., 2016), and this material also allows to confirm a delay of Russia in comparison to the advanced countries in this respect. Such a gap can be explained, in particular, with the fact that in Europe since 2000, actively implemented the provisions of the Memorandum of Continuing Education, according to which the transition to a “knowledge society”, which we are seeing today, must be accompanied by the “lifelong learning” ( Memorandum of Continuing Education, 2000) . All three mentioned in the “Memorandum” types of educational activities, through which the training is provided (formal education, non-formal education, informal education) are being implemented in the Russian practice of education of the “third age”, but endowed with a different content depends on the actors of the educational process, regions and the place of study. The system of the “silver education” of the “third age education” in Russia began to form a quarter-century ago, but still is at the stage of institutional development. Dozens of people's universities, the “third age universities”, open universities, and similar organizations have appeared. In their creation the “Knowledge Society” (Obshestvo Znanie) played a decisive role at first, but currently, the regional centers of social services for the population are replacing Obshestvo Znanie in this capacity. According to researchers, about one-sixth of the universities in Russia take part in the organization of the “third age education”. O. Agapova notes that in Russia there are a large number of courses and programs for the education and re-socialization of the “third age” (initiators - libraries, museums, social service centers, “universities of the third age”, etc.), but they do not form a system. There are conflicting comments on Russian studies of the problem under consideration. A number of authors believe that research in the field of education of the “third age” is being carried out actively and quite fruitfully, but at the same time it needs to expand the methodological approaches (Bordovsky, 2020; Dzhurinsky, 2018; Korshuno, Gaponova, Peshkova, 2019) . Others believe that in the Russian research field only a part of the large problem of the “third age” is analyzed: ‘the university of the “third age” as a model for further education for elderly people including various general cultural and social

knowledge and skills necessary to adapt to the modern Russian society' (Zborovsky and Ambarova, 2019, p. 27). Indeed, since 2010, there has been significant growth in academic publications devoted to the resocialization the "third age" (Gudzovsky, 2018; Komissarenko and Zgurskaya, 2018; Kuznetsov 2010; etc.) and education the "third age" (Dzhurinskiy, 2018; Levitov and Shalashova, 2018; Rychikhina and Kolbetskaya, 2020; Mokroguz, 2016; Khamaturova, 2019). There, the question of the crucial importance of the theory of "third age education" is raised. Andragogy and geragogy are considered as the basis for such a theory (Gromkova, 2005; Kononygina, 2006; Kononygina, 2008). However, a large number of publications on this topic have not yet led to an answer to the most important theoretical and practical questions. Specialization in the Adult education, introduced in 1994, in 2000 was excluded from the range of the university specialization and this also contributes negatively to the development of the theoretical and methodological basis for this area. As soon as the demographic challenges in the form of an aging population received the attention at the state level, the state programs "Moscow Longevity", "Active Longevity" and others, focused on professional retraining of pre-retirees and socialization of the retirees, were launched. According to the results, program "Moscow Longevity" enhance the participation of the Moscow universities in the system of the "third age education", and in 2019-2020 academic year, twenty six universities located in Moscow participated in the programs. More than two hundred educational courses and clubs on various interests opened in previous years (Gromkova) also actively joined the state programs. Yet, two hundred thousand people who have completed training under the Moscow Longevity program seem to be a significant figure only in absolute terms. Given that the number of Muscovites of the third age is about three million people, the reserves for the growth of this area of activity of Moscow universities seem practically limitless. Note that a research conducted by Higher School of Economics staff demonstrates that as of 2017, in Russia, the involvement in formal and non-formal education for the population group aged 55-64 (this is the beginning of the "third age") is 7%, while for EU countries - 33% (Continuing education ..., 2018, p. 10). At the same time, it was found that the desire to improve the educational level was present only in 36% of the respondents, 50.5% of the respondents unequivocally stated that there was no such desire, 13.5% found it difficult to answer. Although the "silver generation" still highly value the education and especially the higher education, its obtaining (or continuation) does not seem to be an obligatory element of the life strategy for most of the generation representatives (Ambarova and Zborovsky, 2019, p. 12).

#### **4. DISCUSSION**

Thus, the first serious challenge in the implementation of preparedness and willingness of the Russian universities to work actively in this market is low (compared with foreign experience) motivation of the representatives of the "third age". Another problem is that universities, due to the lack of research on the issue, do not fully understand what the "third age education" is, often understanding this as hobby-entertainment activity. For this reason, many of them poorly use their own scientific potential and subject specialization in the "third age education", which is implemented in the preparation of specialists at the main faculties of the university. The universities use their educational opportunities not fully and narrow the spectrum of the educational services that may be of interest to the consumer in this market. As evidenced by the data obtained on the Moscow Meyer website, which contains detailed characteristics of the curricula of 26 universities implementing the "Moscow Longevity" program, as well as from the data of the universities themselves, in 9 out of 26 universities the content of "third age education" program is not directly related to the educational specialization of the university. Two of the 26 universities just simply provide their sports facilities for training, thereby practically refusing to engage in the education.

The Russian State Social University is realizing its educational potential to the greatest extent. Considering that this is a multidisciplinary federal level university providing training in a wide range of humanitarian and social science specialties, practically all areas of “third age education” organized by this university are related closely to the university expertise field. The Moscow City Pedagogical University, which offers a whole range of training areas directly related to pedagogy, is another example of the close usage of their educational specialization in the “third age education”. RSSU is the first and the major “Social University”, emphasizing its mission of the participant in the implementation of state social policy, providing to all segments of the population a barrier-free learning environment and high quality education, regardless of the restrictions on health, economic wellbeing, age, etc.. For this reason, RSSU was one of the first universities very actively participated in the implementation of the state program of education and re-socialization of the older generation, have generously shared with them its teaching and material resources. However, despite the fact that the “third age” is one of the priority markets for RSSU, at the moment RSSU works on it only within the framework of two state programs. Unlike others, this market has no financial stability and is highly costly for the University. Accordingly, in spite of the high potential of this market and its special attraction for RSSU as a large university with visibly underlined orientation to social policy, the University deals with the market with low efficiency. This poses the problem of finding the optimal form of activities in the “third age education” market. A number of educational requests of the students of the “third age” have already been fulfilled and it is hardly necessary to expand this education field (this primarily concerns the language training). Otherwise, a number of universities offer “piece” areas of training that only this particular university can deliver. Therefore, an obvious direction for further participation in dealing with students of the “silver age” is the proposal of unique areas of training inherent in a particular university. Foreign experience suggests another form of successful involvement in the “third age education” market, namely, the “third age university”. The name itself indicates that these structures are not leisure institutions, but set the task of training a profession with subsequent certification of results, which will help the graduate to get a job. The “third year universities” has played a major role in the education sector of the “third age” in Canada, China, France, Great Britain, and other foreign countries for more than forty years. During this time, various types of such educational institutions have been formed, and in most of these types multidisciplinary old universities play an important role in the implementation of educational programs.

## **5. CONCLUSION**

The social group of the third age is becoming perhaps the largest age cohort and the task of its re-socialization through education becomes the most important task of state social policy. In the last decade, the number of the “silver” educational programs in many universities has increased. It was the analysis of the experience of these universities that suggested those shortcomings in the activity of RSSU and other universities in this market, which affect the low efficiency in this activity. To date such a market is costly for those universities similar to RSSU, which invest a huge amount of resources in it within the framework of the state programs of the “Moscow Longevity” and the “Active Longevity”. However, the market of the “third age education” is an inevitable and important project in terms of the development of any federal multidisciplinary university. Taking into account the current and future demographic situation, when the relative share of people of the “third age” in the total number of active jobseekers will only increase, very soon the “third age education” will become, if not the main, then a rather significant component of the activities of the universities. If RSSU does not work ahead of the trend in this area, then in the foreseeable future it may find itself on the sidelines of an important segment of the educational services market. Having proved that the “third age” market is promising for the RSSU due to various internal and external factors, we set the task of

identifying effective forms of promoting the university's educational services in this market. For successful dealing with this market, it is necessary to use all the educational resources of the university, offering to the representatives of the “third age” the whole range of programs implemented at the university, as well as some unique programs that are created specifically for the needs of this stratum of students. It is necessary to expand the age range of marketing activities, directing efforts to the “third age”, advertising in social networks, which are the priority platforms for communication of the older generation. Those who have already been involved in the program the “Moscow Longevity” and the “Active Longevity” and already have an idea of the high level of teaching in Russian State Social University, should be invited to further enter the BA, MA, PhD courses offered in the RSSU. After analyzing foreign and Russian experience, we came to the conclusion that a special role in this sector is played by the “third age universities” that have existed abroad for forty years, and in Russia for twenty-five years. Using the full potential of the classical university, conceptually and structurally efficiently developing the third age university represents the most promising form of the promotion of the educational services of the universities in the expanding market of “the third age”.

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## RESEARCH PERSPECTIVES ON THE PRESERVATION OF CULTURAL HERITAGE IN THE CONTEXT OF GLOBALIZATION

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### ABSTRACT

*The problem of preserving cultural heritage is one of the most important in modern society. It has gained particular significance due to the increased influence of globalization processes on the social and cultural development of various countries, peoples and ethnic groups. This influence is ambiguous. On the one hand, globalization has created new risks to the preservation of cultural heritage due to the threat of “cultural colonization” by Western countries towards countries and peoples with insufficient economic, information and military resources to preserve their own national-cultural sovereignty. On the other hand, globalization processes can also have a positive impact on the state and development of different cultures due to the increased opportunities for intercultural communication and the inclusion of new countries and peoples in the world cultural heritage. The authors of the article carry out a comprehensive analysis of this process in the context of relevant research activities. They suggest non-standard approaches in the study of this problem. The research strategies proposed in the article offer some prospects in overcoming widespread political engagement and ideological bias in the study of globalization processes in terms of their impact on the preservation of the cultural heritage of countries and peoples. It ensures, accordingly, some objectivity and productivity in further research into this issue.*

**Keywords:** *heritage, globalization, situational analysis, interaction, processes, cultural heritage, culture*

### 1. INTRODUCTION

The study of heritage problems at the global level has gained particular significance due to the contradictions that have arisen in the intercultural interaction of countries. The essence of these contradictions is the attempts of “cultural colonization” of those countries that do not withstand competition with the countries which are stronger in the information, economic and military aspects and trying to impose their own information and cultural policies. This trend negatively affects the cultural heritage of peoples whose countries lose such competition. Accordingly, the relevant problems of research aimed at overcoming this threat are being updated. The main area of relevant research efforts in this case becomes the identification of the main laws of the functioning of the information society, which is one of the common phenomena of the globalization process. Among these laws, there are paradox that arose in the form of a demonstration by certain countries of the “right of the strong” in various interstate interactions justified by the “interests of democracy” and the need to broadcast “universal values” among certain peoples, social and ethnic communities [Globalizatsiya mirovoi ekonomiki..., 2012; Shafazhinskaya, 2020; Sistemny monitoring globalnyh i regionalnyh riskov, 2019].

In reality, so called "new humanism" often turns into crowding out the cultural space of various countries and their national heritage, supplanted by the reality of global market relations in the field of culture. This process is most clearly seen in the products of mass culture, which, due to their accessibility and broadcasting in the global information space, replace for many of their consumers unique cultural values of particular peoples and countries. While the position of countries dictating to others their own conditions of globalization in the field of culture is beneficial, the "boomerang effect" arises, expressed in the fact that these countries deprive themselves of the opportunity to enrich their cultural space with many achievements of world culture, are becoming increasingly backward in cultural terms. This process and its implications also need further study. The above-mentioned negative trends as a result of the influence of globalization are especially relevant for modern Russian society, for which the preservation and development of the national cultural heritage is one of the main conditions for preserving its own national-cultural identity. This research context is particularly useful in the study of cultural heritage problems. In this regard, the need to further study the results of research work in the field of preservation of cultural heritage obtained by scientific collectives of Institute of Heritage [Naslediye i sovremennost, 2006; Naslediye i sovremennost, 2009], research team in the field of sociocultural design, works of the Institute of Social and Cultural Anthropology under the direction of E.A. Orlova, Research Institute of Culture [Kulturogenез i kulturnoye naslediye, 2013], etc. At the same time, the real impact of globalization processes on the preservation of the cultural heritage of Russia has not been studied enough.

## 2. METHODS

Among modern research approaches to the study of heritage conservation in the context of globalization, it should highlight situational analyses, presented in the relevant studies, as one of the perspective methods [Goffman, 2004; Kamenets, 2015]. Within this approach, it is proposed to take as a basis the typification of life situations, according to which especially significant objects of cultural heritage are identified as they play an important role in the self-preservation and self-identity of various ethnic groups and peoples (ritual culture and heritage objects are such examples). These situations arise at different levels of social reality, depending on the nature of the created social communities and the corresponding character of social interaction. At the micro level, mainly informal social associations of a love-friendly nature function; at the meso-level (middle social level), there are formed mainly public associations, educational and production collectives, where informal and formal interactions are relatively balanced. At the macro level, associations and collectives, as well as their representatives, implementing mainly formal and role relations (legal, administrative, diplomatic, etc.) prevail. At the mega level of social interaction, there are value-worldview and spiritual-moral relations and interactions, represented most fully in the national and international space of various interactions. The division of social and cultural interaction processes into the above-mentioned levels makes it possible to distinguish the relevant vital situations for the preservation of various societies, peoples, ethnic groups, social groups as independent distinctive cultural entities. This interaction is productive to study it both in the context of globalization processes and in relation to the latter of socio-cultural interaction within individual societies, communities and ethnic groups. The interactive research paradigm proposed in this regard makes it possible to introduce an important distinction between the processes of communication and real social interaction, the gap between which has widened significantly in the context of globalization. It now makes sense to identify more specifically those situations of social interaction that are present at each of the above levels of social reality as initial research prerequisites. Thus, it was noted that the micro-level of social interaction is characterized by a predominance of informal, non-role relationships. This situation is designated as "consent", according to which interpersonal sympathies and affections determine the basic content and meaning of the existence of relevant

informal communities and associations. If this situation relates to problem of the preservation of cultural heritage, it is possible to distinguish, first of all, traditional family values and cultural traditions of intercourse, which are present in any ethnos, society. The role of these values and traditions in a particular national culture cannot be overestimated (in the existence of folklore, works of literature and art, culture of everyday life, etc.). But it is they who are subjected to massive information globalization pressure especially intensively, from the costs of thoughtlessly introduced juvenile justice to the broadcasting of “non-traditional models” of the institution of family and marriage. At the meso-level of social reality, a situation of confrontation arises, and it is initiated especially often in the form of various non-profit organizations (NPOs), many of which are an instrument for destroying traditional mentality and spiritual traditions (together with relevant objects of cultural heritage) of a particular society from the point of view of “universal” (globalist) values. A typical example is the denial of any social and cultural heritage of the Soviet past, organized by “globalizers” through the relevant “civic structures”, under the slogans “democratization”, “freedom”, “modernization”, “liberalization”, etc. At the macro level of social reality (the level of the whole society, the state), a situation of partnership interaction of all its participants is formed, and it involves a compromise of various social and cultural interests in the general legal field. In the space of globalization, an important task is to defend a country’s own national cultural interests when concluding various international treaties, agreements, cultural exchanges, mutual legal obligations, etc. [Gobbs, 2001]. At the same time, all parties to intercultural interactions at the global level (country, international organizations, etc.) strive to ensure the preservation of a cultural heritage of world importance, even if it belongs to a particular country.

### **3. RESULTS**

The use of situational analysis of globalization process in terms of its impact on the preservation and use of cultural heritage has revealed some of the real negative effects of the process. As a result of this analysis, the main mechanisms for the real dynamics of the impact of globalization on the state of heritage and the corresponding situations of intercultural interaction were identified. The first of these situations, called “situations of consent”, manifests itself in the form of intercultural interactions, in which the “globalizers” demonstrate the desire for mutual trust, predictability and mutual understanding with subjects, feeling globalizing effects. At the same time, such a demonstrated position can often be an informational cover for the persecution by “globalizers” of their own self-interested (political, economic, social) interests in the field of culture. The pursuit of these interests is provided by various information resources in the form of Internet space, media, advertising, etc. In general, the organized relevant information flows widespread through mass culture, the expansion of which can lead to the crowding out of cultural circulation of objects and the achievements of national cultural heritage. Mass cultural demand is increasingly focused on products of cultural activity, which have mainly international and non-national content. Typical examples reflecting this trend are Hollywood products, which are favored by the mass audience over national cinema; foreign musical variety, replacing the national traditions of domestic pop music and classical musical heritage (both foreign and domestic); increased advertising of post-art achievements, as an alternative to realistic visual creativity, including classical artistic heritage. The danger of a “situation of consent” can be manifested in this case as a demonstration of sympathy, love, friendship among all, who is involved in the process of this cultural communication. At the same time, the organizers and actors of this process emphasize the importance of achieving dialogue between different cultures, which is accessible and understandable to a wide variety of social and cultural groups. In reality there is created effect of the “Trojan horse”, eroding the boundaries of national-cultural sovereignty, devaluing objects of national cultural heritage. In the “situation of consent”, the most common and popular, especially among youth audiences, is a love theme

that has a pronounced sexual orientation (pornographic products in cinema, fine art, the music show industry, etc.). Humanistic values sung in the best cultural and artistic world achievements that glorify the world of human feelings in the process of globalization are replaced by other values and cultural codes associated with the demonstration of lowly human nature, physiological instincts instead of spiritualized manifestations of the relationship between man and woman. The “cult of physicality”, established in the information space of mass culture, contributes to the crowding out from the cultural space of many works of literature and art, folklore, the spiritual achievements of mankind, which represent the national and world treasure in the field of culture of thought and human feelings. Thus, the new “globalist understanding” of the world of feelings and sexual identity (or renunciation thereof) that is being introduced destroys the cultural heritage of the world of feelings, represented in world culture and art, in the respective national cultural and artistic traditions. It is important to note that the emphasis on “physicality” in the “situation of consent” contains inevitably significant conflictogenic potential, which is realized in relation to alien physicalities (by analogy with the animal world) and to the manifestation of spirituality as the main cultural and life value. Therefore, over time, any “situation of agreement” inevitably escalates into a confrontation. Most often, the “situation of confrontation” is demonstrated as the struggle of “reformers”, “innovators” with “conservatives”, “traditionalists” who impede the real social and cultural development of society. Without denying the legality of many cases of such confrontations, one cannot fail to note the presence of speculation and stereotypes about the inevitability of assessing many cultural traditions, objects of cultural heritage as a brake on social progress. In reality, under this pretext, traditional culture and its achievements are often destroyed in accordance with certain globalist cultural scenarios. These scenarios are often implemented in accordance with the paradigm of postmodernism in cultural and creative practice, which, in its best manifestations, just contributes to the actualization of cultural heritage in modern social, cultural and aesthetic contexts, but can also be used as a means of destroying any traditions and sustainable cultural and value guidelines in general. In order to mitigate the opposition of traditions and innovations in the cultural field of globalist scenarios, a “situation of partnership” is envisaged. This situation may replace the previous “situation of confrontation” in order to stabilize to some extent the existence in a particular national culture of the existence of introduced elements of the cultural achievements of globalism. This partnership is achieved through various compromises in cultural practice, involving the creation of various symbioses of traditions and innovations (many of which are quite tasteless and eclectic) or the parallel existence of modernization and traditional achievements of culture and art (for example, musical folk art and the music show industry). The emerging “partnership situations” of national and globalist culture are not as neutral and harmless as it may seem at first view. Here there is often a desire for cultural recoding of mass consciousness through the introduction of new values and norms that destroy the meanings and meanings, which are traditional for the national-cultural identity of a people, society. As an example: there is the unlimited introduction of “anglicisms” into the traditional names of institutions, objects, memorabilia, professions, activities, etc.; also there is reinterpretation of classical works of art, which beyond recognition distort their main ideological meaning and artistic content; there is formation of the architectural view of cities, streets, buildings that erase any national-cultural features of the urban environment, etc.

#### **4. DISCUSSION**

An analysis of the impact of globalization on the preservation of domestic cultural heritage shows that, along with the negative effects of this process, there are also the positive effects, that is important to ensure appropriate public cultural policy. This is possible if economic interests in culture and art are not dominated and the government pays special attention to the

social importance of the protected cultural heritage [Denchev, 2005; Kulturogenез i kulturnoye naslediyе: sbornik statei, 2013; Shveitser, 1973]. In this context, the above-mentioned situations of interaction between global and cultural-national interests can be interpreted as follows.

- *The situation of consent.* Its constructive potential is realized subject to the search of cultural interactions and communications by all participants, both domestic and foreign, the preservation of the world and domestic cultural heritage as a world heritage, realizing the well-known principle “cultural unity of the world through its cultural diversity”, represented by various countries, peoples, ethnos. The potential of globalization in this process is enormous. This is the Internet space, mass media, international cultural events, cultural international tourism, etc. These opportunities are realized if all participants in intercultural communications and interactions refuse to pursue their own unilateral economic benefits at any cost, without considering the environmental, social and spiritual and moral costs arising from globalism.
- *The situation of opposition* in the preservation of cultural heritage in the context of globalization can be presented not as a result of an irreconcilable clash of economic, social or political interests, but as a creative competition, fair competition of ideas, innovations evaluated not on the basis of the principle of alternatives, but on the basis of complementarity (“festival” principle). It can promote a further humanization of all domestic culture and education in which there will be no dictatorship of certain ideas, thinking, attitude imposed to all society, strengthened by monopolism in cultural and educational space of any given political and economic entities.
- *Partnership situation.* It has been discussed above that there is a risk of this global situation being exploited in the pursuit by any of the subjects of cultural interaction of their own mercantile interests that threaten the preservation of the domestic cultural heritage. To prevent this threat, some state protectionism towards domestic culture is desirable. This protectionism is expressed, for example, in the introduction of quotas for the display of Hollywood products, as it is in some countries to protect their own cinema. The same can be attributed to the preservation of the historical view of cities, the promotion of the preservation of domestic cultural and art monuments, achievements of folk art, etc. Accordingly, in cultural interaction with foreign partners, there should be a certain “red line”, through which none of its participants has the right to enter. It means that with a wide variety of options for the cultural development of society, it is necessary, first of all, to ensure the safety and preservation of the cultural national heritage. And it is the government that should act as a guarantor of compliance with this rule.
- *Coexistence situation.* It is positive if it is realized at the extraterritorial level, i.e. with the participation of all stakeholders interested in the preservation of the national and world cultural heritage regardless of place of their residence (for example, “Russists” in France). Various cultural experts, including researchers, art historians, cultural and art figures, etc. become the main persons who show interest in the preservation of cultural heritage here. Their role in society will be more significant than they will have greater rights in the system of social and professional control in the field of preservation of cultural heritage and its reasonable use [Kaulen, 2015; Shafazhinskaya, 2020].

With a wide variety of strategies to exploit the positive potential of globalization in preserving cultural heritage, a national consensus on the significance of the heritage is needed as well as the existence of basic social spiritual values and cultural guidelines that contribute to the

development of common criteria for assessing what heritage should be preserved under any scenarios and conditions of globalization. If there is no such consensus, this goal becomes unattainable [Glaziev, 2010; Kuzyk, 2005]. Also crucial is the lack of a strong dependence of the task of preserving the heritage on the current political convention and ideological engagement. The significance of the country's cultural achievements should be determined in a wide cultural and historical context, the content of which should not change depending on the bureaucratic and administrative apparatus. It should correspond to the national and cultural identity of peoples, ethnic groups, countries with a common historical memory, self-determination as a full-fledged subject of cultural development. Preservation and strengthening of this identity is one of the most actual social problems of modern Russian society [Zagashvili, 2010; Sotsiologiya. Osnovy obshchei teorii, 2003; Habermas, 1995].

## 5. CONCLUSION

A study of the impact of globalization processes on the preservation of cultural heritage shows that one of the promising approaches in the study of this problem is situational analysis, which allows considering complex processes of interaction between different cultures in a globalizing context differentially and dynamically. In order to determine an effective strategy for the realization of preserving heritage task, the first priority is to achieve public consensus on the main priorities and ways of developing national culture, taking into account the own cultural traditions and mentalities of the people, ethnic group, country, as well as the social and economic development of society in the context of globalization.

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## INNOVATIVE TECHNOLOGIES FOR SOLVING GENDER EQUALITY PROBLEMS (USING THE EXAMPLE OF AFGHANISTAN)

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### **ABSTRACT**

*The article considers the problem of solving problems of gender equality on the example of Afghanistan. Under the current political conditions, an information space is beginning to form for a Muslim country within the framework of implementing democratic approaches in the modern world under the auspices of international projects to open access for women to political and educational rights. It is proved that the role of information technologies in the conditions of Afghanistan will increase for the formation of gender equality.*

**Keywords:** *gender equality, Muslim country, Afghanistan, political rights, gender equality in education, innovative technologies*

### **1. INTRODUCTION**

Gender studies is a direction of scientific activity that studies the places, roles, for the expression of the will and self-realization of men and women in changing socio-historical conditions. The result of gender research, as a separate scientific direction in the activities of a wide range of scientists from various sectors, was the creation of modern gender theory as a system of scientific views on the relationship and status of women and men, their acquisition of social and role characteristics and the impact of the latter on the socio-economic development of countries [1]. An important aspect is the interdisciplinary nature of gender studies, which predetermines their dependence on the theoretical principles and methodological standards adopted in a particular scientific discipline. Separately in this row are legal sciences and the science of public administration, which theoretically consider the principle of gender equality and other concepts that are associated with it. In statistics and economics, a methodological framework for a gender approach is also being developed and the influence of the expectations and social roles of men and women on the economic development of the country is being studied [1]. Currently, the development of gender studies makes it possible to single them out as a separate scientific direction, and as a component - a gender component - in the structure and methods of research in other disciplines. Its institutionalization in the education and science system contributes to the formation of gender as a direction in science. In particular, in American and European universities, gender studies have received the status of an academic discipline. As a result, the gender approach makes it possible to realize itself as a special direction in research and practice, which is focused on the formation and approval of a policy of equal opportunities in all spheres of life. Quite often, discussions and judgments concern the rights of women in Muslim countries, based on generally accepted principles of international law. However, the main problem lies in comparing the Muslim system, which is based on the religious attitudes and precepts of Islam and the legal systems of democratic countries of the secular type (in which the influence of religion in public spheres is distinguished), in the Eurocentric approach to understanding the status of women, her rights and participation in social-political life in Muslim countries. Therefore, it becomes necessary to consider the status of women from the standpoint of Islam and Islamic law, the introduction of innovative technologies to solve problems of gender equality and the impact of democratic processes and the principles of universal suffrage on changes in Muslim society [2].

## 2. METHODS

The research methods used in this article is observation and survey of resources related to gender situation and rights in Islamic countries and specifically in Islamic Republic of Afghanistan. The study was also based on reviewing the Gender study in these countries.

## 3. RESULTS

AS the results, it can be argued that the use of gender innovative technologies in business education allows creating gender stereotypes, creating conditions for the development of individual subjects, regardless of gender, by mastering the types of life strategies: survival, development, success, achievement, well-being, which are so necessary for a successful career in the life of a man and a woman and overcoming gender asymmetry in business. Islam has the status of a state religion in 23 countries of the world, in particular in Algeria, Afghanistan, Bahrain, Egypt, Yemen, Iraq, Iran, Jordan, Qatar, Kuwait, Libya, Mali, Morocco, UAE, Oman, Saudi Arabia, Somalia, Sudan, Tunisia, etc. However, it is necessary to understand that each of these countries has its own traditions and discussion on ensuring political rights in a Muslim state. Historically, many variations of an organization such as the Islamic State have been formed. In the discussion of the equality of women and men in Muslim society, everything is rather ambiguous. It is necessary to clearly distinguish between how the equality of men and women is interpreted in the Qur'an, namely equality before Allah, and how state policy on gender balance is formed in Islamic countries, and in particular in Afghanistan. Analyzing the equality of women and men, one should distinguish between two spheres - spiritual and social. In the spiritual sphere, according to the holy book of Muslims - the Koran, men and women are equal before Allah in their actions and prayers. "And those men and women who perform some of the righteous deeds, being believers, will enter Paradise and will not be offended even by the size of the notch on the date bone" [7]. "Verily, for Muslims and Muslim women, believing men and women believers, obedient men and obedient women, truthful men and truthful women, patient men and patient women, humble men and humble women, giving alms to men and giving alms to women, fasting men and fasting women who keep the chastity of men and keep the celibacy of women and often remember Allah for men and women, Allah has prepared forgiveness and a great reward" [6]. As for the gender distribution of responsibilities and the place of women and men in the social system, certain suras of the Koran regulate the responsibilities of women and men, their role in the family and society. "Do not wish that whereby Allah has given one of you an advantage over others. Men are entitled to a share of what they have acquired, and women are entitled to a share of what they have acquired" [4]. "Men are the trustees of women, because Allah has given one of them an advantage over others, and because they spend from their property" [5]. Thus, the proclaimed equality in one, spiritual sphere, does not give grounds to assert that there is gender equality in social relations in Muslim society. As for the fulfillment of political roles, it should be noted that in the Quran there is no mention of the prohibition of the political participation of women, but one of the hadiths spells out the duties of a man and a woman in relation to "their" sphere: "Truly, each of you is a shepherd, and each of you is responsible for your flock. The ruler who is (placed) over the people is the shepherd (for his subjects) and is responsible for his flock, the man is the shepherd for his family and is responsible for his flock, the woman is the shepherd for her husband's family and his children and is responsible for his flock, a man's slave is a shepherd for the property of his master and is responsible for his flock, so each of you is a shepherd and (each of you) is responsible for his flock" [9]. As can be seen from the above, a woman is not responsible for others except her husband, but a husband, for example being an imam, is responsible for his own prayer and for the prayers of everyone who stands behind him. That is, the prevailing attitudes in Muslim society regarding the political participation of men and women contradict modern ideas about gender equality, since there is segregation: when certain

duties or roles are assigned to a certain article from the beginning, which is a direct sign of gender discrimination. Confirmation of the last thesis is also the established views on the possibility of occupying leadership positions. According to Islam, "The main problem lies in comparing the Muslim legal system, which is based on religious attitudes and precepts of Islam, and the legal systems of secular democratic states, in which the influence of religion in public spheres is distinguished" [10]. As for the education sector, for example, in Afghanistan, as a Muslim country, the gender approach involves not only gender studies and the inclusion of a gender component in the content and methods of teaching other disciplines, but also improving the qualifications of the teaching staff through a system of seminars, trainings, information technologies, a complex extra-curricular work; and the creation of a gender-sensitive environment. Separately, it should be noted assistance in finding mechanisms for introducing gender approaches into the higher education system in Afghanistan from international organizations, which create opportunities for acquaintance with leading foreign experience in the field of ensuring equal rights and opportunities for women and men, provide the necessary communications and create opportunities for the implementation of initiatives of representatives and representatives of civil society. For a long time, a certain attention has been paid to solving the problems of gender equality in Afghanistan. The international agreements and commitments that the country has taken to implement the gender equality policy are:

- UN international conferences on the status of women towards the elimination of gender discrimination (Declaration and Platform for Action adopted at the Fourth World Conference on the Status of Women (Beijing, 1995);
- General Declaration of Human Rights (1948);
- UN International Covenant on Civil and Political rights (1966);
- UN International Covenant on Economic, Social and Cultural Rights (1966);
- UN Convention on the Elimination of All Forms of Discrimination concerning women (1979) and the Optional Protocol thereto (1999);
- Vienna Declaration of Human Rights (1993);
- UN Declaration on Social Progress (Copenhagen, 1995);
- Political Declaration and Outcome Document "Further Measures and Initiatives for the Implementation of the Beijing Declaration and Platform for Action", adopted at the UN General Assembly Special Session with the agenda "Women in 2000: Equality between Women and Men. Development and Peace in the XXI Century";
- United Nations Millennium Declaration "Millennium Development Goals", approved by the General Assembly resolution in September 2000) [3].

Within the framework of these documents, scientific and methodological developments were published, gender courses began to be introduced, centers for gender studies were created, and scientific and practical conferences were held. The achievements that were obtained during the study of gender equality in Afghanistan became one of the foundations for the direction of introducing information technologies into the education system. The result of the implementation of a number of projects was the creation of conditions for the exchange of acquired experience and practices. Thus, holding various regular scientific and practical events for the educational community, including forums, conferences, seminars, contributed to the creation and development of a professional gender-sensitive environment in Afghanistan. [3].

### **3.1. Gender aspects of innovative technologies in business education**

At the present stage of the transformation of society in Afghanistan, the effective solution of priority tasks in the field of leading sectors of the economy requires further development of the business education system. The formation of a new generation of future specialists and entrepreneurs who would be competitive not only on the national but also on the international

labor market is impossible without the proper integration of one or another experience and achievements of Afghanistan with the experience of advanced countries. It is the integration of the national system of business education into the modern world educational space that is considered as a priority in providing quality education to managers, entrepreneurs, businessmen and an opportunity to promote the policy of gender equality in society. Integration is able to provide universities with leadership in the creation and implementation of modern effective technologies for business education based on domestic and foreign educational standards [10]. The problems that are still poorly studied are aimed at identifying the significance of the phenomenon of gender socialization for the formation of professional self-awareness of a specialist, gender asymmetry in business, etc. The existing gender stereotypes in Afghanistan not only provoke such anti-democratic phenomena as gender discrimination, narrow the opportunities for self-realization of both gender groups, but also entail the irrational use of human resources, economic losses, a decrease in competitiveness in market relations. Therefore, the introduction of information technologies in the development and improvement of professional training and retraining of specialists taking into account the gender aspect in Afghanistan is of fundamental importance [8]. Over the past decade, there have been trends in the internationalization of business education, the organization of international and national partnerships, the unification of programs, the diffusion of the latest learning technologies that need to be studied and evaluated. The absence in Afghanistan of its own experience of such education as a mass and multifaceted institutional phenomenon, leads to the fact that, naturally, there is a copying of the international experience of business education, both in terms of its content, organization, educational planning, and learning technologies. Indeed, the situation in the business education market is pushing Afghanistan to cooperate with Western partners to integrate a gender component in education. Researchers who study gender equality issues in Afghanistan have focused on empowering men and women to influence gender equality by attracting more women to teach management at Afghan universities, women entrepreneurs and women in government. to all activities that are carried out as part of the development of this direction. Teaching gender studies requires the expanded use of interactive educational technologies, the latest information technologies that enhance participation and exchange of experience. This allows you to form the mechanisms of personal, social and gender identity, that is, to teach how to choose goals, values and beliefs. The effectiveness of this direction is determined precisely by the provision of innovative technologies and their active adaptation to the realities of Afghanistan in business education. The following distance technologies and tools for introducing a gender component in the education of business representatives were identified as the most effective, namely: case method, trainings, consulting, business forums, information and educational website, online training and others. The stereotypical prejudice against gender issues, as far-fetched, introduced, insignificant and potentially unclaimed, continues to remain fairly stable in the Afghan society. However, with the help of the international community, Afghanistan is gradually overcoming these stereotypes. Consistent implementation of the gender component in the education system using information technology will ensure the gender integration of Afghanistan into the world community. It should be noted that the scientific novelty of the problem, its relevance and unconditional promise arouse interest among representatives of both the academic and business spheres of Afghanistan. The use of gender innovative technologies in business education makes it possible to soften gender stereotypes, to create conditions for the development of the individual characteristics of a subject, regardless of gender, by mastering the types of life strategies: survival, development, success, achievement, well-being, which are so necessary for a successful career in a man's life and women and overcoming gender asymmetry in business.

#### 4. CONCLUSION

Gender education not only accelerates the development of a culture of relations between men and women based on mutual respect, tolerance, but also provides opportunities for self-realization for both men and women. The introduction of information technologies into the education system of Afghanistan now makes it possible for the women of the country to study remotely, without violating the laws of the Koran, which allows us to speak of the fact that the future of the country's educational sphere lies precisely with these technologies.

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## ADVANTAGES OF DIGITALIZATION OF ART EDUCATION

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### ABSTRACT

*The relevance of the study is due to the fact that in the framework of the state program of digitalization of all spheres of the life of Russians, the learning process in higher education institutions of art and culture has acquired a digital format. In this regard, this study is aimed at assessing the digitalization results of a modern university (using the example of the Higher School of Music of A. Schnittke (Institute) of the Russian State Social University and the trends in this process. The analysis of the results allows concluding that in Russia, the digitalization of higher education leads to an increase in the level of its quality, an increase in the level of mastery of programs by students, an expansion of the range of competencies and opportunities for them to obtain quality education for a wider circle of people. At the same time, digitalization does not deprive art education of its individual, personal, and practice-oriented approaches (individual lessons, independent creativity, rehearsals, etc.). During the study, general research methods were applied: systemic, instrumental, and functional approaches, dialectic and comparative analysis, as well as sociological and statistical. The study substantiates that the use of the digital educational environment in the universities of art and culture has proved its effectiveness; therefore, it opens up new prospects for the development of higher art education in Russia and allows bringing Russian education to a new level.*

**Keywords:** *Digitalization, e-learning, higher education, information education environment online, courses*

### 1. INTRODUCTION

In the realities of the development of the modern world and the conditions of the information society, digitalization is becoming a natural stage in the development of the education system, including art (Meleshko, 2019). In modern conservatories, musical and pedagogical institutes, universities of art and culture, an electronic environment is created that encompasses all participants in the process – from the rector to the graduate of the university, and all stages – from the reception of applicants to the qualitative improvement of training programs (Issledovanie rossiiskogo rynka..., 2020). At the same time, digitalization does not deprive art education of its individual, personal, and practice-oriented approaches (individual lessons, independent creativity, rehearsals, etc.). In 2016, the government launched a federal project “Modern Digital Educational Environment in the Russian Federation” as part of the implementation of the state program “Development of Education” (Postanovlenie No. 1642..., 2020). The time has come to sum up the results of the first stage of digitalization of universities in Russia. There is no unanimity in assessing the significance of digitalization by Russian and foreign scientific opinions. O. Ahel and K. Lingenau are sure that “digitalization could be the key to enlarge the scale of students getting access to Education for Sustainable Development” (Ahel, 2020, pp. 12). S.I. Ashmarina, E.A. Kandrashina, A.M. Izmailov, and N.G. Mirzayev study “the main aspects of economy digitalization as well as the impact of economy digitalization on gaps in the system of higher education in Russia, connected with such a phenomenon as gaps in socio-economic systems” (Ashmarina, 2020, p. 437).

J. Xiao, studying the role of digitalization in the strategic development plans of 75 leading Chinese universities, notes that “digitalization features modernization and innovations in teaching and learning, positive online ethos, but on the other hand, there seems to be not use digital technologies to build technology-enhanced research capacity and also not develop open, flexible, distributed, and disaggregated learning” (Xiao, 2019, pp. 515–516). According to T. Kovaleva and others, their analysis of the opinions of students in European universities shows that “digitalization is not only considered an efficient way for diffusing information, but also renders the work of the student more flexible and increases collaboration possibilities among students”. The disadvantage is “a lack of social interaction that holds back the development of essential social skills has been identified as the principal potential drawback” (Kovaleva, 2020, p. 43). At one of the platforms for discussing the digitalization of education, the rector of the Higher School of Economics Yaroslav Kuzminov noted: “As for the school, we can say with confidence: here we have made very serious progress, which is expressed in significant advancement of Russia’s positions in the studies of PISA, PIRLS, TIMSS, ICCS, and so on, with regard to successes in WorldSkills international competitions, here we also “rushed”, but “in terms of the development of professional education”, Kuzminov believes, “we have a noticeable failure” (Meleshko, 2019). At the same time, digitalized universities in Russia give more reasons for optimism, since 20-30 institutions are able to provide high-quality education and compete with foreign universities, which means Russian population will participate in high-tech production, effectively use the latest high-tech achievements, create new knowledge, etc. (Aksyukhin, 2009, p. 51).

## **2. METHODS**

To study the trends and results of digitalization of a modern university, the prospects for their interaction and mutual influence, the general methods of scientific research were applied: systemic, instrumental, and functional approaches, dialectic and comparative analysis. Special research methods were sociological (method of expert evaluation, observation, and analysis of educational practice, survey and testing of participants in educational relations, a survey of employers) and statistical (analysis and evaluation of statistical data – digital indicators of class attendance and student performance, research results). The methods used allowed us to evaluate practical results and scientifically characterize the potential of digitalization of the process of art education at the RSSU (Russian State Social University). The study was based on the Higher School of Music of A. Schnittke (Institute) of the RSSU.

## **3. RESULTS**

At the Higher School of Music of A. Schnittke (Institute) digitalized the process of teaching in the areas: “Pedagogical Studies (Music Education)”, “Folk Arts”, “Cultural Studies”, “Design”, and “Sociocultural Activities”. The entire document flow relating to students is carried out in the IC system, the learning outcomes of each student are presented in an electronic portfolio, electronic grade books, electronic journals and sheets, and the entire educational process is recorded in the distance learning system (DLS) (electronic information and educational system). The latter deserves special attention, since it has proven undoubtedly effective. DLS is an electronic educational information resource of the university, combining an educational portal with a connection to information resources, a management system, and telecommunications. An information resource is hypercollections of educational content (media, video, audio, library, photos, graphics, animations, presentations), information data arrays, educational portals, and Internet sites. The management system is based on user authorization, content development, testing, ratings, and personal and collective information space. All this is aimed at creating conditions for systematic quality improvement and expanding the educational potential of the university.



The availability of online education makes it possible to organize blended learning, building individual learning paths, including for students with disabilities, self-education, which in turn transforms the social paradigm of people's livelihoods – it opens up opportunities for obtaining and improving knowledge, broadening one's horizons, and retraining at any time in one's life. Digital technologies are becoming an effective mechanism for the versatile development of the university itself. They provide a quick exchange of the latest developments, experience, and knowledge, including unique ones, improving online learning, expanding digital libraries, enhancing academic mobility, and increasing joint research, integration into international scientific and educational space, while allowing the university to adapt to modern sociocultural and economic conditions and maintain its unique qualities and competitive advantages (Mavlyutova, 2018, p. 6; *Prioritetnyi proekt v oblasti...*, 2020). The undoubted advantages of digitalization of art education include:

- 1) Openness and objectivity of the educational process, universal accessibility and equality of students, personalization of education and its variability. The dean of the faculty, the teacher, the student themselves, their parents, and potential employers can see the student's real path to the heights of excellence, and their academic achievements will receive an objective assessment of the professional community.
- 2) Instant remote access to the student's personal file, which allows university staff to grant scholarships, provide financial assistance, attract them to projects, send them to potential employers, inform about useful events, etc. The electronic portfolio reflects the best scientific and creative achievements of the student – published diplomas and certificates of participants in contests and festivals, published articles, audio and video recordings of stage performances, etc.
- 3) Ease of management and control of the university. The university administration has operational information on the level of attendance and academic performance of students, academic and financial debts, etc., and makes appropriate management decisions.
- 4) The prevalence of interactive and problem teaching methods for students. The passive perception of information in lectures is replaced by personal involvement of students in the educational process by problem tasks, cases, and other forms of teaching in a digital educational environment. Today, there is a serious gap in the intellectual abilities of university students, and the use of the latest teaching methods introduced through digitalization allows, if not to level out academic performance, then noticeably increase it among those who have received poor results. Due to digitalization, higher education is becoming widespread.
- 5) Increasing the degree of independence and responsibility of students during assignments. Content in the DLS of the RSSU contains a practical task and boundary control for each section, contributing to greater independence and depth of development of the material. DLS motivates students to work with their minds, expressing personal opinions, applying their own talents, and applying an individual approach to solving a learning problem.
- 6) Students mastering modern digital and educational technologies. The DLS allows downloading assignments for students in a variety of formats, from cases and problem assignments in the form of a Word document to an mpeg4 video file with a recording of a musical dictation, a backing track for a variety vocalist, choral work studied by students of the faculty, etc. The educational process in this way creates additional values for students.
- 7) Opportunity for social partners – future employers, as well as grantors, ministries, departments, and scholarship funds of talented youth and young scientists – to trace the path of becoming a student in their chosen field, and also, if necessary, help the student solve personal development problems. Fixing the student's personal development path allows the future employer to see a clear portrait of their potential employee.

The RSSU uses open online resources, ranging from individual tasks, tests to full-scale courses (modules) to form the necessary competencies. The main criteria for the positive impact of digitalization on the educational process are increasing student achievement, especially correspondence students, intensifying project activities and independent scientific and creative work of students, and increasing interest in specialized disciplines. If at first, the electronic educational environment caused a cautious attitude among some students, and the outflow of students did not exceed average values (about 13% in 2013-2017), then in the second and third years of the active phase of the work of the DLS (2018 and 2019), the number of expelled correspondence students RSSU decreased to 9%. The statistics allow us to speak about the dynamics of the level of mastering the programs for preparing artistic and creative directions. The number of academic arrears, unsatisfactory grades and failures has markedly decreased, but most importantly, academic performance has increased. If in 2013-2017 the average student score was 77 out of 100 (which corresponds to the grade 4.16), then in the last two years, the numbers grew to 81 out of 100 (which corresponds to an estimate of 4.39) (Russian State Social University, 2020). In the conditions of the postindustrial world, the world of total synthesis, globalization, and a rapid flow of information, modern young people are poorly developing analytical thinking. A.P. Krainov considers clip thinking to be a phenomenon of the information society and, as a result, a decrease in the level of critical perception of information and analytical abilities: “A person ceases to think globally and analyze large volumes of important information. The effect of clip thinking is especially clearly visible in the education system, using students as examples, who have lost the ability to meaningfully retell a scientific text” (Krainov, 2019, pp. 263–264). A.A. Konstantinov and N.S. Tarasenko noted that in the current situation “the brain does not try to catch certain information, which leads to the fact that it is difficult for such specialists to analyze, isolate the essence, and make based on this decision” (Konstantinov, 2017, p. 1118). Moreover, for the new generation, working with information resources is a natural way of life, hence the need for a modern person to have an information culture as an element of the 21<sup>st</sup>-century culture and a condition for a comfortable existence in society (Schwab, 2020). The formation of a digital society is becoming the most important task of the education system. Digital resources of the educational process provides the opportunity to educate citizens according to an individual curriculum throughout life at any time and anywhere (life-long-learning), allows to meet the needs of a person who is mastering new types of labor, include all sections of the population in the educational process, and provide them with the opportunity to manage their own learning outcomes and build their own learning path (advanced-learning-technologies), “overcoming the barriers of the traditional – the rate of development of the program, the choice of the teacher, forms and methods of teaching” (Nikulina, 2018, pp. 107–113). The introduction of digital technologies affects not only innovations in equipping the educational process of the university (development of educational software resources, educational websites, teaching and didactic materials, including music and educational programs, computer experiments with virtual models), but also the modernization of research activities necessary in the context of globalization of the modern scientific world (Meniaisia ili ukhodi..., 2020). Thus, M.R. Safiullin and E.M. Akhmetshin (Safiullin, 2019, pp. 7391–7392) are convinced that “due to the rapid development and widespread use of digital technology, universities have gained new perspectives and opportunities to improve the quality and convenience of the educational process. Due to the proliferation and widespread use of massive open online courses, universities have become able to compete globally. Digital transformation is becoming a key mechanism for creating a university’s competitive advantage in the global educational space”. According to the results of the research activities of the university for 2016-2020, the level of publishing (especially in the journals of the Scopus and Web of Science databases) and grant activity has significantly increased (Russian State Social University, 2020).

#### **4. DISCUSSION**

The development and testing of educational and methodological complexes, simulators, virtual laboratories for in-depth study of the material of specialized disciplines, an increase in the share of the online segment of educational services in the field of professional or additional education, radically change the traditional system. The re-equipment of IT resources and the expansion of human potential due to the digitalization of the educational process determines the optimization of all internal processes of the educational institution and an increase in the efficiency of interaction between all departments, and not only internal. A modern university today can save costs and time by analyzing the results of the learning process and assessing the degree of satisfaction of students with the educational process and employers with the level of professionalism of graduates. E.G. Repina, O.V. Bakanach, and N.V. Proskurina (Repina, 2020, p. 441) evaluate “the electronic information and educational environment of the university as an innovative component of the competence approach under the digital transformation of the economy and defines its relationship with the formation of information and communication competence of students”. Digital technologies are fast becoming a part of human economic, political and sociocultural life. The paradigm of communication and interaction of people with each other and society has changed. Digitalization offers a comprehensive solution for processing information of an infrastructural, managerial, behavioral, and cultural nature. Other researchers come to similar conclusions. E.A. Mitrofanova, M.V. Simonova, and V.V. Tarasenko (Mitrofanova, 2020, p. 463) substantiate “the potential of the education system Russia in training for the digital economy and determine the leading role of managerial staff of the educational organization in its updating”. N.V. Speshilova, V.N. Shepel, and M.V. Kitaeva (Speshilova, 2020, p. 448) note that digitalization improves education system governance, requiring “substantiation of decisions made based on the wide use of modeling of training processes, optimization of planning, and organization of distribution of educational resources according to the criterion of cost minimization”.

#### **5. CONCLUSION**

The main trend in education is associated with the digital revolution, which will lead to a radical change in the labor market, the emergence of new competencies, improved cooperation, increased responsibility of citizens, and their ability to make independent decisions. This, in turn, will serve as a reason for the subsequent reorganization of the educational process, largely based on the use of artificial intelligence technologies. For example, it is clear that over the next 5-10 years, such systems of automatic translation of texts and speech from any language will be developed that will allow the use of electronic resources, libraries of leading universities of the world and lectures of the best teachers will be available to every student, and not just those who speak a foreign language. All this will lead to a complete restructuring of the educational process, a rethinking of the role of the teacher, who now will not have to explain the material, but help to find the source of this material and understand it. All this, as a result, leads to a single end-to-end process of transformation of society. The digitalization of art education in the modern world is irreversible; therefore, it requires close attention of the professional community and further improvement. Despite the inevitable disadvantages of the system, the use of the digital educational environment in the universities of art and culture has proved its effectiveness; therefore, it opens up new prospects for the development of higher art education in Russia and allows bringing Russian education to a completely new level. The development of digital technologies in the field of art and culture, innovative activities in the field of art education, the integration of Russian universities in the international scientific and educational space will contribute to the development of Russia as a world power.

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## IT-SUPPORT FOR MODERN SOCIAL-PSYCHOLOGICAL RESEARCH

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### **ABSTRACT**

*The article describes the model, process, and results of the study of professionally important qualities of social workers conducted by the faculty of psychology of the Russian state social university. The subject of the research is the level of development of professionally important qualities of social workers, the goal is to identify the relationship between the level of development of professionally important qualities and the performance of social workers. Assessment of the level of professionally important qualities was carried out using the developed psychodiagnostic information system «ARS-AEAE-2019». The obtained psychodiagnostic results of the research and the course of creating the information system are described.*

**Keywords:** *social work, psychodiagnostics, professional selection, IT-support, psychodiagnostics software, information systems*

### **1. INTRODUCTION**

In the current era of ubiquitous digitalization, the process of digital adaptation of psychodiagnostic techniques is an important task of optimizing the selection of employees of organizations, complicated by the very specifics of psychological diagnostics. This issue is relevant for the social sphere of the executive power of the state due to the peculiarities of the professional activity of social workers, which determine the necessary professionally important qualities for social service employees and the professional selection of applicants for these positions determined by them. The faculty of psychology of the Russian state social university conducted a psychological study to identify the leading professionally important qualities that affect the performance of senior social service employees. The following characteristics were put forward that were supposed to determine the performance of senior social workers: analytical thinking; communication skills; goodwill; teamwork; adaptation to changes; result orientation; managerial potential; leadership style; applied technology for evaluating candidates for vacant jobs; assessment of the propensity and readiness of social workers to regularly interact with other people in the workplace. Also, as part of the psychological diagnostics, a social desirability scale was added, which allows identifying social workers who have a desire to demonstrate socially desirable and deliberately false answers, in order to eliminate them from the results of the general sample in order to analyze only the sincere responses of the subjects. The hypothesis of the study was based on the assumption that there is a relationship between the performance of senior social workers and the degree of development of such professionally important qualities as: analytical thinking, communication skills, goodwill, teamwork, adaptation to changes, result orientation, managerial potential, leadership style, applied technology for evaluating candidates for vacant jobs, assessment of the propensity and

readiness of social workers to regularly interact with other people in the workplace. The object of the study was employees of social services. Subject of the research: the level of development of the supposed professionally important qualities of social workers of the senior level. The purpose of the study was to identify the relationship between the level of development of professionally important qualities of social workers of the senior level and the effectiveness of their work. The following tasks were identified as research objectives:

- selection of psychodiagnostic methods;
- software for research of professionally important qualities;
- conducting empirical research, quantitative processing and qualitative analysis of data.

## 2. METHODS

In order to determine the degree of expression of professionally important qualities in productive and non-productive of social workers of the senior level, appropriate psychodiagnostic methods were selected.

*Table 1: Selection of psychodiagnostic methods for evaluating the relevant characteristics*

Professionally important qualities	Psychodiagnostic methods
Analytical thinking	«Logic of connections» - a technique aimed at finding out to what extent the subject can understand the abstract types of connections between individual concepts.
	«Research of analytical thinking (numerical series)» - to determine the level of development of analytical inductive thinking in a limited time.
Communication skills	«Diagnostics of communicative and organizational aptitudes (COA)» - assessment of the potential capabilities of the individual, its communicative and organizational aptitudes.
Goodwill	«Diagnostics of benevolence on a scale D. Campbell» - goal: assessment of the level of benevolence, friendliness, and disposition to others.
Teamwork	The «Teamwork» questionnaire is a three - module test that assesses the degree of conflict potential of a real or potential team member and their readiness to engage in interaction with other team members.
	Test «Team roles» - allows you to determine the natural roles for the subject in the team, as well as undesirable positions for him.
Adaptation to changes	The «Tolerance to uncertainty» method is an assessment of the attitude to an ambiguous, dynamically changing, probabilistic and contradictory situation.
Result orientation	Diagnostics of socio-psychological attitudes of the individual in the motivational and need sphere of O.F. Potemkina-determination of the degree of expression of socio-psychological attitudes aimed at «altruism – egoism», «process – result»
Managerial potential	Express assessment of the Manager's managerial potential is a technique that allows determining the level of development of the subject's personal characteristics that potentially contribute to effective management.
Leadership style	Diagnostics of leadership styles by A.L. Zhuravlev - the method is aimed at evaluating the prevailing leadership style: directive, collegial or liberal.
Applied technology for evaluating candidates for vacant jobs	Test «assessment of a candidate for a workplace» – a method for evaluating the skills of a Manager to conduct a selection interview.
Assessment of the propensity and readiness of social workers to regularly interact with other people in the workplace	The questionnaire of definition of professional readiness L.N. Kabardovoy - is a modified version of the differential-diagnostic questionnaire E.A. Klimov, allows to determine the degree of inclination of the employee, in particular, to professions such as «Man-Man», objects which are other people, that is, readiness for frequent and regular interaction with other people in working order.
Social desirability	The scale of social desirability and deceit by D. Marlowe and D. Crown – introduced in order to identify employees who have a tendency to demonstrate socially desirable results.

In view of the large number of test subjects submitted for the study, it was decided to design and create, together with the faculty of information technologies of the Russian state social university, a computer program (information system) for mass psychological testing, displaying individual and group results, interpreting results, and mathematical data processing.

### **3. RESULTS**

The result of the software development of the research was the creation of an information system for psychodiagnostic testing «ARS-AEAE-2019», certificate №2020619640 registered by the Federal service for intellectual property [1]. The study involved 510 senior social workers, of whom 179 had a high score on the «Social desirability» scale - their responses were excluded from the final analysis of the results. Thus, the total sample size was 331 heads of the social sphere. In the course of the study, no significant differences were found between the results of the study of the specified characteristics of effective and non-effective social managers. This result suggests that either the studied qualities are not professionally important for the performance study of the professional activity or the performance of activities is determined by other factors (e.g. salary level, level of moral encouragement, education level, etc.) that requires a more in-depth study. In the course of an empirical study, managers of social sphere were found to have high indicators for the following characteristics: communicative inclinations; an indicator of benevolence, friendliness, disposition to others; orientation of socio-psychological attitudes to altruism; an indicator of the development of personal characteristics that potentially contribute to effective management. The average level of expression of indicators was found by the following criteria: logical component of analytical thinking; development of analytical thinking and ability to understand abstract types of connections between individual concepts; teamwork; contact; orientation to such a role in the team as «Performer»; orientation to such a role in the team as «Shaper»; orientation to such a role in the team as «Collectivist»; orientation to such a role in the team as «Bringer»; the indicator of the development of the ability to adapt to ambiguous, dynamic, probabilistic and contradictory situation; orientation attitudes on the process; orientation socio-psychological attitudes on the outcome, the tendency to collegial management style; skill level assessment of a candidate for vacant jobs; professional orientation to the profession type of «Men-Technique». The low level of expression of indicators was found according to the following criteria: conflictogenicity; orientation to such a role in the team as «Chairman»; orientation to such a role in the team as «Thinker»; orientation to such a role in the team as «Scout»; orientation to such a role in the team as «Evaluator»; orientation of socio-psychological attitudes to selfishness; tendency to a directive management style; tendency to a permissive management style; professional orientation to professions like «Man-Sign»; professional orientation to professions like «Man-Nature»; professional orientation to professions of the type of «Man-Art image»; professional orientation to professions of the type of «Man-Man».

### **4. DISCUSSION**

The first stage of creating an information system was the development of software for testing by social managers. The main tasks of the first stage of the technical part were:

- step-by-step preservation of user responses;
- implementation of high-speed application operation;
- ensuring the security of the collected data.

To solve the first problem, it was important to ensure that all the data that the user enters into the program is correctly saved. Therefore, it was decided to use the client-server architecture of the application to save data, because when storing responses locally, there was a risk of losing them in case of a system error or accidental deletion of the application.



And with the client-server architecture of the application, all data transfer passes through the web server, which allows us to remotely control the testing process. In our information system, the program provides access to the next task only if there are answers to previous tests, which allowed us to be sure that all the answers are save. At first glance, it may seem that in this case, it is logical to use a website to implement the client-server architecture. However, with this approach, anyone with Internet access could theoretically get access to testing. Websites also spend a significant amount of traffic transmitting data for displaying content (HTML, CSS, JavaScript), which could greatly increase the load on the web server. Therefore, it was decided to use the desktop application for the client part of the application, and the architectural style of interaction of components of a distributed application REST API-for communicating with the web server. To secure data transmission and protect against malicious attacks (such as DDoS attacks, data spoofing attempts, or attempts to get data from a web server), a special token was sent to identify the user, which was checked for a match with the data on the server. This technology allows you to ignore third-party requests and add ip addresses with a large number of unauthorized requests to the server's blacklist. A combination of Apache and PHP technologies was chosen to implement the web server. Apache is the most stable and widespread web server. The PHP programming language version 7.2 was chosen to implement the server Logic. advantages of PHP over its closest competitors ASP.NET Java, Ruby is easy to install on the server, a large number of frameworks and libraries for fast application development. The PHP programming language is also convenient for implementing the REST API and connecting to various DBMS (database management system) to save information. For information storage, a relational approach was chosen for data storage. MySQL was chosen as the most common DBMS and does not require additional resources for connection. Windows 7 and Windows 10 were chosen as the target operating systems for implementing the desktop application, since all the computers provided for testing supported at least one of the two previously named operating systems. The C# programming language with the WPF (Windows Presentation Foundation) framework was used to implement the application. As planned, the program worked with the web server using the REST API technology. Before testing managers of the social sphere, the following tests were carried out:

- load testing on a web server that tested the ability to respond to a large number of simultaneous incoming requests;
- testing the client part to check the correct display of data and the functioning of all elements of the graphical interface.

Upon completion of testing of social managers, the next stage was to analyze the data obtained. Algorithms for calculating raw scores and their normalization were computerized, with the introduction of grading scales and interpretations. To automate the calculation of statistics, it was important to choose a programming language that simultaneously processes large amounts of data well, has a high development speed, and has a simple syntax that allows you to prevent possible logical errors. This language is Python, which has a large number of libraries for data analysis (Pandas, SciPy, NumPy, Matplotlib, Plotly, etc.), and is also very fast and easy to use. Some of the algorithms for calculating results were implemented in the JavaScript programming language based on the software platform Node.js. JavaScript is a programming language interpreted by the browser, used for creating web pages and processing user data. The platform Node.js allows you to run programs written in JavaScript without using the browser. In addition to the basic algorithms, algorithms for checking the significance of differences between samples and algorithms for calculating group statistics were implemented. After implementing the algorithms for calculating data, the question arose about displaying data. We decided to use a web platform to display the final results. The HTML markup language was used to create interactive pages.

Other technologies besides HTML have been used to describe the appearance of a web page (CSS) or functionality (JavaScript). The database with the calculated results was converted to JavaScript data to be able to work without a remote server by saving all HTML pages to the user's computer. The Highcharts library was selected for displaying charts and graphs. It allows you to design different types of charts, create nested charts, and change data in real time. An interactive menu has been implemented for easy navigation in the app and quick search and output of the necessary data for display. The result of the development stage was the creation of an information system for psychodiagnostic testing «ARS-AEAE-2019» [1]. Each of the applied psychodiagnostic techniques was tested and tested for the possibility of its implementation in the information system. To implement an automated comparison of indicators of effective and non-effective subjects, in the information system was implemented with a rating of their performance provided by the relevant governing bodies. To display and easily view individual psychological portraits of each subject and group indicators for all the attached professionally important qualities, it was decided to resort to converting primary scores into standard units of measurement. To maintain anonymity, each test taker is assigned a personal code with which they entered the system to pass the test. Since several samples were analyzed, algorithms for calculating a nonparametric criterion for evaluating the significance of differences between several samples were implemented: The Kruskal-Wallis H test.

## 5. CONCLUSION

The uniqueness and specificity of the tasks faced by the Executive authorities in terms of providing social guarantees to the population requires the filigree work of the social sector management, thereby making the professional selection of applicants for the relevant positions a complex process. In the modern market economy the demand for state social support is growing, sharpening on the background pandemic novel coronavirus infection COVID-19 that leads to the complication of professional activity of social workers and deepening of professional selection of candidates for the respective vacant posts of social services due to the growth of requirements. The objective advantages of developing and using information systems for psychological diagnostics are their mobility, the possibility of a wide coverage of subjects, and the efficiency of qualitative and quantitative processing of the data obtained, despite the possible volumes of arrays of results. The developed program «ARS-AEAE-2019» can be used to search for professionally important qualities that affect the performance of social workers, to study them, to get a General psychological portrait, to conclude a psychological diagnosis for each of the employees or the group as a whole. The practical significance of our research is that it demonstrates the effectiveness of using information systems in psychological diagnostics, and the results of diagnostics of social workers require identifying the determinant factor that increases the productivity of social managers, which lies outside the studied qualities.

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## SHANNON FUNCTIONS OF STUCK-AT FAULTS TEST SET CARDINALITIES FOR BOOLEAN CIRCUITS – A SURVEY

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### ABSTRACT

*The objects of the analysis of this article are detection and diagnostic test sets for Boolean circuits under stuck-at faults. The cardinality of a test set (detection or diagnostic) for a Boolean function is understood as the minimum cardinality of such a set over all irredundant circuits realizing this function. The Shannon function of the test set cardinality is the maximum (over all  $n$ -ary Boolean functions) cardinality of a test set for the function. The article presents an overview of known estimates of Shannon functions for the cardinalities of test sets for Boolean circuit under stuck-at faults.*

**Keywords:** *Boolean circuit, stuck-at fault, detection test set, diagnostic test set, Shannon function of a test set cardinality*

### 1. INTRODUCTION

One of the methods to recognize the presence of faults in computing devices is a test approach, whose methodology is based on the generation of some input actions for the computing device and on the analysis of information appearing at the outputs of the device. The founders of the mathematical theory of circuit testing are S. V. Yablonsky and I. A. Chegis, who published the note [50] in 1955 and then the work [6] in 1958. Consider the application of the test approach for Boolean circuits. Suppose the circuit could be affected by a fault (from some finite class of faults) capable to transform this circuit into some another circuit. It is assumed that during the study of the circuit, the circuit cannot change. A set of input vectors of a circuit is called a detection test set iff the fact of the presence of a fault can be recognized by means of this set (up to functional equivalence). A set of input vectors of a circuit is called a diagnostic test set iff it is possible to recognize the functionality of the circuit by means of this set. The number of vectors in a test set is called the cardinality of test set. The test set possessing a minimal cardinality is called the minimal test set. If it is possible no more than one breakdown (of a gate, of a wire, etc.) in the circuit, then the test set relative to these faults is called a single test set; if the number of breakdowns can be arbitrary, then the test set relative to these faults is called complete test set. Here we use the concept of a trivial fault – such a fault, that if it occurs at any input vector, for any input of a gate (output of a gate, primary input of the circuit), the values at the specified input of the gate (output of the gate, input of the circuit, respectively) coincide for the original and faulty circuits. A circuit will be called testable if and only if any nontrivial fault changes the functionality of the circuit. A circuit that is testable under single breakdowns is called irredundant. Note that the classical definition of a irredundant circuit does not imply, in contrast to the definition formulated here, the elimination of trivial faults (this remark can be extended to testable circuits), and that in the works of K. A. Popkov mentioned below, irredundant (and even testable) circuits are considered in this sense; for the results from the rest of the works, the correction of the concepts of irredundancy and testability used here is insignificant. By the test set cardinality of a system of Boolean functions, we mean the minimum – over all testable circuits that realize this system of Boolean functions – of the test

set cardinality for the circuit (if such testable circuits exist). Let  $L_B^{dt}(U, F)$  ( $L_B^{dg}(U, F)$ ) denote the detection (diagnostic respectively) test set cardinality of a system of Boolean functions  $F$  realized by Boolean circuits over a basis  $B$ , wherein circuits were damaged by faults from the class  $U$ . Symbols  $\bar{L}, \tilde{L}, \tilde{\tilde{L}}$  instead of  $L$  mean hereinafter that it is possible to use in circuits the additional primary outputs, primary inputs, primary outputs and inputs, respectively. By the Shannon function (depending on natural argument  $n$ ) of the test set cardinality, we mean the maximum – over all non-constant Boolean functions that sufficiently depend on  $n$  variables – of the test set cardinality of a Boolean function. Let  $L_B^{dt}(U, n)$  ( $L_B^{dg}(U, n)$ ) denote the Shannon function of detection (diagnostic respectively) test set cardinality of a Boolean functions realized by Boolean circuits over a basis  $B$ , wherein circuits were damaged by faults from the class  $U$ . The requirement of testability (as well as irredundancy) of circuits taken into account in determining the test set cardinality for a system of Boolean functions arises naturally, in order to avoid the degeneracy of a number of testing problems associated with circuit self-correction. The constants are excluded from consideration in the definition of the Shannon function, since in a number of classes of control systems for them there are no either irredundant (in the sense introduced here) circuits or circuits without additional variables. A denotation of a class of faults will have the form  $X_k^y$ , where  $X$  indicates the location of the fault ( $P, I, O$  – at primary inputs of circuits, at inputs of gates, at outputs of gates, respectively),  $y$  indicates the type of fault ( $c, 0, 1$  for stuck-at, stuck-at-0, stuck-at-1, respectively),  $k$  limits from above the number of breakdowns in a circuit (there are no restrictions if  $k$  is omitted). Note that the faults considered in this article are stuck-at-value (i.e. constant) faults (at primary inputs of circuits, at inputs of gates, at outputs of gates). In this case, stuck-at faults at the inputs and outputs of the gates constitute the so-called Standard Fault Model, i.e. stuck-at faults at wires. This survey will include only those results that discuss the test sets for arbitrary Boolean functions or for almost all Boolean functions. The estimates, unless otherwise noted, are true for all  $n$ ,  $n \in \mathbf{N}$ . Further, we will abbreviate the Shannon function as SF, the Boolean function as BF, the test set as TS, and stuck-at as s-a.

## 2. ESTIMATING OF SHANNON FUNCTIONS OF TEST SET CARDINALITIES: METHODOLOGY

*On methods of obtaining estimates for SFs of TS cardinalities in case of faults in primary inputs.* Traditionally, to obtain lower bounds for the SF of the TS cardinality, a special sequence of BFs is selected (containing functions of any arity) and a lower bound for the TS cardinality became the lower bound of the SF of the TS cardinality. The methods for obtaining upper bounds for the SFs of TS cardinalities can be generally characterized as logical-combinatorial. *Methods for obtaining upper bounds for SFs of TS cardinalities for Boolean circuits.* For each nontrivial upper bound for the SF of the TS cardinality for circuits, there is a special method for synthesizing easily testable circuits. Usually, special subcircuits can be used, which serve to transmit some signals about the events observed in the circuit. During constructing circuits with short diagnostic TSs, it is especially monitored how small is the number of all possible faulty functions.

## 3. A SURVEY OF KNOWN ESTIMATES OF SFS OF TS CARDINALITIES

### 3.1. TSs for primary inputs

We begin the survey with the results on the TSs for the circuits' primary inputs.

*S-a faults at the inputs of the circuits.* The first general result on TSs for circuits' inputs was obtained in 1972 by C. D. Weiss [49]:  $L^{dt}(P^c, n) \leq 2n - 4$ ,  $n \geq 5$ . V. N. Noskov found [17] for all  $n \geq 136$  that for  $k = 2$ :

$$L^{\text{dt}}(P^c, n) = L^{\text{dt}}(P_1^c, n) = \begin{cases} 2n - 2t + 1, & \text{if } n = k^{t-1} + t, \\ 2n - 2t, & \text{if } k^{t-1} + t < n \leq k^t + t, \end{cases}$$

G. R. Pogosyan [19] extended this result to the  $k$ -valued case for all  $k \geq 2$  and  $n \geq 1$ . V. N. Noskov established that  $L^{\text{dg}}(P_1^c, n) = 2n$  [18],  $\log_2 L^{\text{dg}}(P_k^c, n) = k \log_2(n/k) \cdot (1 + o(1))$  as  $n \rightarrow \infty$  and  $k = o(n)$ ,  $2^{\lfloor \frac{n}{2} \rfloor} - 1 \leq L^{\text{dg}}(P_k^c, n) \leq 4(n+1)^3 \cdot 2^{0.773n}$  [16]. In [1], it is proved that  $L^{\text{dg}}(P^c, n) \geq 2^{\lfloor \frac{n}{2} \rfloor + 1} \cdot (1 + o(1))$ . For almost all  $n$ -ary BFs  $f$ ,  $L^{\text{dt}}(P_1^c, f) = 3$ ,  $\frac{n}{2} \cdot (1 + o(1)) \leq L^{\text{dt}}(P^c, f) \leq \frac{2n}{3} \cdot (1 + o(1))$  [17],  $L^{\text{dg}}(P_1^c, f) = \Theta(\log_2 n)$  [18]. K. A. Popkov [21]

obtained that for fixed  $p \in \{0, 1\}$ ,  $L^{\text{dt}}(P^p, n) > \frac{2^{n/2} \cdot \sqrt[4]{n}}{2\sqrt{n+0.5\log_2 n+2}}$ .

### 3.2. TSs for inputs and outputs of gates

*Single detection TSs for arbitrary  $s$ -a faults at the inputs and outputs of gates and, in some cases, at the primary inputs of circuits.* In his classic paper [32], S. M. Reddy proved in 1972 that in the basis  $B_1 = \{xy, x \oplus y, 0, 1\}$  any  $n$ -ary BF can be modeled by a circuit with one additional input, such that  $\tilde{L}_{B_1}^{\text{dt}}(IO_1^c, n) \leq n + 4$ .  $\tilde{L}_{B_1}^{\text{dt}}(IO_1^c, n) \leq n + 3$  [12].  $L_{B_1}^{\text{dt}}(IO_1^c, n) \leq n + 3$  [39, pp. 113–116].  $\tilde{L}_{B_1}^{\text{dt}}(PIO_1^c, n) \leq 3n + 4$ , however, by adding two additional outputs:  $\tilde{L}_{B_1}^{\text{dt}}(PIO_1^c, n) \leq n + 4$  [32]. It is proved in [9] that for any  $n$ -ary BF  $f$ , for circuits over an infinite basis  $B$  consisting of addition mod 2, constant 1, and conjunctions and disjunctions of all possible arities, with additional inputs,  $\tilde{L}_B^{\text{dt}}(IO_1^c, f) \leq 2\sqrt{n} \cdot (1 + o(1))$ . In [11], it is established that for the implementation by circuits over an infinite basis  $B$  consisting of constants, two-place addition modulo 2 and conjunctions of all possible arities, with adding three additional inputs and one additional output,  $\tilde{L}_B^{\text{dt}}(PIO_1^c, n) \leq n + 6$ . It is proved that  $L_{B'}^{\text{dt}}(IO_1^c, n) \leq 16$  for  $B' = \{xy, x \oplus y, x \sim y\}$ ,  $L_{B'}^{\text{dt}}(IO_1^c, n) = 2n - 2\log_2 n + \Theta(1)$ , and also that in the basis  $B'$  any  $n$ -ary BF can be implemented by an irredundant circuit with  $n$  inputs and two additional outputs, such that  $\tilde{L}_{B'}^{\text{dt}}(PIO_1^c, n) \leq 17$  [45]. *Single detection TSs for arbitrary  $s$ -a faults at the outputs of gates.* It is established in [13–15] that  $L_B^{\text{dt}}(O_1^c, n) \leq n + 3$  for an arbitrary complete basis  $B$ .  $2 \leq L_B^{\text{dt}}(O_1^c, n) \leq 4$  for an arbitrary complete basis  $B$  [43]. For a basis  $B$  from a special class of bases,  $L_B^{\text{dt}}(O_1^c, n) \geq 3$  as  $n \geq 3$  [27],  $L_{\{xy, \bar{x}, x \oplus y \oplus z\}}^{\text{dt}}(O_1^c, n) = 2$  [28]. *Single detection TSs for  $s$ -a- $p$  faults at the outputs of gates.* Yu. V. Borodina established that  $L_{B_0}^{\text{dt}}(O_1^0, n) = L_{B_0}^{\text{dt}}(O_1^1, n) = 2$  for the basis  $B_0 = \{xy, x \vee y, \bar{x}\}$  [2],  $L_{B_1}^{\text{dt}}(O_1^1, n) = 1$  [3]. K. A. Popkov proved [27] that a) in any complete basis  $B$  that does not contain the constant 1 and is contained in the set of monotone functions and functions that are the conjunction of the negation of a variable and some function,  $L_B^{\text{dt}}(O_1^1, n) \geq 2$  as  $n \geq 3$ , b) in any complete basis  $B$  that does not contain the constant 1 and is contained in the set of monotone functions and functions that are a disjunction of negation of a variable and some function, and such that, by equating the variables from the functions of this basis, one can obtain 2-ary conjunction and disjunction,  $L_B^{\text{dt}}(O_1^1, n) = 2$  as  $n \geq 2$ , similar results are true for dual bases and dual faults.

He also found that  $L_{\{xy, \bar{x}\}}^{\text{dt}}(O_1^0, n) = L_{\{xy, \bar{x}\}}^{\text{dt}}(O_1^1, n) = 3$  as  $n \geq 2$  [22]. *Detection TSs for s-a faults of fixed multiplicity at the inputs and/or outputs of gates and, in some cases, at the inputs of circuits.* In the article [47], K. K. Saluja and S. M. Reddy established that any  $n$ -ary BF can be modeled by a circuit with one additional input,  $\bar{L}_{B_1}^{\text{dt}}(O_k^c, n) \leq 4 + \sum_{j=1}^{\lfloor \log_2 2k \rfloor} \binom{n}{j}$ . In [48], T. Sasao proposed a method for synthesizing Boolean circuits over the basis  $B_1$ , with using the generalized polynomial forms, allowing a detection TS with a cardinality at most  $s + n + 4 + \sum_{i=1}^{\lfloor \log_2 2t \rfloor} \binom{n}{i}$  under  $t$  s-a faults in any one of the circuit parts (circuit inputs, AND-part, OR-part, checking part), where  $n$  is the number of variables,  $s$  is the number of terms of the polynomial. K. A. Popkov proved that for any  $k \in \mathbf{N}, p \in \{0, 1\}$  there exists a basis  $B$  consisting of a negation and one more function of at most  $\max(k + 1, 3)$  variables, such that  $L_B^{\text{dt}}(IO_k^p, n) \leq 2$ ,  $L_B^{\text{dt}}(I_k^p, n) = 1$  [24]. He also found that for any  $k \in \mathbf{N}$  there exists a basis  $B$  consisting of functions of no more than  $2k + 2$  variables, such that  $L_B^{\text{dt}}(IO_k^c, n) \leq 3$ ,  $L_B^{\text{dt}}(I_k^c, n) \leq 2$  [25]. *Complete check TSs for arbitrary s-a faults at the inputs and outputs of gates.* In an article by J. P. Hayes [8], for an arbitrary circuit over the basis  $\{\bar{x}, x | y\}$ , a method was proposed for circuit reconstruction into a testable circuit over the basis  $\{\bar{x}, x | y, x \oplus y\}$ , allowing a complete detection TS of cardinality at most 5 with respect to  $IO^c$ , while the number of additional inputs and outputs is comparable to the number of circuit gates. In the article by K. K. Saluja and S. M. Reddy [46] for an arbitrary circuit over the basis  $B_0$  (gates  $x | y, x \downarrow y$  are also possible) a method was proposed for rebuilding the circuit into a testable circuit over the same basis, such that  $\tilde{L}_{B_0}^{\text{dt}}(IO^c, n) \leq 3$ , while the number of additional outputs is practically equal to the number of circuit gates, and the number of additional inputs is 6; also it is pointed out that  $\tilde{L}_{B_0}^{\text{dt}}(I^c, n) \geq 3$ . In the work of H. Inose and M. Sakauchi [10], a basis of four-input gates is proposed such that any BF can be realized over this basis as a subfunction by a circuit with two additional inputs, admitting a complete detection TS of cardinality 2 in case of s-a faults at the outputs of the gates (s-a faults are also possible at all circuit inputs and circuit gates that are not additional inputs). In the paper by S. DasGupta, C. R. P. Hartmann and L. D. Rudolph [7], a basis of six-input gates was proposed such that any BF can be realized in this basis as a subfunction by a circuit with four additional inputs, admitting a full detection TS of cardinality 2 in case of s-a faults at the outputs of gates (s-a faults are also possible at all inputs of the circuit and circuit gates, but in this case, in each gate, the number of faulty inputs, which are additional inputs of the circuit, should not exceed 1). *Complete detection TSs for arbitrary s-a faults at the outputs of gates.* N. P. Red'kin found for an arbitrary complete finite basis  $B$  [33, 36], that  $L_B^{\text{dt}}(O^c, n) \leq 2(2^{\lfloor n/2 \rfloor} + 2^{\lceil n/2 \rceil} + n)$ . It is proved that for a special finite complete basis  $B$ , that  $2 \leq L_B^{\text{dt}}(O^c, n) \leq 4$  [42]. K. A. Popkov proved for  $B_2 = \{\bar{x}, x \oplus y \oplus z, (000011 * 011101101)\}$ , that  $L_{B_2}^{\text{dt}}(O^c, n) = 2$  [26]. He also established that for almost all  $n$ -ary BFs  $f$ ,  $L_{\{xy, xv y, x \oplus y, 1\}}^{\text{dt}}(O^c, f) \leq 4$ ,  $L_{\{xy, xv y, x \oplus y, 1\}}^{\text{dt}}(O^c, n) \leq 4$ ,  $L_{\{xy, xv y, x \oplus y, xv \bar{y}\}}^{\text{dt}}(O^c, n) \leq 5$  (two last results use one additional insufficient variable) [30]. *Complete detection TSs for s-a-p faults either at inputs or at outputs of gates.* N. P. Red'kin found that for the basis  $B_0$ ,  $L_{B_0}^{\text{dt}}(I^c, n) \leq 4(2^{\lfloor n/2 \rfloor - 1} + 2^{\lfloor n/2 \rfloor}) \cdot (1 + o(1))$  [34],  $L_{B_0}^{\text{dt}}(O^0, n) = L_{B_0}^{\text{dt}}(O^1, n) \leq n$  [35].



Yu. V. Borodina established that  $L_{B_0}^{dt}(O^0, n) = 2$ ,  $L_{B_0}^{dt}(O^1, n) = 2$  as  $n > 1$  [2],  $L_{B_1}^{dt}(O^0, n) = 1$  [5] (co-authored with P. A. Borodin),  $L_{\{x|y\}}^{dt}(O^1, n) \geq n + 1$  [4]. K. A. Popkov found  $L_{B_0}^{dt}(O^0, f)$  and  $L_{B_0}^{dt}(O^1, f)$  for each BF  $f$  [29]. *Single diagnostic TSs for arbitrary s-a faults at outputs of gates.* It is proved that  $L_{B_1}^{dg}(O_1^c, n) \leq 22$ , and for some special finite complete basis  $B$   $L_B^{dg}(O_1^c, n) \leq 6$  [44]. K. A. Popkov proved that for some special basis  $B$   $L_B^{dg}(O_1^c, n) \leq 3$  [28]. In work [31], K. A. Popkov developed a method for obtaining upper bounds for SFs of the cardinality of a single diagnostic TS, and, in particular, he established that  $L_{\{xy, \bar{x}, x \oplus y \oplus z\}}^{dg}(O_1^c, n) \leq 4$ ,  $L_{\{\eta(x, y, x, w), \bar{x}, x \oplus y \oplus 1, 0\}}^{dg}(IO_1^c, n) \leq 4$  (where the function  $\eta(x, y, x, w)$  isn't self-dual). *Single diagnostic TSs for s-a-p faults at the inputs and outputs of gates.* N. P. Red'kin proved [37] that  $L_{B_0}^{dg}(IO_1^0, n) = L_{B_0}^{dg}(IO_1^1, n) = O(2^{n/2})$ . In [31], K. A. Popkov, in particular, established that  $L_{\{xyz \vee \bar{x}_1 \bar{x}_2 \bar{x}_3, \bar{x}\}}^{dg}(IO_1^0, n) = L_{\{xyz \vee \bar{x}_1 \bar{x}_2 \bar{x}_3, \bar{x}\}}^{dg}(IO_1^1, n) \leq 3$ . *Single diagnostic TSs for s-a-p faults at the outputs of gates.* N. P. Red'kin established [38] that  $L_{B_0}^{dg}(O_1^0, n) = L_{B_0}^{dg}(O_1^1, n) \leq 2n + 1$ . N. P. Red'kin for an infinite basis  $B$  consisting of negation, as well as conjunctions and disjunctions of all possible arities, found [40] that  $L_B^{dg}(O_1^0, n) = L_B^{dg}(O_1^1, n) \leq 2 \lceil \log_2(n + 1) \rceil + 1$ . K. A. Popkov proved that  $L_{B_0}^{dg}(O_1^0, n) = L_{B_0}^{dg}(O_1^1, n) = 2$  as  $n > 1$  [23],  $L_{B_1}^{dg}(O_1^0, n) = 2$  [20]. Also he proved that in any complete basis  $B$ , starting from some  $n$ , for almost all BFs  $f$ ,  $L_B^{dg}(O_1^0, f) \geq 2$  [27], and that  $L_{\{xy, x \oplus y, 1\}}^{dg}(O_1^1, n) \leq 3$  [31]. *Diagnostic TSs for s-a faults of fixed multiplicity at the inputs or outputs of gates.* K. A. Popkov proved that for any natural  $k$  and any Boolean  $p$ , there exists a basis  $B$  consisting of some function of at most  $2,5k + 2$  variables and of its negation, such that for any BF  $f \neq 0$ ,  $L_B^{dg}(IO_k^p, n) \leq 3$ ,  $L_B^{dg}(I_k^p, n) = 1$  [24]. He also established that for any natural  $k$  there is a basis consisting of functions of at most  $4k + 2$  variables, such that for any BF  $f \neq const$ ,  $L_B^{dg}(IO_k^c, n) \leq 4$ ,  $L_B^{dg}(I_k^c, n) \leq 2$  [25]. *Complete diagnostic TSs for s-a faults at the outputs of gates.* K. A. Popkov for some bases obtained exponential lower bounds for the SFs of the cardinality of a complete diagnostic TS with respect to s-a faults at the outputs of gates [21]. N. P. Red'kin proved that  $L_B^{dg}(O^p, n) \leq 2^{n-1}$ ,  $p \in \{0, 1\}$  [41].

#### 4. CONCLUSION

Thus, in recent years, there has been a rapid increase in information about the test properties of Boolean functions and about methods for constructing easily testable circuits. All this can be useful not only for theorists in the field of computer science, but also for engineers engaged in the development and testing of VLSI.

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## THE SYSTEM OF ADDITIONAL PROFESSIONAL EDUCATION AS AN ALTERNATIVE TO TRAINING IN THE CONDITIONS OF COMMODIFICATION OF SCIENCE AND EDUCATION

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### **ABSTRACT**

*Currently, changes in education are caused by a number of economic and social-cultural reasons. More and more spheres of public life are becoming monetary and productive, and that changes the attitude to education in society, creates new demands in different professional groups and transforms the system of classical education itself. The transformation was manifested in a change in the value component of the concept of "knowledge", which is the basis of education, in a change in the paradigm of education (from "obtaining knowledge" to "acquiring competencies"), in a change in the value orientation and commodification of science and education. Translation of knowledge into the category of a commodity and the predominance of market values leads to the appearance of numerous trainings that promise profit and a "magic pill" that can solve any problem. In such a situation, can the APE system in the framework of classical education provide an alternative to training and become an effective mechanism for transferring knowledge and developing skills in various professional fields? The purpose of the research is to understand what potential classical universities have, what changes are taking place in the system of additional professional education (APE) that has been established for a long time, and whether APE can become an alternative to the widely used training. An analysis of the market for online services used by Russian entrepreneurs has allowed us to identify five monetization models that can be used in APE and that can form an alternative to training. The article analyzes the categories and number of students of APE in the Russian Federation in recent years and presents data on different volumes of programs.*

**Keywords:** *additional professional education, commodification, knowledge, competence, training, consortium, online training*

### **1. INTRODUCTION**

Changes in educational policy and public attitudes draw the attention of researchers from various fields of knowledge. On the one hand, these changes are obvious and cause a negative assessment of both learners and trainees; on the other hand, they are seen positively and taken for granted and sometimes as something inevitable, such as digitalisation, which is not only an instrument of innovative development in higher education, but also allows the education sector to continue working in a difficult period of the pandemic. An analysis of scientific literature shows that the problem of commodification of higher education has many aspects currently being developed in detail by scientists. The general problems of educational commodification have been considered by A. Verbovsky, A. Karpov, N. Pankova, N. Pogukaeva, M. Khaldeeva, V. Fortunatova, A. Nikitina, P. Mikhailova, B. Tagarov. The term "commodification" itself is used to describe the process where things having no economic value acquire such value, and we observe the phenomenon of social and other values being replaced with market values

(Pankova, Pogukayeva, Khaldeeva, 2017, p. 83). In modern science, there are two very opposite views on commodification. On the one hand, it is argued that commodification is an evolutionary way of education and science development. This is a global process, and in fact not a single transformation, but an integral part of capitalist development. On the other hand, the negative attitude is due to the fact that knowledge is seen as a commodity and education is becoming a service (Gryaznova, 2019). More and more various spheres of social life are becoming monetary and industrial in nature, which changes the attitude to education in the society, forming new demands in multiple professional groups and transforming the very system of classical education. In V. Fortunatova's opinion, this transformation is caused by the commodification of almost all aspects of social relations (Fortunatova, Nikitina, 2017, p. 56). The system of additional professional education (APE) which has long been in place, is undergoing changes under the current conditions of reforms in higher professional education. In the Russian Federation, the system of additional professional education includes advanced training and retraining. The process of transformation and merging of key educational institutions of professional development with higher education institutions, government and business authorities is of great importance in the context of innovative economy formation in Russia. The annual Education Sector Bulletin notes the need to reformat the tasks of additional professional education system (Education Sector Bulletin, 2017, p.14). Established in classical universities with highly professional staff of lecturers and scientists, the APE system can become an effective mechanism for conveying knowledge and improving skills in various professional fields. The aim of the study is to identify the potential of classical universities to use APE resources and to show how these resources can be used in view of contemporary requirements.

## **2. METHODS**

A comparative analysis of different areas of further education has been conducted. We have used materials from scientific publications on the subject, results of sociological research, as well as our own analysis of websites providing up-to-date information on the participation of the Russian higher education institutions in APE system. The international practice of updating the systems of additional professional education has been studied: in the European Union, more than 43% of the population aged 25 to 65 years (of the total number of employed people) are covered by APE, in OECD countries about 55% (respectively), and at least 15% of adults participate in lifelong learning. (Strategic framework 2020). The study of these materials allows us to put forward the following hypothesis: in the context of commodification of science and education, it is the classic university that can provide an effective mechanism for the transfer of knowledge and the development of skills in various professional fields, as it has the necessary scientific potential: highly professional experts and effective technologies tested and proven in higher education system.

## **3. RESULTS**

According to L. Selezneva, changes in extra-linguistic parameters of education, embodied in new values, new attitudes and learning objectives, in a new role of student and teacher, lead to the change of educational paradigm: from the paradigm of "acquiring knowledge" to the paradigm of "acquiring competence" (Selezneva, 2018, p. 295, Selezneva 2014, p. 47). The concepts of "knowledge" and "competence" have different values. The competence is understood as "a range of issues in which someone is well informed" (Ozhegov, 1987, p. 234). Accordingly, a competent person is a person well informed in certain areas. The worthiness of the concept of "competence" lies in the accuracy of information, which must be factual. Knowledge is "a complex of information, expertise in a particular area" (Ozhegov, 1987, p. 190), and the knowing person is the one who has a solid expertise and experience in a particular

area. Whereas the basis of competence is factuality, which is related to reality and can change under the influence of external factors, the basis of knowledge is truth, which is proved and based on the knowledge of laws of the real life. However, the concept of "knowledge" is no longer a discursive concept in educational discourse, which is due to the lack of a linguistic projection of this concept: instead of knowledge as a collection of data on an object or a sphere of activity, competence is brought to the forefront of value, and it is at the creation of competence that the educational process is now directed. The goal of the modern higher education system is stated in the Federal State Educational Standard for Higher Education (FSES) - the main document of educational discourse, defining the whole process of higher education: "5.1. As a result of master's program, the graduate shall acquire the general cultural, professional and vocational competencies" (FSES for Higher Education in degree program 45.04.02 Linguistics (Master's level). Language representation of the "knowledge" concept is rarely found in official documents. For example, in FSES for degree program 45.03.02 - "Linguistics (Bachelor's level)" the word "knowledge" is used seven times, in the FSES for degree program 45.04.02 - "Linguistics (Master's level)" - four times, in FSES for degree program 42.04.01 - "Advertising and public relations (Master's level)" - only once. The concept of "competence" is being developed using the following slots: *problematic situation - problem - search for information - correlation to the problem - solution*. Numerous training sessions are based on this type of logic: *How to deal with anger and irritability, How to become a professional online school methodologist, How to overcome the fear of public speaking, Leadership in organizations of the future: How to manage adult employees*, etc. It is not about the truth, but about information that may be true or false. A. Karpov notes that "substitution of knowledge with information deprives us of the opportunity to read the text thoughtfully. Information forms a cotton-candy, non-conceptual understanding and has the status of a temporary acquisition" (Karpov, 2012, p. 62). The shift of paradigm (from "acquisition of knowledge" to "acquisition of competence") coincided with a change in educational values and a modification of the role of teacher. The teacher (lecturer) and student are the main participants of educational communication. In the classical education system, the teacher, as noted by V. Karasik, "is vested with the right to convey to the student the knowledge and norms of social behaviour and evaluate the student's success" (Karasik, 2002, p. 209), and the student perceives that knowledge and reports on the result, receiving grades. A higher education teacher, who is the subject not only of educational, but also of scientific discourse, represents the value of "knowledge" concept: he is involved in scientific and cognitive activities (sometimes together with students) and translates the results of such activities to his students. In today's education system, the function of the teacher as a translator of knowledge fades into the background. The student no longer needs to prove the truth of knowledge, he or she exists in a system of score-rating assessment of their knowledge, implying collection of information rather than acquiring knowledge. Internet search engines are used for that, sometimes replacing teachers. However, it is difficult for the student to really assess the information: he often lacks knowledge to tell the true information from false. Whereas the teacher's main intent is to transfer knowledge, the contemporary coaches, such as Parabellum or Gandopas, claim the monopoly of absolute truth, instead of well-known scientists. Training sessions promising to give a 'magic pill' and solve all problems have become a fashionable form of learning. Training companies are positioning themselves as a system of alternative education. For example, Andrei Parabellum's company was created in order to "build an alternative education system in which 7% of the world's population will be trained with a specific goal in mind until they reach a desired result" (Parabellum). The goal of all educational programs is to generate income. Each issue addressed in a webinar is assessed in monetary terms. Students' achievements are also assessed in terms of money. For example, Natalia Goncharova, a finalist of the 7th stream, has earned 1,035,320 roubles in 17 consultations.

There is not only a substitution of concepts, but also a substitution of values: knowledge and experience are replaced by information and attractiveness. Such training courses represent a commodification process, in which various human activities acquire monetary value and actually become goods bought and sold in the market. Do such workshops provide knowledge or skills? Of course not. They offer, at best, beautifully packaged trainer's skills. Only a higher professional education system with a high scientific and pedagogical potential can resist such an approach. The well-established APE system is undergoing changes in the current reform environment. The law treats APE as a form of additional education considered as "a type education aimed at comprehensive satisfaction of educational needs of a person in intellectual, spiritual, moral, physical and (or) professional improvement not accompanied by the increase in the official level of his education" (Federal Law dated 29.12.2012 N 273-FZ, Chapter 1, Art. 2, para. 1). In other words, additional education is viewed as a part of learner's intention. Additional education can meet multiple needs of the learner and can be offered to various target audiences, as the need for additional education is noted by many researchers (Mikhailova, 2010; Soboleva, 2019; Muzina, 2011; Muzina, Kolosov, Borodachev, 2012, etc.). According to Forbes, additional professional education in Russia in 2017 accounted for 105 billion rubles, with the share of private business being 73% (77 billion rubles), including 31 billion rubles in language training (Krechetova, 2017).

*Table 1: The number of trainees at courses of additional professional education in the Russian Federation, 2014-2019 (million people)*

Indicators	2014	2015	2016	2017	2018	2019
Number of trainees	4, 37	4, 30	5, 29	5, 33	5, 52	5, 62
% to the previous year	-	-16	23, 0	0, 9	3, 4	1, 8

*Source: Ministry of Education and Science of the Russian Federation. BusinessStat*

The volume of the APE market by number of academic hours increased by 8.9% in 2019 (compared to 2017); in 2018 – by 6.7% and amounted to 628.6 million academic hours. 244,000 programs were implemented in 2018, of which the most frequent were short-term programs with a duration of 16–72 hours (47% of all programs covering 55% of students). The same trend is characteristic for 2019. There are two opposite trends in the structure of professional development programs – the segment of the shortest programs (16–72 hours) is actively growing (by 20% in 2016-2018), while the segment of longer professional development programs (72–250 hours) is decreasing (6% reduction in 2018 compared to 2016). The 250–500 hours segment is actively growing within professional retraining programs. - In 2016-2018, it increased by 30%. This is the fastest growing segment in the market. This was the situation according to a survey of heads of APE organizations. Almost all of them consider medium-term training programs (from 72 to 500 hours) as the most effective. These programs are focused at updating the knowledge and skills due to the growing requirements to the level of qualification and the need for employees to master new ways of solving professional tasks. At the same time, respondents claim that programs of different duration have fundamentally different targets. While short programs focus strictly at resolving practical problems in order to maintain the desired level of professionalism, longer programs are designed to obtain additional qualifications in the chosen profession, which requires considerable time investments. According to BusinessStat forecasts, in 2020–2023 the number of trainees studying at institutions of additional professional education in Russia will increase by 0.9–1.8% annually and will reach 5.92 million people in 2023 (BusinessStat, 2019). In the coming years, large educational organizations with a wide range of programs and courses in the mixed learning format will be the most successful. Such companies focus on different market segments, so they have a variety of course topics and offer training in both short and long term programs. Small educational organizations are more exposed to negative economic trends as they lack financial



and other resources. There is no doubt about the high potential of higher professional education. However, the APE system cannot always compete with the alternative education system – skill development workshops, that are more accessible for trainees. Therefore, the question of new forms of APE arises. In recent years, a technological breakthrough has been made - practically all educational organizations have access to the Internet, and information on personnel and educational programs is available on websites of all educational institutions that gained Internet access in accordance with government requirements (Pankova, Pogukayeva, Khaldeeva, 2017, p. 83). The program "Digital Economy of the Russian Federation" draws attention to the fact that nowadays, application of digital technologies is expanding in the Russian education system. According to estimates of Education International, the world education market reached \$5 trillion in 2017, and the volume of educational services provided through digital technologies amounted to \$165 billion, which is 3% of the total market (<https://www.ei-ie.org/>). By 2021, observers expect the share of online education to rise significantly: in additional school education to 6.8% (10 billion rubles), in additional professional education to 10.9% (11 billion rubles), and in language education to 10.7% (3.3 billion rubles) (Krechetova, 2017). Analysis of the market for online services used by Russian entrepreneurs allowed us to identify **five monetization models** that can be used in APE and that can lay a sound foundation for APE's competition with the training system.

- 1) Creation of a platform for interaction between buyers and sellers of educational services and charging a commission fee on the concluded transactions. A similar monetization model is used by Skyeng, one of the leading Russian language training market players. Teachers of English and other languages can provide online training using this platform for a fee. At the same time, Skyeng makes profit by selling these online courses to clients at a markup.
- 2) Free educational information and paid access to certificates of the successful completion of the course. At present, this method of earning is one of the main ways to make money used by Coursera, one of the leaders at the global online education market. Another project working on the same principle is the "Open Education" platform, which offers 590 training courses in different areas. "Open Education" is a modern educational platform offering online courses in basic disciplines studied at Russian universities. The platform was created by the National Open Education Platform Association established by the leading universities - Lomonosov Moscow State University, St. Petersburg State University, National Research Technological University "MISiS", National Research University "HSE", Moscow Institute of Physics and Technology, Ural Federal University and Precision Mechanics and Optics University. All courses offered on the Platform are available free of charge and without formal requirements as to the basic level of education. Those wishing to get an official degree after the bachelor's or specialist's online course is completed, have a possibility to take tests and obtain their certificates for a fee. It is possible to obtain a certificate if you take an online testing with identification of the student and control in place over the conditions of the test (National Open Education Platform).
- 3) Free educational information and generating income by attracting a large number of visitors to the information resource and advertising. With a tool such as context advertising service (e.g. Google AdSense), this monetization method is the easiest. Even small companies of no interest to direct advertisers, but attracting visitors by placing useful information, can introduce a software code in their websites and generate income with the help of their visitors. A great number of websites essentially representing digital libraries earn money this way.
- 4) Free educational information or a platform to place it as a tool to attract customers to paid services provided by creator. For example, Lektorium educational project, created in 2010, implements MOOC concept (massive open online courses) by placing free online courses

and lectures on its Internet platform (Tagarov, 2018, c.1204 – 1205). At the same time, the project organizers earn money by providing technical and methodological services for the creation of training material. Representatives of various specializations create training programs and videos free of charge, posting them on social networks. In this case, useful information training materials are a signal of high professionalism of their authors and a kind of advertising. The largest video archive of educational materials in the Russian language has been accumulated here – over 6,000 lectures have already been published in the public domain. "Lektorium" supports budgetary educational organizations through a program of media grants (Lektorium).

- 5) Free educational information, the creation of which is financed by charitable donations. For example, the Wikimedia Foundation, which supports Wikipedia, Wikibooks and other free resources, exists only through voluntary contributions, which amounted to 49.6 million dollars back in fiscal year of 2014 (Wikimedia Foundation, Inc.).

Specialists see several problems in the implementation of these areas of APE monetization, including two directly related to higher education: 1) High average age of personnel in the higher education system. 2) High importance of brands in the market when choosing an educational institution. E. Platonova, for example, notes that "the emerging conditions of the digital economy determine a new quality of competitive factors in the higher education system" (Platonova, 2018, p. 305).

#### **4. CONCLUSION**

The study has confirmed our hypothesis that in the conditions of commodification in science and education, it is the classic university that can provide an effective mechanism for conveying knowledge and developing skills in various professional fields, as it has a great scientific potential: highly professional specialists and effective technologies verified and proven in the higher education system. APE system can become such an effective mechanism, being a good alternative to training courses, which often have no professional grounds but can attract and entertain students using their main intent - making profit. APE is still in demand in the classical education system, which is confirmed by statistical data analysis. However, the modern requirements, attributable to commodification of science and education, bring changes to APE system. Analysis of the use of information technologies in the educational process allowed us to identify online monetization models that can be used in APE system.

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## SUSTAINABLE EDUCATION AS A FACTOR IN HUMAN POTENTIAL DEVELOPMENT

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### **ABSTRACT**

*The article discusses some main principles of sustainable education implementation - education for sustainable development based on the Human Development Concept and the UN Sustainable Development Goals. We analyzed methods of solving tasks of sustainable education in Russia in the Federal Program for Education Development. Our study places emphasis on the importance of expanding the educational adaptability principle to the level of training, developmental characteristics, abilities and interests of an individual. The article discusses also some objective obstacles hindering the development of national education system and reducing the equality of educational opportunities. We analyzed the issues of inclusive education of persons with special health needs (SHN) and disabled people for their complete development and overcoming the barriers of social adaptation and inclusion. The Human Development Index (HDI) is considered a determining factor for comprehensive measures of SHN people social inclusion.*

**Keywords:** *Sustainable education, human potential development, human development index*

### **1. INTRODUCTION**

The Earth civilization has faced a major challenge in the early XXI century - a global crisis that threatens the existence of humanity and is of anthropogenic origin. Our understanding of the need to apply the concept and principles of sustainable development based on harmonious, balanced growth of human potential and not on the preferential material growth at the expense of economic indicators has become the response to this challenge [1]. There cannot be any sustainable development without changing the way people think and behave. There is a need to provide good education for sustainable development, i.e. sustainable education for everyone, including the disabled and SHN people [2,3,4]. In that task, it is essential to take into account that social policy of the state is not just about social relationships, which it inherently covers, but also the material and productive (economic), political and spiritual activity, where people are the subjects. Convergence of social policy and economy is evidenced by the fact that the efficient social policy is implemented only with successful material and productive activity in the country. In turn, with an inefficient economy, any social indicators, the statistical calculation of which uses economic indicators, "are down" immediately [5, 6]. Overcoming any emerging barriers between people with Special health needs and all others is a natural stage of any civilized society, which characterizes its maturity. According to accepted standards, the society sees the disability not as an attribute of an individual, but as an obstacle for the SHN people in the society. We can divide the majority of these obstacles that hinder full inclusion into society into two groups: medical and social. In the medical model, the basic approach is a subsidized approach to the disabled people inclusion in economy and their social exclusion, in which the majority of SHN people find themselves in social segregation and discrimination. In contrast, the social model bases on the smooth inclusion of the disabled into the ordinary life of their fellow citizens, creating an accessible environment for them, maintaining employment

measures in ordinary institutions and organizations, as well as the introduction of inclusive education at all levels of accessible education [7].

## **2. APPROACHES TO SUSTAINABLE EDUCATION CHALLENGES IN RUSSIA**

The existing modernization processes in education are taking place in Russia against the intensive global integration in this industry. National educational policy seeks to take into account international trends in order to increase the country's success in science and culture, closely related to education and to rank high among the leading countries in the world. There is a close intertwining of interests of the state, society and individual in education. Basic approaches to education build on social agreement elements with values that lay the ethical foundation of social life. There is an accumulation and development of spiritual, intellectual and moral potential of human society in the educational state system of all types and levels. The Russian Federation government, based on Law "On Education in the Russian Federation" [8], pursues a unified state policy in education. Twelve principles, which take into account the general vectors of development in the educational trajectory, are recognized as fundamental according to this federal regulation. The document declares the principle of priority of education as a major one. According to the National Doctrine of Education in the Russian Federation [9], in line with this basic principle, the Russian Federation has the Federal Program for Education Development [10] and some regional programs for comprehensive development at all levels. The citizens' constitutional right to education [11] is fully consistent with international rules. International legal provisions also abolish all types of discrimination for population groups that could violate the equality of opportunities for people in the educational field. Taking into account the UN fundamental principles and goals of sustainable development [12] we will specifically emphasize the principle of adaptability of education system to the level of training, peculiarities of development, individual's abilities and interests. The current Federal Program for Education Development for 2016-2020 provides for annual growth of indicators for educational institutions of secondary professional and higher education, which provide conditions for obtaining secondary, vocational and higher education for the disabled and SHN people [10]. The Program includes a comprehensive project for the introduction of federal state educational standards for students with special health needs. Additional work is also being done to train teachers to educate children with disabilities and children with special health needs. Universitas 21, an international network of universities, assesses the "ranking of national higher education systems across 24 indicators in 4 data groups: a) resources – the investments in education, b) outcomes, c) the level of educational institutions openness to international inclusion, and d) government policies promoting opportunities for higher education. Rating in 2019 for Russia can be called worthy (the 35th position out of 50 developed countries)" [13]. We must note that Russia does not yet have stable traditions of inclusive education [6]. In 2008, the Russian Foreign Ministry signed the UN Convention on the Rights of Persons with Disabilities, which Russia ratified only in 2012. The purpose of this international act is "to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities" [14], to ensure inclusive education at all levels and lifelong learning without discrimination against persons with disabilities.

## **3. HUMAN DEVELOPMENT INDEX AS A DETERMINING FACTOR IN THE SYSTEM OF COMPLEX MEASURES OF SOCIAL INCLUSION OF PERSONS WITH SPECIAL HEALTH NEEDS**

The world statistical science, taking into account the civilizational changes happening on the planet, is constantly expanding the set of methods and combined indicators that can correctly reflect the main vectors of human development. Since the 1930s, the main measurement unit for well-being of a person in a particular state has been a macroeconomic indicator of gross

domestic product (GDP) per capita, a quantitative definition that does not take into account many qualitative characteristics of existence and well-being. At the end of the last century, alternative estimates of the fundamental standard appeared. In recent decades, they have applied the Human Development Index (HDI) to measure the world community's quality of life. The Human Development Concept (HDC) (originally the Concept of Human Potential Development) has gained recognition worldwide for several decades and has become a paradigm of social progress, shifting the focus of life quality assessment from purely economic indicators to multidimensional characteristics of personal vital needs. Developed by a group of economists headed by Mahbub ul Haq [15], HDI has become an integral part of the United Nations Development Programme (UNDP). The annual Human Development Reports, the high-profile publications prepared by the international expert community, present the content analysis of sustainable development in the world [16]. The first UNDP Report (1990) provided a semantic definition of the central focus of modern concept: "Human development is a process of enlarging people's choices. The most critical of these wide-ranging choices are to live a long and healthy life, to be educated and to have access to resources needed for a decent standard of living" [17]. Three main groups of integral indicators are used to calculate HDI based on this concept. First, it is an estimation of life expectancy in a certain region, depending on a number of additional conditions such as quality of medical care, ecology, any endemic diseases of areal distribution and other factors of existence. Second, it is the educational attainment, closely related to educational infrastructure, quality of teaching, availability of a developed system of libraries and cultural institutions, etc. Third, it is the material income of the population within such reference system as inflation, stability or volatility of prices, labor productivity, means and opportunities for social protection. Permanent work on HDI improving has made evident huge differences between countries, which stimulated introduction of additional criteria in the total indicator, leveling the results of data for correct comparison. In 2010 UNDP strengthened the definition of the central concept of human development as *freedom* not only to live a long and healthy life, but also to be creative, with an opportunity to "actively participate in ensuring justice and sustainability of development on the planet" [17]. Accordingly, new parameters were added to the number of indicators measuring HDI, including socio-economic and gender inequality, multidimensional poverty. The most important component of the 2010 additions in the context of this dissertation's issues is human empowerment and agency, i.e. the ability to act as an independent subject with the right to a free and informed choice, which allows an individual or a group to not only act, but to obtain valuable results as well. Having complemented the concept with new introductions in 2010, the civilized community had to keep more in mind the fact that development and right of choice were for everyone. They do not leave aside anyone due to health problems or specific development in comparison with more successful groups of population, staking on rehabilitation of SHN persons for full inclusion into society. For example, if you consider any recreational activities, tourism, chess sport as a system of complex measures for social adaptation and quality of life improvement of persons with special health needs [18, 19], you will generally accept that the mainstream of civilization process encourages all states to maximize humanization of the principles of coexistence in international and domestic relations of societies, to rely on the main principles of human morality, and to move from declarative statements to actions. Unless those conditions met, it would be impossible to rank high among the countries that claim to be leaders in the list of countries having very high or high level of human development. The UNDP 2016 Report strongly emphasized that in addressing the equality challenges of "affluent" with "left out" people, the national policies should apply a public strategy aimed at implementing universal political and social measures (first of all, inclusive growth for all groups of the population), taking into account interests of people with special health needs, and empowering the "vulnerable" [20].

The Human Development Concept, recognized by the United Nations (UN) and almost all countries of the world as a basis for comparing characteristics of human potential at different territories and the population of Earth as a whole, allows considering sustainable development as a consensus paradigm of the world order in the XXI century. In 2015, the use of HDI improved measuring the quality of life of people in various countries. Instead of the Millennium Development Goals (MDGs), the implementation of which was designed for a period of twenty-five years (1990-2015), the 70th UN General Assembly at the World Summit on Sustainable Development adopted the New Agenda (2016-2030), which included 17 global Sustainable Development Goals (SDGs). The document further redistributed the emphasis from material abundance and increasing per capita income to improving human well-being and using human potential, from the vector of linear growth of indicators to expanding nonlinear characteristics of individual rights and freedoms. There was a wide space for adaptation of global human development goals at the national level in the countries that differ greatly from each other. The Russian Federation, participating in global sustainable development and signing a number of important international documents, has undertaken strict state obligations as part of its membership in the UN. This has led to the development of a long-term strategy for sustainable development of the country and defining national goals of this multidimensional civilizational process until 2030. This has created a great complexity: in a short period, to adapt the entire system of indicators developed by the international community of experts to national needs, to build a correct reference system that would correspond to economic parameters and statistical standards traditionally established in highly developed countries. Such synchronization of national and world tasks requires time and joint efforts of many experts in humanities, exact and natural sciences with their various methods of knowledge and multilevel approaches. Using international approaches, the first results were obtained. The 2016 Human Development Report for the Russian Federation entitled "UN Sustainable Development Goals and Russia" was based on the country's first analytical monitoring of regional data and an attempt to adapt it to the UN Sustainable Development Goals (SDGs) for the period 2016 to 2030 [12]. Taking into account Russian realities and priorities of social, economic and environmental development, experts considered perspectives based on a hierarchical structured approach: "goals - objectives - indicators" expressed in new values: 17 - 169 - 230 (unlike previous SDG indicators: 8 - 18 - 48). The UN documents interpret the sustainable development above all as balanced and harmonious development and synergy of economic, social and environmental processes, without which the sustainable long-term progress is impossible. Russian national policy is increasingly aware of the need to change the entire development paradigm based on global principles. There is a growing understanding that the country needs not only sustainable production of hydrocarbons and other minerals, but at the same time should improve the well-being of people, taking into account 230 economic, social and environmental indicators of quality of life for which HDI will be calculated. The new economy relies on a qualitative shift in human development but not on quantitative indicators. Content analysis of Russia's indicators in dynamics compared to other countries showed that the social, material and environmental situation of Russians could have been better than it turned out to be. This is because of a negative effect of social inequality, low life expectancy, biological factors, and regional inequality of territories within the country, which are inherent to disadvantaged rather than developed countries. Having consolidated its positions in high HDI group of countries, Russia needs to increase the indicators of certain components of sustainable development (for example, social justice, long and healthy life, adequate level of income) in order not only to develop harmoniously, but also not to suffer reputational losses in international relationships with civilized countries. Accordingly, understanding the timeliness of measures to implement equal opportunities, increase life expectancy, promote healthy lifestyles, access to education, improve working conditions and social protection, taking into account the Human Development



Concept, is objectively becoming not only relevant, but also strategically important for a country with a dynamically developing economy. Strengthening social and economic institutions is recognized to be a key factor in the growth of all indicators that make up HDI. The UN Sustainable Development Goals were elaborated with a 15-year horizon. The developed countries have lower growth rates of sustainable development than developing countries, where Russia is a part. Russia needs a rational use of human potential, material and financial resources, reform of many management sectors and a strategic long-term road map to attain characteristics of the countries with post-industrial development. Social inequality has become a serious problem on the way to the country's upward development trajectory. Overcoming any emerging barriers between people with Special health needs and all others is a natural stage of any civilized society, which characterizes its maturity. According to accepted standards, the society sees the disability not as an attribute of an individual, but as an obstacle for the SHN people in the society. We can divide the majority of these obstacles that hinder full inclusion into society into two groups: medical and social. In the medical model, the basic approach is a subsidized approach to the disabled people inclusion in economy and their social exclusion, in which the majority of SHN people find themselves in social segregation and discrimination. In contrast, the social model bases on the smooth inclusion of the disabled into the ordinary life of their fellow citizens, creating an accessible environment for them, maintaining employment measures in ordinary institutions and organizations, as well as the introduction of inclusive education at all levels of accessible education. With a social model, disability requires political patronage on the part of a state and public organizations due to the incapacitated environment and insufficient tolerance of population to understand the problems of people with special health needs.

#### **4. CONCLUSIONS**

Sustainable education today is not only one of subsystems of social structure, responsible for the individual's acquisition of a set of general cultural and professional competencies, knowledge, skills and abilities, but the most important social phenomenon and social institution of cultural inheritance, socialization, and an active trend of inclusive human development. The Human Development Concept has become an accepted world paradigm of social progress that defines the strategy of human development. It allows setting the main priorities and developing a road map for implementation of long-term economic and social programs, achieving coordination of actions of various branches and levels of government, achieving a proportional distribution of funds and forces for sustainable development of countries on the way to progress. Based on ideology of the Concept, the international expert community has developed a working tool to determine the annual success and miscalculations of countries in achieving sustainable development. Such tool is HDI, an integral indicator that characterizes the ranking of countries by the level and quality of life of their population or the state of a country in the dynamics of comparing annual development at a certain chronological stage. Russia, having entered into the legislative field of international law, has assumed global obligations aimed at putting an end to major types of deprivation. Using the means of public administration, Russia will identify areas of human development deficit in the country, implement an agreed set of available policy options to address them, eliminate a gender barrier, strive for the implementation of Sustainable Development Goals, work to build civil society, as well as to recognize in practice the main tenet of human development that every life is equally valuable and that development must begin with creation of acceptable conditions for those who benefit least from civilization and need the care of the state more than others. The final indicator of a nation's prosperity is human potential, an indicator of human development opportunities, because the country's success is in creating conditions for every person to have equal chances for a long, healthy and creative life.

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## TRENDS AND PROSPECTS FOR THE DEVELOPMENT OF HEALTH TOURISM IN THE RUSSIAN FEDERATION: THE EXAMPLE OF THE NORTH CAUCASUS

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### ABSTRACT

*The Russian Federation is endowed with tourism and recreational resources and the potential for the development of health and recreational tourism. But because of geopolitical contradictions, a long exit from economic downturn and sanctions the sanatorium resort enterprises lagged behind the global standard on technological and quality indicators, experienced losses of material and technical resources. This is due to a decrease in financial support for the Social Insurance Fund and an increase in the number of individual consumers who buy health care services at their own expense and have certain requirements for the service. In turn, a significant part of health tourism organizations are subordinate and market relations in terms of world standards of service quality are becoming in some sense an unsolved problem. The object of the study is health tourism. The subject of the study is the organizational and economic foundations of effective management of sanatorium and resort enterprises on the example of the North Caucasus. The aim of the study is to develop an organizational and economic model for increasing the productivity of management of sanatorium and resort enterprises. The information base of the study includes legislative and regulatory legal acts of the federal and regional levels, current statistics of the Federal State Statistics Service (Rosstat), analytical and reference materials of the Ministry of the Russian Federation for North Caucasus Affairs, data from the Office of the Federal State Statistics Service for the North Caucasus Federal District, the work of domestic and foreign scientists in the field of management and economics, Internet resources, research and development results, which were obtained by the author independently. The study used general and network mechanisms, comparative and morphological analyses, programmatic studies of Statistica. The scientific novelty of research is the formation of theoretical, methodological and practical proposals for building an organizational and economic model for the effective management of medical and recreational tourism enterprises. Practical significance includes the creation of theoretical and methodological approaches that help the productive functioning of the organizational and economic foundations of the management of sanatorium and resort enterprises, in the development of state programs and for organizations themselves, in order to increase the profitability of management systems in the development of health tourism in the North Caucasus.*

**Keywords:** *medical and recreational tourism, sustainable development, destination, tourism industry*

### 1. INTRODUCTION

In these terms the sanatorium enterprises independently enter domestic and international market, providing high-quality various services which satisfy needs of each tourist. Such changes led to the fact that about 53% of the off-budget organizations work at self-sufficiency conditions.

Therefore, development of effective organizational and economic bases will be directed to increase in profitability of management of the organizations of medical improving tourism of regions of the Russian Federation (Kryukova & Khetagurova , 2020; Kryukova et al., 2018; Kryukova,2017; Kryukova, 2017). Improving the quality of service, creating comfortable conditions can become an impossible task without the appropriate infrastructure conditions of health-improving enterprises, because most do not satisfy all needs: for example, they do not provide qualified personnel or have the old material and technical base - which creates obstacles to development. Therefore, the role of public finance and the investment climate is important by creating favorable conditions for attracting foreign and domestic investment. The construction of an organizational and economic model of productive management of sanatorium-resort enterprises is aimed at improving the quality of health-improving services and competently fulfilling social tasks that affect the development of tourism and the quality of life of the population using modern methods. All of the above determined the relevance of the selected topic of study.

## **2. METHODS**

The theoretical basis of the study was foreign and domestic works, which are devoted to the productive management of health tourism enterprises and methodological approaches to assessing the effectiveness of management systems, formed according to socio-demographic and economic indicators. The information base of the study includes legislative and regulatory legal acts of the federal and regional levels, current statistics of the Federal State Statistics Service (Rosstat), analytical and reference materials of the Ministry of the Russian Federation for North Caucasus Affairs, data from the Office of the Federal State Statistics Service for the North Caucasus Federal District, the work of domestic and foreign scientists in the field of management and economics, Internet resources, research and development results, which were obtained by the author independently. The study used general and network mechanisms, comparative and morphological analyses, programmatic studies of Statistica. The empirical base of the study includes official data of the Federal State Statistics Service for the North Caucasus Federal District, legislative and by-laws legal acts, current data of the World Tourism Organization, reference materials of Rostourism, Internet resources and actual materials collected by the author during the writing of dissertation work and during pre-diploma practice. The validity and validity of the scientific provisions, conclusions and recommendations of the study are formed by:

- 1) theoretical and methodical approaches to the analysis, assessment of efficiency and the prospects of development of organizational and economic bases of management of the medical and improving enterprises in domestic and foreign works;
- 2) the results of data analysis, which form the basis of the developed methodological approach;
- 3) analysis of statistical indicators on the state of health resort enterprises in the North Caucasus, state programs, prospects and trends in the development of health tourism.

The scientific novelty of research is the formation of theoretical, methodological and practical proposals for building an organizational and economic model for the effective management of medical and recreational tourism enterprises. They are represented by the following provisions:

- 1) The peculiarities of activity of sanatorium-resort enterprises are considered, a set of terms is added, which is connected with organizational and economic foundations of cost-effective management, and the model of effective management of health-improving tourism enterprises developed by the author is presented.
- 2) Main components of productive management of sanatorium-resort enterprises are indicated, which depend on external and internal factors based on results.

- 3) A methodological approach to the construction of organizational and economic models of effective management of sanatorium-resort enterprises according to criteria that include a set of tools and indicators of cost-effective management is proposed.
- 4) Methodical approaches to evaluation of productive management of medical and recreational tourism enterprises with the help of component approach are formed, which helps to form estimation on the basis of integral coefficient.
- 5) An organizational and economic model was developed to increase the profitability of management of sanatorium and resort enterprises for the development of health tourism in the North Caucasus.

Practical significance includes the creation of theoretical and methodological approaches that help the productive functioning of the organizational and economic foundations of the management of sanatorium and resort enterprises, in the development of state programs and for organizations themselves, in order to increase the profitability of management systems in the development of health tourism in the North Caucasus.

### **3. RESULTS**

The study identified the values of "organizational and economic foundations for the effective management of health tourism enterprises" and "organizational and economic model of management." The organizational and economic foundations of management are a transformative process that is aimed at the formation of high-quality medical and health services that have a positive impact on consumer health. They represent a combination of organizational and economic elements, including organizational and economic instruments of influence on sanatorium and resort enterprises. Under the organizational and economic model of management, a system of resource, organizational and economic, marketing elements is defined, which are aimed at ensuring the effective functioning and development of sanatorium and resort enterprises. It is based on the provision of quality health and recreational services to meet social, economic and entrepreneurial needs. Based on methodological foundations, the organizational and economic model of productive management of health tourism enterprises should correspond to the strategy for the development of enterprises and help in achieving high quality sanatorium and resort services, as well as have a positive commercial effect, therefore its assessment is important. The influence of organizational and economic foundations on the results of sanatorium and resort enterprises helped to create methods for assessing effective management. The methods and indicators studied, which assess the profitability of management, can be divided: on the basis of standard and economic performance factors, on the basis of indicators of relevant criteria and on the basis of. Having systematized the proposed methods, we conclude that cost-effective management of health tourism enterprises establishes an estimate based on coefficients that do not show the specifics of work based on standard indicators. They do not have a single methodology, so the methods do not provide a system assessment. Methodological approach to evaluation based on integral indicator is aimed at formation of internal and external results. The coefficients were divided into socio-demographic, economic, structural-analytical, territorial and environmental. Assessing the possibility of applying an approach based on an integral indicator, it is important to note that the sanatorium-resort enterprise differs in geographical location, types of health services, specialty, consumer segments on which marketing, resource potential and economic instruments are focused. Therefore, the introduction of it in practice will cause some difficulties. The cost-effectiveness assessment coefficients of the organizational and economic model of management of health tourism enterprises must be confirmed by statistical data on the state of sanatorium and resort enterprises in the region. An analysis of the state of recreational potential of the North Caucasus for the development of health tourism revealed that the geographical

location, variety of mineral waters, availability of high-quality medical mud and climate characteristics determine the potential of application, range of health services and specialization of sanatorium-resort enterprises. Factors that limit implementation include the environmental problem, outdated material and technical base of sanatorium-resort enterprises, weak marketing policy, lack of qualified personnel, underdeveloped transport infrastructure, seasonal nature in several resorts and high competition compared to other resort regions of the Russian Federation and foreign countries. The examined state programs show that the North Caucasus has economic, geographical, strategic, transit and tourist potential, but on some subjects it is not used in full. The pace of development lags behind the average Russian, which indicates the unproductive measures taken to create favorable conditions for health tourism. The development of an organizational and economic model for the management of sanatorium-resort enterprises using vertical and horizontal interactions takes into account the variety of factors of the external and internal environment. Its stages are aimed at improving infrastructures, spa services, service technologies, material and technical base, introduction of new services, formation of marketing policy, as well as continuous training of staff and creation of year-round localities.

#### **4. DISCUSSION**

Increasing productivity, management of medical and recreational tourism enterprises in the North Caucasus is interconnected with the implementation of an innovative development forecast, the tasks of which are to overcome the formed gap between the region's economy and the social and economic development of sanatorium and resort enterprises (Prokhorova, 2019, pp.205-212). Proposals for the development of an organizational and economic model will be based on methodological approaches that will consider management activities taking into account the process and result. The result is an innovative product of sanatorium and resort enterprises or an increase in the quality of health and recreation services that will meet international standards. The process of the organizational and economic model is the stages for improving medical and recreational services and socio-economic indicators. The main interaction of the model will be based on information and analytical support, which will include a system of indicators included in the assessment of the integral coefficient methodology. This will provide an opportunity to control the main parameters that are included in the effectiveness of the organizational and economic model, as well as to show direct and reverse links that characterize the level of interaction of elements on each other. Content - the relationship between horizontal and vertical correlations. Horizontal cooperation in the management of sanatorium and resort enterprises is aimed at cooperation, which includes the creation of ties within the North Caucasus with other regions of the Russian Federation. Socio-economic methods are aimed at the exchange of experience in the medical and recreational sphere and service technologies, the promotion of a spa product in the domestic and foreign markets, improving the quality of services provided, as well as obtaining mutual benefits. Vertical interaction with the management of medical and recreational tourism enterprises is aimed at the implementation of state programs for the development of the facility's economy. We will conduct a study of the problems, goals and tasks of management at each level (Table 1). The relationship of management will be reflected in the specificity of problems, goals and objectives, in accordance with the strategy and tools that pertain to leadership at each level. The creation and development of the organizational and economic model should be carried out within the framework of a single process, where the main role depends on the level of the North Caucasus. Its main difficulty lies in the economic system of functioning based on a number of factors that will be ineffective in vertical interaction. This is economic independence, commercial result, self-determination in cooperation and choice of type of activity.

Criteria - the basis of the network relationship, which is regulated by horizontal links, and supplemented by vertical ones. All this will give a competent direction, coordinate actions, especially in crisis situations.

*Table 1: Structure of organizational and economic model of vertical management of the sanatorium enterprises of the North Caucasus at each level*

Challenges	Goals	Objectives
<b>Level of the Russian Federation</b>		
Program performance and investment volumes are not aligned with planned results. Lack of information and analytical support. Application of different technologies on current tasks, not program-target results. Mismatch between the quality of management of the Russian Federation and the North Caucasus.	Successful integration of medical and recreational tourism enterprises of the region into the system of the Russian Federation. Provision of North Caucasus as the main region of the country in the field of spa treatment. Overcoming the backlog in technological, socio-economic and innovative levels of management development.	Staff development through training and exchange of experience. Implementation of programs for the development of medical and recreational tourism by goals and stages. Creation of an information and analytical platform on common statistical indicators. Implement common standards and monitor their implementation. Improving basic and supporting infrastructures.
<b>North Caucasus level</b>		
Lack of sufficient revenue from the growth of tourist flow, tax and budget losses, customers with a medium level of solvency, loss-making of sanatorium resorts due to low efficiency of resource use. Impact of sanctions, problems of interaction with other regions of the Russian Federation in investments, personnel, etc. Low horizontal interaction between control objects. A wide range of development and investment programmes is insufficient. Lack of a balanced reporting system.	Create conditions for the implementation of the forecast of the development of medical and recreational tourism. Formation of an innovative product of sanatorium and resort enterprises. Compensate for the backlog of sanatorium-resort enterprises with the help of network interconnection. Create a certain level of management to execute programs and master investments. Provision of personnel, resources and technologies for health tourism enterprises. Development of educational programs and portals for health resort staff enterprises.	Application of investments and monitoring of indicators. Introduction of professional standards based on responsibilities, duties and remuneration. Promotion of information and communication technologies through the involvement of managers at all levels. The creation of a personnel policy that will correspond to the development of sanatorium and resort enterprises. Conclusion of agreements with universities and institutes on improving the qualifications of personnel in the medical and recreational sphere.
<b>Level of health tourism enterprises</b>		
Deterioration of the material and technical base, insufficient level of personnel qualification. Lack of resources in management to adapt to external factors.	Achieving a high quality of services that will meet world standards, and break-even zones.	Create standards for management. Create new technologies in management and maintenance. Development of management standards.

*[Developed by the author on the basis of: Prokhorova , 2019, pp.205-212].*



Horizontal interaction on the basis of network will assist in increase in efficiency of technologies, methods and ways of achievement of strategic indicators with the minimum expenses and big benefit. We will define the principles of the developed organizational and economic model of management of medical and improving tourism (tab. 2) of the enterprises.

*Table 2: Principles of the developed organizational and economic model of management on program and target indicators of development of medical and recreational tourism enterprises in the territory of the North Caucasus*

Horizontal Network Management	Vertical control
<b>Economic independence</b>	
Income growth and break-even achievement on the basis of improving the quality of health services, introduction of modern technologies and optimization of resources.	Obtaining investments in sanatorium-resort enterprises in order to increase productivity, build and reconstruct enterprises with high payback and update the material and technical base.
<b>Goal-setting</b>	
Vague goals, focus on the formation of strategic advantages and innovations in the medical and recreational sphere.	Clear goals, milestones, quantitative and qualitative evaluation criteria.
<b>Resourcing</b>	
Pooling of network resources according to specialization, distribution by contribution and capabilities.	Demand, which will be adjusted by actual indicators, clearly defined volumes of resources and conditions for their receipt, distribution and control.
<b>Technologies</b>	
Priority in obtaining technologies due to unique specialization and qualified personnel.	The advantage in obtaining technologies through financing and resource support.
<b>Interaction and Feedback</b>	
Depends on the process of joint activities, less predictable.	Acts on the basis of a hierarchy, depends on the timing, based on a single data system, predictable.
<b>Controllability</b>	
Based on equality of control objects - low	Based on the functions and responsibilities of each level - high
<b>Basic Management Model</b>	
Network decentralized with no control center, adjustment for changes in the external environment - situational technology	System centralized with control center, deviation correction - problem-target technology
<b>Receive and distribute benefits</b>	
All spa enterprises receive advantages based on their contribution to the formation of new services and technologies	Benefits are derived from certain management objects that have strategic significance
<b>Result</b>	
Social or other effects extend to all objects of the network, may be distant, intangible depending on the nature of the service	The effect is distributed based on regulations and programs, in accordance with possible restrictions for income generation

*[Compiled by the author on the basis of: Prokhorova, 2019, pp.205-212].*

The advantages of the organizational and economic model of vertical management of health tourism enterprises are subordination, clarity of goals, certain stages of implementation and control. Disadvantages include not being ready for changes by local control systems, without maturity which will be a short growth rate. Horizontal network management is defined as less regulated due to the equality of participants, but will be able to adapt to changes and provide an opportunity for sanatorium and resort enterprises to choose the most profitable ways to solve the gap in the technological and economic spheres.

It is possible to allocate two levels of network management. At the level of economic activity there is an interaction of the enterprises of medical improving tourism on the basis of a contribution in complex a product. For example, the tourist and recreational product which will consist of sanatorium, transport and excursion services when improvement and treatment has an opportunity to be carried out on the basis of several sanatorium enterprises is created. At the regional level, the development and support of cooperation have a single base, to which all facilities coordinating the tourist flow have access. To achieve the required indicators, a programmatic approach is needed at the level of state programs for the development of medical and recreational tourism in the North Caucasus, a systematic approach at the level of sanatorium and resort enterprises, which includes planning (information and analytical unit of information on the state of the control object), regulation (measures to bring management to the desired state based on administrative, social and economic measures), motivation (material and intangible stimulation) and control (assessment of the management state according to certain indicators). A new element in the organizational and economic model is adaptation changes, which are included in vertical and horizontal network management to overcome the gap in the development of sanatorium and resort enterprises at the economic and technological levels. Vertical interaction of the developed organizational and economic model is focused on the creation of an innovative product of medical and recreational tourism enterprises on the principle of hierarchy. It is aimed at comprehensive work of all levels of management of sanatorium-resort enterprises in coordination with state programs. Its main tasks are to form a leadership structure with the scale of investment and innovation projects being implemented on an administrative and power basis. Socio-economic issues are becoming less important. The horizontal relationship of the developed organizational and economic model is based on the participation of various enterprises or organizations in the creation of an innovative product by contributing to the transport industry, excursion services, food, various services and in compensating for personnel, information, leadership, technological and economic potentials. Its main tasks are to expand business ties, create a favorable image of the North Caucasus and exchange experience in technological, managerial and economic areas. The focus will be on those actors that have advantages in the required areas and are ready for development cooperation. For example, medical institutions will advise on working with health technologies and conduct annual training of staff. Consider the main factors that influence the organizational and economic model and relate to the internal environment of sanatorium and resort enterprises (Table 3).

*Table following on the next page*

*Table 3: Factors which influence organizational economic model and activity of the enterprises of medical and improving tourism*

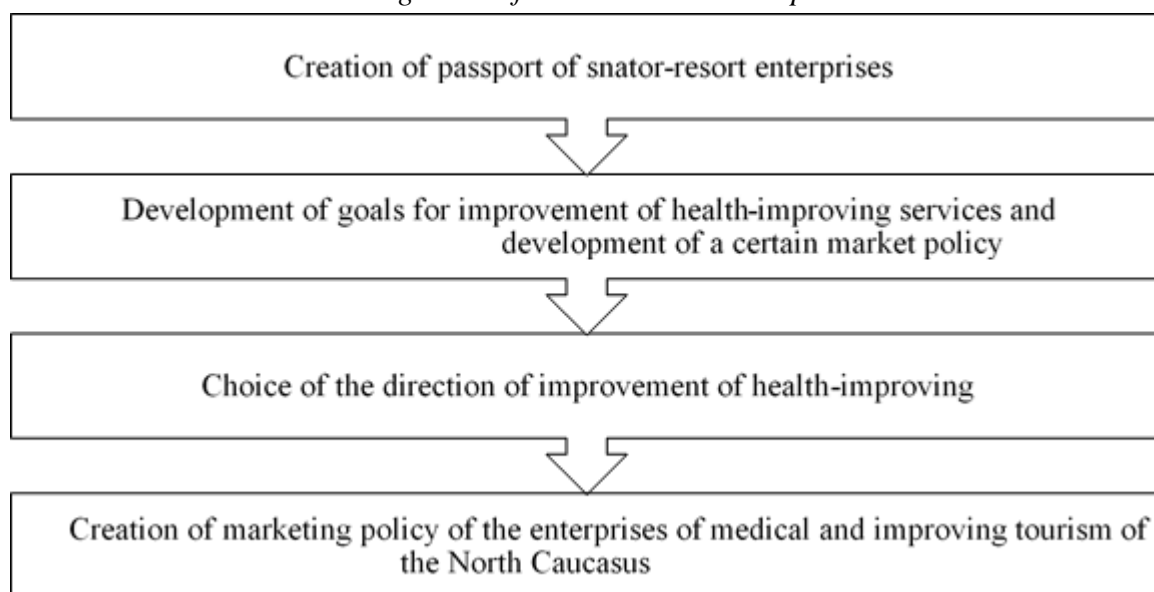
Factor Name	Influence	Result
External influences	Create adaptation tools and reserves for the stable operation of sanatorium and resort enterprises	Formation of material resources and technologies for their acquisition
Resource allocation	Influences service quality and demand	Rationale for obtaining resources
Goals and strategies	Distributes the activities of all structural divisions, determines the volume of resources, develops methods for their receipt and redistribution	Clear tasks, revenue and costs, documentation of management decisions and stages
Control and monitoring functions	Estimates the plan and the actual indicators, reveal negative trends and risks which can affect the end result	Quantitative and qualitative criteria, analysis and actions on results
Job sharing	Forms a single production cycle, at each stage the personnel has their own duties	Functional tasks, incentive system, execution time
Human resources management	Develops the basis for high quality of services, positive image of sanatorium and resort enterprises in the North Caucasus	Compliance with work performed, working conditions, pay, working time regulation
Identify and implement technologies	Improves the quality of technological characteristics of services: speed, time and processing	Increase transparency of functional directions, save resources and time
Professional training of personnel	Promotes the quality of services according to world standards	Maintenance of services at the necessary level of competitiveness
Organization culture	Creates strategic relations with tourists, an individual image of health and wellness tourism enterprises	High level of communication, appearance, staff behavior, tourist orientation
Communications	Forms the relationship between vertical and horizontal interaction	Understanding of instructions and tasks, timely response to negative situations

*[Compiled by the author on the basis of: Vetitnev, 2018, pp 2-528; Glukhov et al., 2017, pp.2-11; Prokhorova, 2019, pp.205-212]*

These factors show that the main direction of the developed model of effective management is the continuous increase in tourist and recreational resources, the control of their correct use, the formation of competent management, organizational, economic and marketing technologies. Let us present the stages of creation of organizational and economic model of effective management of health tourism enterprises (Fig. 1).

*Figure following on the next page*

*Figure 1: Stages of creating an organizational and economic model for the effective management of health tourism enterprises*



*[Compiled by the author on the basis of: Bugorsky., 2020, pp. 4-165; Vetitnev, 2018, pp 2-528; Prokhorova, 2019, pp.205-212]*

Creation of a passport of sanatorium and resort enterprises taking into account new tourist and recreational places, which include geographical location, climate of the region, sanatorium and resort infrastructure, characteristics of health and recreation tourism enterprises, various services. The geographical location and climate of the North Caucasus is the first factor in establishing the nature of the place of medical and recreational destination. Sanatorium and resort infrastructure includes the movement of people between areas providing health services, cleaning and processing of used resources, the use of various maintenance technologies and the logistics base. The characteristics of health tourism enterprises are determined by demographic factors (age, sex, population growth, type of activity), which are necessary for assessing the human resources of spa activities, and the standard of living of the local population (income level of the population, access to education, health care, social security, cultural education). In addition to health-improving sanatorium-resort enterprises have other services: sightseeing, transport, entertainment, etc. The formation of goals for improving medical and recreational services and the development of a certain market policy in the North Caucasus is associated with the interest of the state through vertical interaction. Strategies and programmes are being developed to improve other infrastructures, which have an impact on attracting investment, spa activities, quality of life and education of the population, as well as control over the use and preservation of tourist and recreational resources. Creating jobs with year-round employment will help in the development of sanatorium and resort enterprises in many regions, reducing the burden on popular organizations through horizontal interaction, forming additional resources and controlling the sharp jump in tourist flow not in the seasonal period. The response to new types of demand for spa services makes it possible to improve the old and create innovative ones that will give an impetus to an increase in the number of tourists. The choice of the direction of improvement of medical and recreational services is associated with horizontal and vertical interaction of all sanatorium and resort enterprises in the North Caucasus (construction, reconstruction, provision of new technologies, staff training, creation of information portals). The marketing strategy should be related to the profile of the place of sanatorium-resort enterprises.

Global advertising for the promotion of medical and recreational services in the Russian and international markets will reflect maximum comfort of stay, safety, level of service and low costs. For example, the creation of a tourist portal with 3D excursions in the region, organizations and information about the benefits of sanatorium and resort services. The developed organizational and economic model of effective management through vertical and horizontal interactions takes into account the variety of factors of the external and internal environment, which include adaptation changes. Promising areas of development of health tourism enterprises are improvement of infrastructures, spa services, maintenance technologies, material and technical base, introduction of new services, formation of marketing policy, as well as continuous training of staff and creation of year-round places. Implementation consists in estimation of income growth, tourist flow, reduction of loss-making of spa enterprises and improvement of socio-economic indicators based on integral coefficient.

## 5. CONCLUSION

Health tourism is one of the main sectors of the development of the economy of the Russian Federation. The state's interest in its growth is explained by an increase in the quality of life of the country's population, the duration of active working age, an increase in profits, and a positive impact on other infrastructures and sectors of the economy. Such results can be achieved with good governance that encompasses all activities of regional actors. The main importance in productive management is played by the organizational and economic model that connects the process and the achievement of the planned result using innovative methods and technologies.

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## DEVELOPMENT OF PR TECHNOLOGIES IN MODERN SOCIAL WORK PRACTICE

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### ABSTRACT

*This article describes the features of the development of PR(public relations) technologies in the modern practice of social work. The information age and scientific and technological progress sets the task of developing PR technologies for specialists in social work. This is a new and modern area of social activity. Modern recipients of social services and colleagues in interdepartmental interaction need up-to-date information about the activities of the social sphere and its development prospects. It is advisable to go along this path in a professionally built direction organized by specialists in the field of PR technologies. The subject of this article is professionally organized public relations in the field of social work. Defining the methodological framework of the study it is necessary to note the aim, which is to analyse the possibilities of dissemination activities GBU TCSO "nut" of the city of Moscow in the development of PR technologies. Develop recommendations for improving the use of PR technologies in the social sphere. The main result of the research is to determine the level of development of PR technologies in the social sphere, search for innovative technologies in the social sphere, and build this activity within the framework of a professional, specially prepared by specialists of this profile.*

**Keywords:** *social work, PR technologies, interagency interaction*

### 1. INTRODUCTION

Developing social relations force social organizations to establish permanent and effective communication with various groups of the public: the population, benefactors and patrons, the media, and the government. But the development of the Republic relations practice In the social sphere is only at the nascent stage. Having the status to conduct social activities, social organizations need to resort to the professional competence of a public relations specialist in order to resolve the problems that have appeared and further increase the public capital of the public relations subject. The right of citizens of the Russian Federation to social protection is enshrined in the Constitution of the Russian Federation of 12.12.93. Article 7 declares that the Russian Federation is a social state whose policy is aimed at creating conditions that guarantee a decent life and free human development(1).Thus, social work as an activity aimed at protecting social human rights is one of the most important areas of state policy and ensuring people's livelihoods. With the advent of a managerial approach to social work and the involvement of non-governmental organizations (442-FZ) in the provision of social services, market mechanisms are increasingly penetrating the social sphere(2). now state and public organizations in the social sphere are becoming part of the social services market, which means that they must not only interact more actively with clients, but also use the most correct and effective methods. It becomes clear that a social organization cannot be effective without competent communication with the target group. Therefore, the use of public relations in the field of social work is a necessary challenge of the time and will soon become part of the daily

work of organizations. The use of PR technologies is an integral part of effective management of any organized form of activity: state and municipal, industrial, commercial, public. The strategic goal of public relations is to develop ideas about what is happening to the public in governmental and non-governmental organizations. Social organizations cannot ignore social relations, given their impact on the overall activity. The implementation of PR activities promotes the organization's mission to the public, which helps to attract additional resources to solve social problems of a group of service recipients and expand the range of interagency interaction. Therefore, work with the public should take an important place in the process of providing social services (Alexandrov A. A., 2011, p. 169). It is important to note that its omission is partly due to the severe resource constraints, as well as the inability to have a separate public relations specialist on the team. However, the introduction of public relations technology and the work of a public relations specialist have a positive impact on the image of the organization and the development of its activities in General. Despite all the problems that exist with the use of public relations technologies in public organizations, it is objectively clear that this practice is necessary. This can affect not only the organization, but also the development of the entire social Sphere (Pocheptsov G. G., 1997).

## 2. METHODS

Theoretical and empirical research methods were used to achieve this goal:

- analysis of philosophical, psychological and pedagogical, acmeological, sociological, social work, application of PR technologies in modern social practice, methodological literature, normative documentation on the research topic;
- diagnostic methods: questioning, testing, conversation;
- experimental methods: ascertaining, forming and control stages of the experiment;
- methods of statistical processing of research results.

Theoretical and methodological foundations of the research: the problem of using public relations technologies in social organizations is poorly studied in modern scientific society. There are separate scientific works on public relations by such authors as Alexandrov A. A., Vakhidova O. A., D. A. , Zhiltsov, Makarov V. E. G. G. Pocheptsov, Rodnikova T. V., Chumikov A. N. However, there is a need to develop the problem of studying the features of public relations technology in the social sphere. Research tasks were solved within the framework Of the territorial center for social services "Orekhovo" in the southern administrative district of Moscow. The Department of GBU TCSO "Orekhovo" contains the Tsaritsyno Park, the Borisov ponds recreation area, the Brateevsky cascade Park, cozy squares, children's and sports grounds and well-thought-out infrastructure make these areas very attractive for living and recreation of citizens. The institution started its activity on June 1, 1997 as a state institution center for social services "Orekhovo-Borisovo Severnoye". The founder of the Institution is the city of Moscow. Functions and powers of the founder of the Institution (hereinafter – the Founder) in accordance with Federal laws, city laws, normative legal acts of the Moscow Government the Department of social protection of the population of the city of Moscow. GBU TCSO "Orekhovo" is fully fit for all people with limited mobility, in accordance with construction norms and rules (SNiP 35-01-2001). Aesthetically and design works on equipment ramps, handrails, tactile tiles, Videophone, free public telephones for privileged categories of citizens, light display, information stands, a lift, a running line, informational material, and since 2011 there is a recreation complex "Salt cave", to prevent various diseases. The center is an institution designed to provide targeted services to elderly and disabled citizens, families with children who need social support by providing social, household, medical, psychological, Advisory and other assistance, as well as providing social services. Functions of public relations are assigned to the Department of information support of activity of the



institution (OSDU). The Department is responsible for the development of educational materials, PR activities, as well as for the preparation and placement of information materials in the main communication channels. It is worth noting that the PR person isn't the state organization (O. A. Vakhidov, 2012, p. 62). In order to promote information about the activities of GBU TCSO "Orekhovo" uses available communication tools. The main task is to raise awareness among residents. The most common communication tool is printed materials, which include small booklets with planned or past events. Such materials remind residents of events that have already taken place and are planned, designed to evoke a positive Association with the state budgetary institution TCSO "Orekhovo" (Mironova V. A., 2020, p. 47). Facebook instagram, Odnoklassniki, Twitter, As well as the organization's website are used as a way to implement PR technologies. The functions of the Department can be described as follows:

- preparation and distribution of press releases for the media;
- Facebook instagram, other social networks, as well as the organization's website; - preparing and writing texts about new productions for Vkontakte, Facebook, Instagram, and other social networks.;
- writing and editing news articles for posting in groups in social networks. networks and on the site;
- organization of presentations, excursions, meetings;
- preparation of materials for presentations, excursions, meetings;
- feedback monitoring;
- maintaining relations with the external audience, namely, with sponsors, partners, and the media.

Reports on events are posted on the official website, in groups in social networks (Vkontakte, Facebook, etc.) (Glazunova S. A., 2005, p. 64). Two types of partners are identified on the website of the state budgetary institution TCSO "Orekhovo". In order to convey information to a wide audience, the institution cooperates with the TV Center TV channel and the local newspaper Borisovskie Prudy. After conducting a situational analysis of the activities of the state budgetary institution TCSO "Orekhovo", a set of PR events was planned. At the planning stage, decisions were made related to the choice of funds needed to effectively achieve the goal. Each event is primarily aimed at increasing the interest of residents in the activities of the center, moreover, these events may arouse interest in the media. The departmental approach to managing a complex social security complex requires constant innovative searches, non-standard methods, and, most importantly, the use of public relations technologies. The main problem with regard to the state budgetary institution TCSO "Orekhovo" is the insufficient use of PR technologies aimed at promoting the activities implemented by the center. The institution actively uses certain PR technologies: special events, meetings, publications in the media. At the same time, work in social networks is not fully implemented, not so large-scale as to constantly be "on the lips" of residents of the district. This problem is amplified by the duplication of information messages from social networks. People who actively use a particular social network differ in age and gender composition. Broadcasting the same information messages may not meet the needs of certain social groups. This trend is reflected in the small number of subscribers in the groups of GBU TCSO "Orekhovo" in social networks. The implementation of measures to improve PR technologies of the state budgetary institution TCSO "Orekhovo" will help to increase the level of public capital. Working on PR promotion will raise the audience's interest in the center's activities, which will ultimately make it possible to better implement social services for residents of the southern administrative district of Moscow.

### 3. RESULT OF WORK

Based on the analysis of theoretical material and research results, a number of recommendations can be made for the most effective implementation of public relations technologies and the development of social organizations. When starting a public relations activity with a social organization, it is important to determine what it will be aimed at. Of course, the main focus should be on opening up the organization, increasing awareness and creating a positive image in society. However, it should be understood that this cannot be done immediately, and due to limited resources, it will be difficult to cover all technologies and areas. Therefore it is necessary to identify one or two priority working space. Initially, you should think about the technology that does not require large resources, namely the use of social networks. Facebook, Instagram and Vkontakte are currently the three most popular social networks in the Russian Federation: Vkontakte, Facebook, and Instagram. Naturally, each has its own characteristics and target audience. Note that if the Moscow longevity project is implemented at a very high level in the context of implementing PR technologies. The measures aimed at younger categories of citizens are not implemented enough. The most urgent task is to promote the organization of GBU TCSO "Orekhovo" Vkontakte. Proper management of an account or group of organizations means being present on one of the most popular social networks in the Russian Federation with an audience of more than 380 million people and a daily number of 80 million users. The largest share of the audience of Vkontakte users — 40% — falls on people aged 25-34 years. To increase your social media activity, you need to create a content plan. The first step is to decide what type of content can be placed in the group. The most suitable types:

- situational (created from a specific informational occasion);
- news (starting with news, ending with vacancies in your company);
- communication (open discussions of various surveys, questions from subscribers, etc.);
- reputation (reviews, comments from third-party experts, reviews, etc.).

A good way to attract recipients is to create regular columns that will receive constant attention from users in the group. These titles or topics may include, for example: "The story of the inhabitants of the district" properly compiled statistics on the activities of the centre. This creates a constant interest in your community. It is important to remember that information should appear regularly, but it should not be too complete. It is good that the group's publications are published at least once a day for a week. Companies and commercial publishers apply the 30/60/10 rule (30% exclusive content, 60% third-party content, and 10% advertising). This structure is not suitable for public organizations, as 60 to 70% of exclusive content and 30 to 40% of borrowed content will be a good combination. The advantage of the Vkontakte social network is the launch of the charity Foundation's program on the platform. Vkontakte charity is a new direction that unites users in solving social problems. Rules of this program:

- convenience;
- transparency;
- system;
- availability.

Charitable foundations supported by Vkontakte can be found in a separate section of the recommendations of the charity community. A map of charities that have already joined the project has also been compiled. It is possible that this program can provide support to government organizations, since they also have problems with resources and capabilities in this regard. As for other social networks, the social network Facebook should focus on communicating with journalists and public figures. Many of them are active users of this particular social network. Instagram stands out mainly for its way of presenting information. The main content is photos.

It seems that at the beginning of public relations activities, this tool is not necessary and will bring the specialist a limited time resource. The next step in developing public relations should be a high-quality website from which every target audience (journalist, client, donor, etc.) Can get complete information. The legislation establishes 13 mandatory items that must be present on the site, authorized by the Federal law "Fundamentals of social services for citizens in the Russian Federation" N 442-FZ. These include information about the main constituent documents, licenses, structure, contacts, material and technical base, and much more. This information must be available on the organization's website for inclusion in the register of social service providers. However, this is only a formal approach, the entire list is mostly made up of documents. First of all, the site must meet the needs and requirements of its users, not legislators. Therefore, the main task when creating or editing a site is to understand who these target groups are and who is visiting it. It often happens that these are completely different audiences, with different requirements, and all of them must be met. Therefore, it is worth dividing the site into thematic blocks, taking into account the information that will interest each of the groups. On a website, as in a group on a social network, it is important to maintain a balance in the coverage of different areas of the organization (if there are several). In addition, you should regularly update the visual content of the website of the state budgetary institution TCSO "Orekhovo" to avoid its obsolescence (Mironova V. A., 2020, p. 52). The problem remains in creating websites, because creating a good website is expensive, and social organizations can't afford it. There are several ways, first, to resort to voluntary assistance or student assistance, as well as to contact agencies involved in this activity, based on a reduced or free rate. The main condition for solving this problem should be clear and simplified work. The organization must be sure in advance what it wants to see on the site, and offer ready-to-use specifications for those who agree to do so. By working together and listening to experts, the organization will get a high-quality website, and those who have achieved this will get a job for their portfolio and a high rating. Building relationships with the media is a long and complex process. First, the PR service must know whether there are journalists who write on your topic with sufficient regularity. A good option is a Facebook group that includes interested journalists writing on this topic and experts from organizations. This communication channel will facilitate the rapid exchange of information, experience and opinions. It is also necessary to make a list of journalists with whom long-term relationships are established. The larger the list, the more likely they are to write and cover every event in the media. You should build relationships with journalists so that they can see you as experts and, if in doubt, send corrections. Work with the media can also be organized in collaboration with colleagues from other organizations, for example, by holding General press conferences or organizing press tours. This gives you the opportunity to review your experience and talk to other journalists and their readers about the organization (Makarov V. E., 2013, p.34). An important area is the organization of events and promotions, as well as participation in them. Each of the events organized by the GBU TCSO "Orekhovo" should be accompanied by media coverage. Here, as in cooperation with journalists, you should work with friendly organizations to expand the scope of your activities. You should also pay attention to the possibility of participating in non-specialized events, but in most cases this applies only to charitable organizations. Today, the theme of charity is very important, so thematic areas are often dedicated to this at different festivals. The task of a public relations specialist is to constantly monitor the most important events in which the organization can tell about itself and, possibly, acquire new partners. Another way is to participate in events as specialists. Sharing your experience helps build your organization's reputation so that you can participate in important events in the future. This method helps to increase awareness and weight in the professional world. This is important for continuous participation in system changes related to a group of clients, and for the development of the entire social sphere (Mironova V. A., 2020, p.48).

Carrying out various activities without their subsequent evaluation and consolidation of results significantly reduces their effectiveness and the effectiveness of subsequent activities. Based on the performance assessment, you can draw conclusions about successful actions, elements of PR campaigns, and make decisions about holding similar events in the future. When you talk about events, keep in mind that they should not be covered equally in all communication channels. Each channel should broadcast its own rating, taking into account the target audience. All actions of a PR specialist should be evaluated in a certain way, since the organization we are investigating cannot spend resources on inefficient technologies. That is why it is worth conducting a professional assessment of PR activities. Different evaluation criteria are possible for individual technologies, such as social networks. This indicator can mean an increase in the number of subscribers in the group and their activity (since they often exchange information from the group on personal pages). When working with the media, indicators can be not only quantitative - in terms of the number of publications, but also qualitative - in terms of the coverage of the topic, as it is reflected in the materials. The number of media outlets and journalists they have worked with can also be a criterion for their work. Evaluation of the effectiveness of the project of PR support for the activities of a social organization should be carried out using specific criteria. Effective PR is not aimed at a one-time effect, but at long-term benefits. That is why its activities are aimed not only at direct promotion, but also at building favorable relationships with internal and target audiences. To evaluate the effectiveness of a promotion project, you need to use quantitative indicators. To do this, you need to define the units of measurement and encoding, that is, answer the question: what is being measured, determine the sample, identify key phrases, draw a conclusion, for clarity, and present the results in a visual way. When evaluating the effectiveness of PR, keep in mind that public relations is a type of information activity that can be measured accordingly. To evaluate the effectiveness, we recommend criteria that determine the level of public engagement in social networks. The basis of these criteria is a comparison of indicators before and after events. Thus, the results of the study show that the state budgetary institution TCSO "Orekhovo" should step up work related to PR promotion, first of all, to realize the need for a public relations specialist.

#### **4. CONCLUSION**

Public relations and social work technologies are represented by working with the media, advertising campaigns and events, working in social networks, as well as advertising campaigns implemented in cooperation with major advertising agencies. One of the technologies is also the participation of experts in events. This technology allows the organization to hear opinions not only from the public, but also from the professional community. The main feature of using PR technologies in social organizations is a large limited budget for their implementation. However, this problem can be solved through social partnerships and close relationships with private companies, government agencies and other public organizations. Another important aspect of using PR technologies in social organizations is working in social networks. Proper management of an organization's account or group means an informational presence in networks with a huge audience and daily user visits. At the same time, it is worth noting that the implementation of these activities requires the presence of a PR specialist in the organization. It would also be useful to teach employees the basics of PR for better work in the social sphere. In order to promote information about the activities of GBU TCSO "Orekhovo" uses available communication tools. The main task is to raise awareness among residents. The most common communication tool is printed materials, which include small booklets with planned or past events. Such materials remind residents of events that have already taken place and are planned, designed to evoke a positive Association with the state budgetary institution TCSO "Orekhovo". Facebook instagram, Odnoklassniki, Twitter, As well as the organization's website are used as a way to implement PR technologies.

After conducting a situational analysis of the state budgetary institution TCSO "Orekhovo", we planned a set of PR events. At the planning stage, decisions were made related to the choice of funds needed to effectively achieve the goal. Each event is primarily aimed at increasing the interest of residents in the activities of the center, moreover, these events may arouse interest in the media. The problem area is the departmental approach to managing a complex social security complex, which requires constant innovative searches, non-standard methods, and, most importantly, the use of public relations technologies. The main problem with regard to the state budgetary institution TCSO "Orekhovo" is the insufficient use of PR technologies aimed at promoting the activities implemented by the center. The institution actively uses certain PR technologies: special events, meetings, publications in the media, and so on. At the same time, work in social networks is not fully implemented, not so large-scale as to constantly be "on the lips" of residents of the district. This problem is amplified by the duplication of information messages from social networks. To evaluate the effectiveness of a promotion project, you need to use quantitative indicators. To do this, you need to define the units of measurement and encoding, that is, answer the question: what is being measured, determine the sample, identify key phrases, draw a conclusion, for clarity, and present the results in a visual way. To evaluate the effectiveness, we recommend criteria that determine the level of public engagement in social networks. The basis of these criteria is a comparison of indicators before and after events. The results of the study show that the state budgetary institution TCSO "Orekhovo" should step up work related to PR promotion, first of all, to realize the need for a professional public relations specialist.

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## **YOUNG MOTHERHOOD IN MODERN RUSSIA AS A DEMOGRAPHIC PROBLEM OF GLOBALIZATION**

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### **ABSTRACT**

*The reading of the problem of young motherhood is of an acute social nature, especially in the light of the influence of society as a whole due to change political, socio-economic and cultural at the present stage. In the Russian Federation, the array of measures aimed at increasing the birth rate, providing social support for mothers and children, protecting the reproductive health of the population and preventing abortions is a high priority of the state social policy. In light of this, today the major importance is attributed to the following directions of demographic policy. In order to examine the social standing of underage pregnant women and young mothers, a sociological study named "Study of the social standing of underage pregnant women and young mothers" was conducted in Moscow in 2019. The focus of the study were the girls aged from 14 to 19 who are registered in the maternity welfare clinics in Moscow. In conclusion, we would like to highlight the apparent importance of the social and pedagogical work of specialists with young people for solving problems related to young motherhood. This situation may have a substantial impact on the economic, demographic and intellectual potential of the society, as well as on the status of this particular category of the population.*

**Keywords:** *birth rate, minor age, pregnancy, young mothers*

### **1. INTRODUCTION**

The modern state demographic policy of Russia defines the protection of maternal health and the birth of full-fledged offspring as one of the priority socio-political problems. In the context of the development of the institution of young parenthood, a new characteristic appeared - "at-risk families." The risk of motherhood is expressed in the increase in the number of abortions, the deterioration of women's reproductive health, the increase in their mortality during childbirth and the increasing scale of young motherhood in modern Russia. The spread of child motherhood in Russian society in a market economy is both a consequence of the new socio-economic conditions of social deformation in the youth environment and society as a whole, as well as the liberalization of morality, the devaluation of the value of the institution of the family. The relevance of the problem under study derives from the fact that the phenomenon of early motherhood is a pressing social issue. In connection therewith, this paper is aimed at identifying the causes of early motherhood and finding solutions to the problem in the context of socio-pedagogical work. We used sociological survey as a leading method to explore this problem, which has allowed us to identify the causes of the phenomenon and to develop recommendations for improving social and pedagogical support to young mothers. It has been revealed that a greater emphasis should be placed on the prevention of early pregnancy and resolution of emerging crisis social situations. Until recently, adolescent mothers were never recognized as a separate category of socially unprotected citizens, and have never been the focus of special attention and impact target eligible for support and rehabilitation from state authorities. The problem of adolescent pregnancy and childbirth has high relevance all over the world. Presently, more than 80% of first teenage pregnancies end in abortions. While in August 2019, the most popular age for childbirth among Russian women became known. It turned out that the majority of women in the country had their first child at the age of 26. The second child was delivered at the age of 30 and the third at the age of 31.

At the same time, five children were born in Russia in 2018, who became fifth-borns to their mothers aged 17. According to the authorities, also in 2018, four 12-year-old girls became mothers, while 34 children were born to 13-year-olds and 190 to 14-year-olds, and for four of them it was the second childbirth. 15-year-old girls gave birth to 919 children in 2018, out of which 22 children were second-born. 16-year-olds gave birth to 2925 children, 165 of whom were second-born, nine were third-born and two were fourth-born (Federal State Statistics Service, 2019). Measures to prevent early pregnancy include raising the adolescents' awareness of contraception, the consequences of abortion, family planning and counseling on intimate relationships (Breheny & Stephens, 2007, Passino et al., 1993, Chigisheva, 2010). Psychological and physical preparation for future motherhood, assistance in dealing with pregnancy-related social crises, preparation for safe delivery, and training in newborn care are also components of medical and social work with young pregnant women (Clemmens, 2002, Cowley, 2007, Frejka & Sardon, 2006). As concerns, the phenomenon of young motherhood, more and more attention is being paid to the need for dedicated work by specialists of social service agencies in terms of psychological and physical preparation of young mothers for the upcoming maternity; helping them to deal with social crises related to pregnancy, prepare them for safe delivery, and train to give care to newborns.

## 2. METHODS

Implementation of the above measures will allow to build and sustain health-saving habits of young Russians in the form of systematic actions intended to build, strengthen and preserve their health, reduce morbidity, increase life expectancy and life quality (Rezer, 2003). An important place in the system of family interactions is taken by the issues related to motherhood, a concept that encapsulates the complex of directions related to preparation for family life, familiarization with issues of marriage, pregnancy, childbirth and child raising (Kluge, 2005, Seyler, 1999, Hudson, 2000, Kelly, 1996, Luker, 1996). At the same time, on the background of increasing sexual activity of adolescents and the no state system in place for prevention of unwanted pregnancy, childbearing at a young age has become a reality today. Therefore, today special attention should be paid to such a widespread social phenomenon as underage motherhood. In our times, the first teenage pregnancy ends with induced abortion in more than 80% cases (Biel, 2006, Kluge, 1999, Gavrilova, 2000). At the same time, in the context of puberty acceleration, growing sexual activity of teenagers, no state system in place for educating younger generation on the issues concerning prevention of undesirable pregnancy, the childbearing in the juvenile age has become the reality of our days, the phenomenon which has been named "the teenage motherhood" (Ziegenhain, 2003, Oskina, 2016, Laryusheva, 2007). In the Russian Federation, the array of measures aimed at increasing the birth rate, providing social support for mothers and children, protecting the reproductive health of the population and preventing abortions is a high priority of the state social policy. In light of this, today the major importance is attributed to the following directions of demographic policy:

- Promoting healthy lifestyle among children, young people and their parents, and raising their awareness of the ways and forms of health-saving habits.
- Creating conditions conducive to absorption by young people of the traditional attitudes towards family, marriage and parenthood, strengthening the authority of the family and family values in society, bridging the gap between young people's desire to create a family and the real possibilities for its implementation in conditions of socio-economic and financial instability.
- Improvement of social protection of the family and provision of multi-dimensional support by the state.
- Support for young people seeking to have a large family.



- Providing social guarantees to young mothers and preventing their discrimination in the labour market.
- Providing access for the youth to the high-quality health care system (Shimanovskaya & Shimanovskaya, 2011).

The problem of underage motherhood is becoming increasingly important in modern Russian society due to the propaganda by some mass media of "...the atmosphere of all-permissiveness, aggressiveness, moral irresponsibility, which leads to a spiritual and moral crisis", heightened interest in the issues of sexual relations, which may lead to early and unwanted pregnancy (Shimanovskaya, 2014, p. 41). At the same time, researchers also highlight that the older generation does not approve of the premarital sexual relations. "...64% of the total number of respondents condemn a girl's carnal knowledge before marriage and 57% are inclined to believe that young men should also refrain from the early sexual debut" (Sirotkina, 2010, p. 37). Social work with underage mothers, their parents and social environment in Russia is in its infancy. They receive some support from the state, but it is insufficient and uncoordinated. The status of a young mother as a social work client is not defined by law. Young mothers facing difficult life situations may be eligible for support, but due to the fact that in the law-enforcement practice these norms of laws are not valid, they may not fully use social benefits.

### 3. RESULTS

In order to examine the social standing of underage pregnant women and young mothers, a sociological study named "Study of the social standing of underage pregnant women and young mothers" was conducted in Moscow in 2019 with a view to develop recommendations on improvement of social and psychological assistance provided to underage pregnant women and young mothers and prevention of early pregnancy. The focus of the study were the girls aged from 14 to 19 who are registered in the maternity welfare clinics in Moscow. A questionnaire was developed for the study. It consists of an introduction (appeal to the respondent), a demographic part, a main part covering central aspects of social standing of this category of the population. The sample included 500 people. Besides, a free interview was conducted with the girls, the purpose of which was to obtain more complete information about the problems that arise during preparation for the birth of the child after the child birth. As found by the survey, distribution of respondents by their age was as follows: 21% of 16-year-old girls, 50% of 17-year-olds, 12.5% of 18-year-olds, 16.5% of 19-year-olds. Based on the obtained data, the majority of respondents (69.9%) have completed 9 grades, only 8.3% of respondents from all the respondents have secondary complete education, 12.5% have secondary professional education, and 8.3% of the interviewed girls have only primary education (Fig. 1). At the time of the survey, none of the interviewed girls has obtained or has been in the process of obtaining higher professional education at the time of the survey. According to the survey results, only one third of all interviewed girls (29%) currently study at a trade school or general education school. The majority of the respondents (79%) have a separate apartment or some space in the apartment, while the rest of the girls (21%) live in a hostel. The housing of 79.2% of respondents have all the necessary amenities, while the rest of the respondents (20.8%) have only some of the amenities. It should be noted that at the time of the survey none of the interviewed girls had a job. It is reasonable to conclude that all girls are dependent on their parents or the child's father, or on state support. The survey results show that families of 33.2% of the girls have an income below the minimum subsistence level per family member, the income of 45.8% of the families is approximately equal to the minimum subsistence level, and 21% have an income above this level. The majority of respondents (78%) admitted that income is just enough for basic necessities. Approximately 16.5% of respondents may not afford even the basic necessities. The remaining 5.5% of respondents stated that they have sufficient income.

Distribution of the surveyed girls by their marital status was as follows: 37.5% are in the officially registered marriage, 25% are actually married, and 37.5% have never been married. Only one third of the surveyed girls (29%) live in a full family, 21.5% live with one of the parents, 24.3% live separately, and 25.2% - with the child's father. It should also be noted that 8.3% of the girls surveyed are orphans. Only 16% of respondents are the eldest child in the family, 37.5% of respondents are the youngest, and 37.5% are the only child in the family. Only 8.3% of all interviewed girls answered that they have very good family relationships, 37.5% have good relationships, and 50.2% of the girls have bad relationships, while 4% of the girls defined their family relationships as very bad. The vast majority (91,7%) of the girls did not plan their pregnancy, and only 8.3% had the wanted child. As revealed by the survey, 42% of girls wanted to recourse to abortion when they found out about their pregnancy, more than a half (about 67%) experienced fear and anxiety because of their condition, and only 21% of the respondents were happy (Fig. 5). According to the received data, only 42% of girls told about their pregnancy immediately after they found out, and about 58% of girls were concealing their pregnancies for a period from 1 week to 5- 7 months. The majority of girls (62.5%) first shared the news with the father of the future child, 12.5% did not tell anyone and concealed the pregnancy, and the rest of the girls (25%) first informed their parents. Early onset of sexual intercourse is the major contributing factor, the average age of sexual debut among the girls surveyed was 13-15 years. At the time of the survey, 8% of the girls already had a second pregnancy, of which 75% had their first pregnancy terminated with an abortion.

#### **4. DISCUSSION**

Based on the obtained data, and analysis of the survey results, a conclusion may be drawn that in Moscow the aspects of social disadvantage among young mothers are similar to that in other 42,0% 67,0% 21,0% Considered abortion Fair, anxiety Happiness 11 regions of Russia. The main problems faced by young mothers and underage pregnant may be described as follows. Financial difficulties: most of the girls are actually married or not married at all, which suggests that they are financially dependent on their parents or have no means of subsistence at all, since most of them have been brought up in socially disadvantaged families. Psychological problems: when a child is born, young mothers are not ready for this psychologically, most of the respondents have not attended the courses for young mothers, and as the talk revealed, they actually have no idea how to take care of, how to develop and communicate with the child. Medical aspects: the body of a young mother is yet going through changes and it is not mature enough to carry a child, at a young age various complications are more often, primarily due to the immaturity of the body. Another important factor is stress experienced by a pregnant teenager, since the fact of pregnancy itself is stressful for the body, and it is aggravated by the social assessment of the situation (Macleod, 2003, Macvarish, 2010, Murcott, 1980). It is necessary to specify that in work with young mothers' attention should be given not only to dealing with the existing problems, but also to prevention of this social phenomenon (Schmidt, 2006, Sielert, 2002). Having studied the literature and statistics on motherhood in minor age, and having reviewed the work experience of social agencies, it was found that attention should be paid not only to resolution of existing problems, but also to prevention of teenage pregnancy as a social phenomenon. Preventive work consists in the development of a responsible attitude among the youth towards their own health. The second dimension of activity consists in the direct work of specialists with underage pregnant girls and young mothers. Here, the main emphasis should be placed on the development of a correct attitude towards motherhood among girls, teaching them the skills and rules of child care and upbringing.

## 5. CONCLUSION

The effectiveness of social and pedagogical work with young mothers depends on a number of methodological, technological, organizational and pedagogical conditions:

- Coordinated efforts of all the services that at various stages interact with the mother's family, and the search for suitable organizational forms that combine various aspects of interagency cooperation.
- Due regard for the specific features of early motherhood attributable to internal (age-specific and individual) and external (environmental) factors, and the implementation on this basis of a differentiated approach when selecting appropriate methods and forms of pedagogical impact.
- Psychological and socio-pedagogical support for young mothers on the basis of a social organization, the family aid centre, where the efforts of specialists, volunteers, sponsors and members of the public may be concentrated.
- Creation of a favourable social, psychological and non-educational environment conducive to the development of a little mother as a person, accumulation of positive maternal experience, mastery of household skills, communication with peers in a similar life situation, expansion of social contacts, harmonization of the emotional sphere.
- Development and implementation of a system of measures, including a series of specially designed group sessions aimed at developing maternal competence, which are held regularly and alternate with holidays, meetings and individual conversations at the request of young mothers.
- Organizing counseling for young mothers on the issues related to health, education, social security, employment, vocational training, psychological and legal problems and securing the necessary financial assistance.
- Engaging young mothers in joint activities with others through participation in the preparation and holding of state and family holidays, organization of joint summer holidays for the improvement of health of young mothers and babies.

In conclusion, we would like to highlight the apparent importance of the social and pedagogical work of specialists with young people for solving problems related to young motherhood. It is not hard to assume that if we do not pay proper attention to this problem, in the near future, when the children born by minor mothers enter adolescence, and become fertile, more and more young mothers will appear. This situation may have a substantial impact on the economic, demographic and intellectual potential of the society, as well as on the status of this particular category of the population.

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## RUSSIAN MIGRATION POLICY: TRANSFORMATION OF CITIZENSHIP INSTITUTE

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### **ABSTRACT**

*The genesis of the institution development of citizenship and migration policy in Russia is analyzed in the paper. The progressive process of merging these two directions into a single political and legal mechanism has been thoroughly demonstrated. The necessity of considering naturalization and migration within the framework of a single social institution has been proved. This approach will make it possible to maximize the use of the migration resource for the implementation of the demographic and socio-economic strategy of Russia.*

**Keywords:** *concept of migration policy, institution of citizenship, migration, migration and naturalization potential, naturalization, socio-economic naturalization*

### **1. INTRODUCTION**

The process of the establishing citizenship' institution in Russia has more than a century of history. Today, there are three main stages in it: the period before 1917 (pre-Soviet), the Soviet period and the period of modern Russia. In pre-Soviet history, citizenship was equated with the concept of "allegiance to the tsar," which was carried out through the adoption of the Orthodox faith (baptism). And the definition of a set of rights and obligations was associated primarily with belonging to a noble or other class [Gessen, 1909]. The Russian Republic population has been called citizens since 1917. And since 1918, foreign citizens living on this territory were able to acquire Russian citizenship [Izotova, 2015]. The collapse of the Soviet Union led to the need for significant transformations of the citizenship institution in 1991. Millions of people united by close social ties and self-awareness of the representatives of a single country became foreigners. The stage of the citizenship institution formation in the new political and socio-economic conditions began in Russia. The creation of new states on the territory of the former Soviet Union was of a political and legal nature. At the same time, the population was not ready for a drastic change in their identity. The new states needed a mechanism for identifying the citizens of their country and endowing them with an appropriate set of legal characteristics. So in the Law of the Russian Federation in 1991, citizenship began to be understood as a stable legal relationship between a person and the state. The collapse of the USSR and the inclusion of the CIS countries in the system of free movement turned Russia into the largest receiving center for the states of the former USSR and Southeast Asia [Odinokova, 2008]. According to official statistics, the number of arrivals in 1997 was 597 651, in 2000 - 359 330, including 547 386 people and 326,561 people were citizens of the former Soviet republics [InfoTables.ru; Federal State Statistics Service; 2019]. The current extraordinary situation associated with social and legal status of the citizen's living in the post-Soviet space and powerful migration flows determined the need to develop a new migration strategy and principles of a "new" civil

society. Till 2002 it was the time for the formation of the political and legal foundations and determination of the directions for Russian citizenship institution. Since 2002, it become possible to talk about a new stage in the citizenship formation - the comprehensive regulation of citizenship issues.

## 2. METHODS

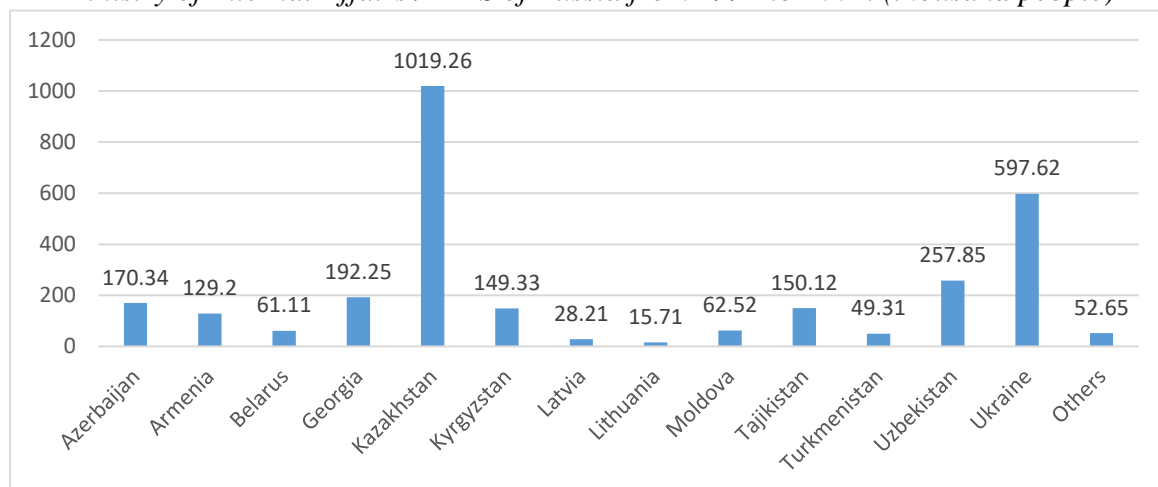
The main research methods were: analysis of statistical data on the research problem, methods of comparative and system analysis, analysis and synthesis. The information base of the research was foreign and domestic scientific publications and monographs on the problems of citizenship, as well as the results of the author's empirical research conducted by the in-depth interview method. 10 migrants working in the Moscow labor market were interviewed.

## 3. RESULTS

### 3.1. The concept of regulating migration processes as an attempt for a systematic approach to managing migration flows

In 2003, the Concept of Regulation of Migration Processes in the Russian Federation was adopted [Order of the Government of the Russian Federation, 2003], which was a systematic view of the implementation of state control over the people's movement, an attempt to solve the accumulated problems associated with flows of forced migrants and refugees, illegal immigration, replenishment of labor resources through differentiated approach. However, the implementation of the Concept lead to the creation of an immigration unified system, to toughening the requirements for border and customs control, to entering interstate cooperation in the field of illegal migration, to increasing the responsibility of employers for the illegal use of labor migrants. The concept also recognized the need for an influx of migrants as a mechanism to compensate for the shortage of own labor resources and natural population decline. But the issue of immigrants naturalization remained outside the scope of the national migration strategy. At the same time, after the USSR collapse, the share of the Russian and Russian-speaking population in the immigration flow was the largest in its history. Due to the fact of naturalization process was regulated by the law on citizenship until 2002, adopted even before the collapse of the USSR, almost all residents of the former USSR could become citizens of Russia. But only 2935.5 thousand people took this opportunity.

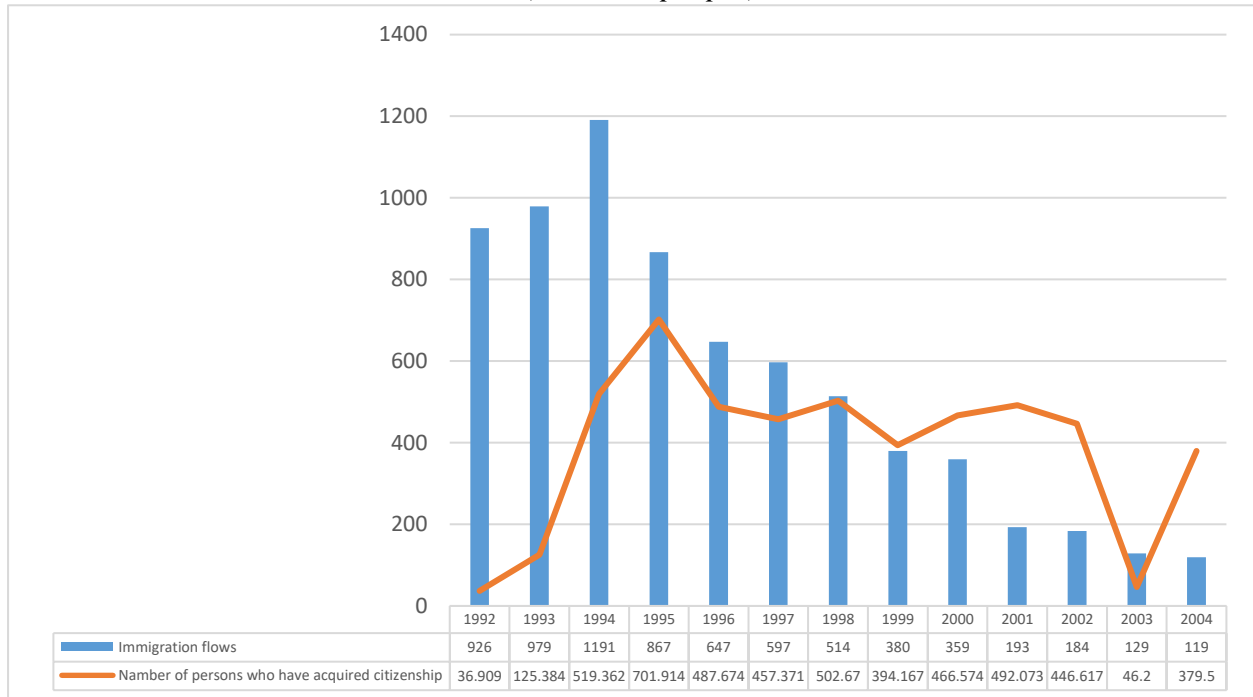
*Figure 1: The number of persons admitted to the Russian Federation citizenship through the Ministry of Internal Affairs / FMS of Russia from 1992 to 2002. (thousand people)<sup>1</sup>*



<sup>1</sup> Chudinovskikh O. Statistics of acquisition of citizenship as a reflection of the features of the migration policy of Russia. Statistics issues. 2018; 25 (9):P. 3-26.

The new Citizenship Law passed in 2002 [Federal Law, 2002] was in contradictions with the Law on the Legal Status of Foreign Citizens. Many migrants of previous years, who had long lived in Russia with old USSR passports, had a need to return to their previous countries, apply for citizenship there and come back to Russia in order to obtain a temporary residence permit (TRP), a residence permit, and then citizenship. It was almost impossible to do this. The insolubility of the legal conflict led to the practical suspension of the naturalization process. In 2003, the number of people accepted for Russian citizenship was 10 times less than in 2002. [Chudinovskikh, 2018] There was also a decline in immigration flows during this period.

Figure 2: The number of arrivals and citizenship in the Russian Federation from 1992 to 2004 (thousand people)<sup>2</sup>



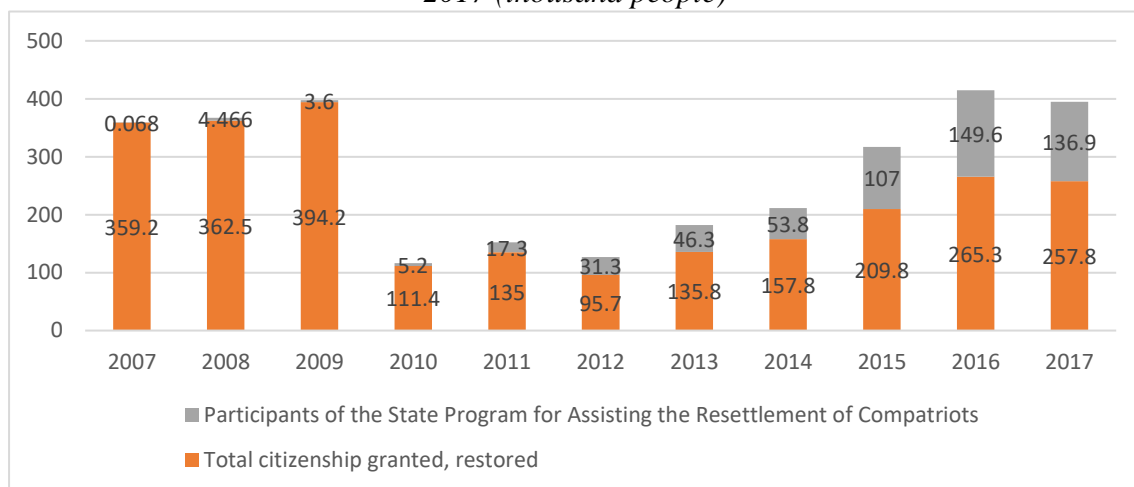
Source: Official data of the FMS / Ministry of Internal Affairs, Consular Department of the Ministry of Foreign Affairs, Rosstat of Russia

In order to provide an additional source for Russian population growth at the expense of Russian-speaking, ethnic Russians and their descendants who ended up outside our country after the USSR collapse. The State program to assist voluntary resettlement to the Russian Federation was adopted in 2006. This was the fastest naturalization mechanism for eligible migrant. Thanks to preferences variety, assistance with relocation, temporary unemployment benefits and additional financial resources for the settlement of future compatriots, the state expected to ensure a migration inflow of 300 thousand people per year. However, the Program fell short of expectations. As of May 14, 2007, only 20 thousand participants of the Program were registered. [Wikipedia, 2018]. Only 63 thousand people moved to Russia within the framework of the Program, which made up half of the registered participants in 2012 [Shustov, 2013]. According to the Press Service of the Ministry of Internal Affairs, only 826 thousand compatriots returned to Russia from 2006 till 2018 [News, 2019]. For 10 years of the Program's operation, this figure was no more than 600 thousand people.

<sup>2</sup> Chudinovskikh O. Statistics of acquisition of citizenship as a reflection of the features of the migration policy of Russia. Statistics issues. 2018; 25 (9):P. 8, 23-24.



Figure 3: Persons who received Russian citizenship under the State Program for Assisting the Resettlement of Compatriots to the total number of persons who received citizenship in 2007-2017 (thousand people)<sup>3</sup>



Source: Official data of the FMS / Ministry of Internal Affairs

Thus, the share of persons who received citizenship, as compatriots, is negligible before 2010. Only after the amendments were made in 2012, expanding the regions list of residence to 42, the number of persons naturalized through the Program began to exceed 30 thousand people per year. But these indicators have not yet reached the expected values. The ineffectiveness of the Program should be associated primarily with a limited list of regions where compatriots settle, which are characterized by economic and climatic unattractiveness. Age and other requirements for migrants also limited the number of persons ready to return to their historical homeland using this mechanism of naturalization [Yudina, 2008]. So, by 2012 with a clear understanding of the general socio-demographic and economic situation and the prospects for its development it became obvious that the legal framework of citizenship institution and the first migration concept do not meet the long-term state prospects.

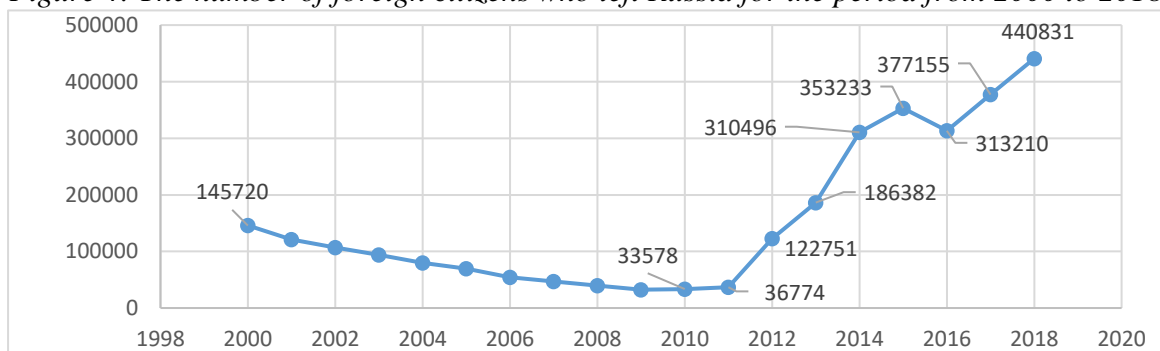
### 3.2. Migration Policy Concept: "Using the Positive Potential of Migration" and searching for new approaches to naturalization of foreigners

A new Concept of Migration Policy was adopted in 2012, which highlighted the need to develop new government programs aimed at attracting migrants to permanent residence. These programs, according to experts, are designed to simplify the admission to citizenship for foreigners who are of interest for the demographic and economic strategies of Russia, while not exerting a significant impact on the socio-cultural sphere and the national security system [Bormotova, Yudina, 2016]. The concept notes that "in order to realize the positive potential of migration processes, the entire system of their management in the Russian Federation must be modernized" [Concept, 2012]. However, all these ideas were reduced to toughening migration legislation and strengthening control over its observance by the Federal Migration Service. In 2013, a personified registration of foreign citizens began on the territory of Russia through GISMU (State Information System for Migration Registration). And in 2014, a ban was introduced on entry into the territory of our country from 3 to 10 years for persons who have committed two or more administrative offenses. At the same time, offenses were raised that were committed before the official approval of this norm, i.e. for 2013 and earlier. Thus, the migrants "black list" subject to expulsion or who do not have legal opportunities to enter on

<sup>3</sup> Chudinovskikh O. Statistics of acquisition of citizenship as a reflection of the features of the migration policy of Russia. Statistics issues. 2018; 25 (9):P. 3-26.

this basis has reached hundreds of thousands [Ivakhnyuk, 2018]. At the same time, the formation of "black lists" was of an undifferentiated and formally computerized nature. If a migrant, according to which two or more "lights" were reflected in the GISMU system, automatically turned out to be among the persons subject to deportation. This led to the fact that migrants who had been working in Russia for many years, who had patents, and who were almost completely adapted to life in Russian society, were declared "illegitimate". The authors of the article conducted an in-depth interview study with 10 migrants working in the labor market of Moscow in 2015. Respondent N shared his story: "Having lived in Moscow for about 10 years and working under an officially issued patent, I ended up in the "black lists" for traffic violations: for stopping in the wrong place and crossing the stop line. At the same time, the timely payment of these fines did not play a role in the decision to lift the ban on entry, only the fact of the violation was important. At that time, I was already married to a citizen of the Russian Federation, but less than three years. Only the birth of a child - a citizen of the Russian Federation, allowed me to legalize again, and then, according to a simplified program, obtain Russian citizenship. The peculiarity of my position was that I was a descendant of Russians. During the Soviet Union, my mother and grandmother moved from the Perm to Tajikistan for permanent residence. After the USSR collapse, they became citizens of Tajikistan, according to the place of registration." Thus, contrary to the logic of the migration strategy, respondent N, who possesses all the necessary socio-demographic and economic characteristics, had to deal with the regulation of his status for more than 3 years. Taking into account the internal attitude of "fear" among migrants in front of the structures of the Federal Migration Service and the Ministry of Internal Affairs, formed by the prohibitive policy, it can be assumed that many of the "black list" employees decided not to prove their law-abidingness and try to regulate their status. Some of them left voluntarily, some were deported or expelled from the country, some remained in the country in the status of illegal immigrants. Statistics on the number of people leaving the Russian Federation since 2012 shows a steady increase in the share of those who left the Russian Federation from 36,774 people up to 440 831 people in 2018. It should be understood that these indicators take into account only the category of migrants who had a temporary residence permit or residence permit. That is, this indicator does not count all foreigners who are temporarily registered. As practice shows, the real number of expelled foreigners is significantly higher.

Figure 4: The number of foreign citizens who left Russia for the period from 2000 to 2018.<sup>4</sup>



This is proved by other statistics. For example, more than 165 thousand foreigners were deported and expelled, including due to the tightening of requirements for migrants in terms of the presence of administrative offenses in 2014 - 2015. In the same period, more than 700 thousand decisions were made to close the entrance and about 3.5 million fines were imposed.

<sup>4</sup> Migration statistics according to Rosstat / Official resource of Rosstat of Russia "Statistics and indicators: federal and regional" Retrieved 10/02/2020 from <https://rosinfostat.ru/migratsia/>

Thus, it can be assumed that the decrease in immigration flows after 2012 was due, among other things, to the closure of borders for a period of 3 to 10 years for at least 165 thousand deported foreigners. It is also worth adding to them the share of persons from among whom the decision was made to close the entrance. After all, part of this category of foreigners did not leave, remaining in Russia in the status of illegal immigrants, and the other part left without the prospect of entering Russia legally again in the foreseeable future. To them it is also necessary to add the proportion of persons who received fines, for whom the issue of a ban on entry, deportation or expulsion was resolved in subsequent years.

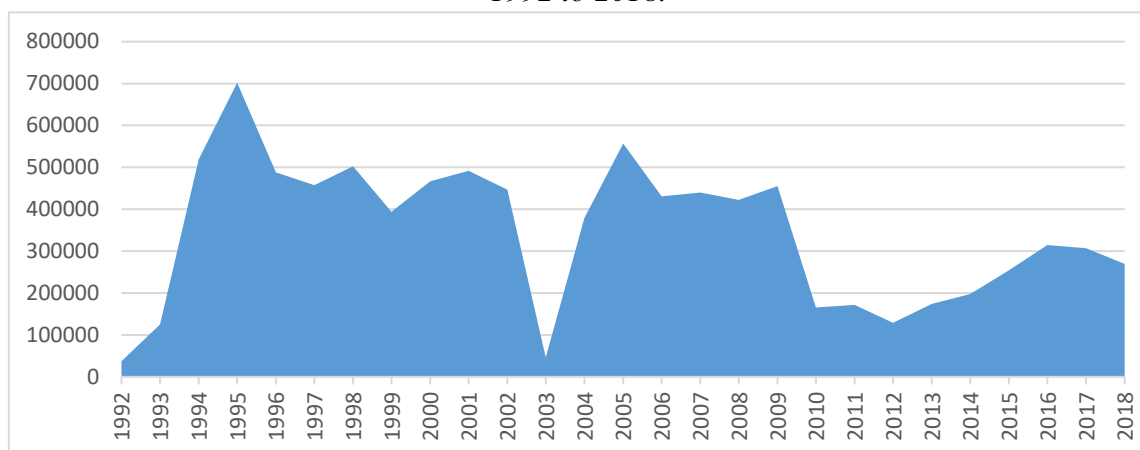
*Table 1: The number of submissions to the entry into the Russian Federation, fines issued, expelled and deported foreign citizens<sup>5</sup>*

	2015	2016
Made submissions to close the entrance	490 893	229 013
Expelled and deported	117 493	60 042
Decisions on the imposition of fines	2 004 802	1 432 917

According to some experts, by mid-2016, more than 2 million former migrants were closed [Denisenko, Chudinovskikh, 2017]. This mainly affected the citizens of Uzbekistan and Tajikistan, which are the main migration partners of Russia. It is noted that the expulsion of this most adapted and qualified part of labor migrants was, as a rule, associated with a violation of the terms of stay. And the violation itself was caused by an objective reason - the availability of work [Denisenko, Chudinovskikh, 2017]. This measure had a negative impact on the number of labor migrants (the number of legal workers from Uzbekistan and Tajikistan from 2014 to 2016 decreased by more than a third). It is also worth noting that the combination of the need to comply with the terms of stay with the need to carry out labor activities constantly puts the migrant before a contradictory choice. An alternative has become massive formal crossings of the nearest border (for the central region - previously it is the border with Ukraine, now - the border with Kazakhstan) for stamping with subsequent return to the territory of labor activity. The massive nature of this process gives rise to the demand and corruption of the authorities at the borders of such countries. A differentiated approach to determining the immigrant status, differentiation of administrative offenses that entail the need for expulsion or deportation, providing an opportunity to pay fines for committed administrative offenses that do not entail a deterioration of the criminal situation in the country while maintaining the legal status of residence, settlement of conflicting requirements for migrants - all this would help to avoid such a situation and make it possible to change the vector of development of the migration process in order to use its positive potential. There has been an almost halt in the process of naturalization of foreign citizens since 2003, in parallel with the adoption of the first migration concept within the framework of the institution of citizenship. This was due to contradictions in the new laws on foreign citizens and on citizenship. In order to eliminate these inconsistencies in the legal system, additional measures were taken to simplify the naturalization procedure for some categories of foreigners. But, in general, we can say that in the dynamics of the naturalization process until 2010 was relatively stable on average at the level of 450 thousand people per year and 99.9% were carried out according to a simplified scheme. This situation can be explained by the fact that the bulk of both the immigration flow and naturalized foreigners consisted of the former Soviet republic citizens.

<sup>5</sup> Litvinenko V. "Summary of the migration situation in Russia for 2016" (according to the Main Directorate of Internal Affairs of the Ministry of Internal Affairs of the Russian Federation), 2019, November 20 / YaMigrant.ru - information support for migrants in Russia [Electronic resource]. Retrieved 09.10.2020 from <https://yamigrant.ru/svodka-po-migratsionnoj-situatsii-v-rossii-za-2016-god.html>

Figure 5: The number of persons who received the citizenship of the Russian Federation from 1992 to 2018.<sup>6</sup>



However, the abolition of Art. 14 part 4 of the Law on Citizenship in 2010 led to a sharp decrease in the number of foreigners applying for citizenship. Only since 2014, there has been a positive trend in the naturalization process, which was associated with the adoption of a new law, according to which Russian speakers could obtain citizenship according to a simplified scheme (on average, in two years, subject to renunciation of their previous citizenship). Since 2007, the registration of persons who received Russian passports has passed into the competence of the Federal Migration Service. This suggests that a logical fusion of the institution of citizenship with migration policy has begun. Although the unification of two interrelated processes within the framework of one administrative structure did not entail building a common logic of regulatory regulation. Measures for the implementation of the Concept from the very beginning began to be of a point and technical nature. They were not accompanied by systemic changes in the institutions that regulate migration processes, as it was laid down in the Concept, and therefore, their effectiveness was very limited [Denisenko, Chudinovskikh, 2017]. Due to the difficult situation in Ukraine in 2017-2018, Russian lawmakers have adopted a number of regulations that simplify the acquisition of citizenship. They concerned internally displaced persons and refugees from the southeastern region of this country and were more of a humanitarian and political nature than meeting the migration interests of Russia. It should be noted that in modern Russia the institution of citizenship is associated with the development of simplified forms for foreigner's naturalization. At first, it was the legacy of the USSR's lawmaking, then the simplified approach was seen as a kind of familiar scheme (due to the lack of new legislation). Attempts to take the naturalization process from the traditional channel to the level of approaches that meet the new strategic interests of Russia have not been crowned with success. And this was due to the unregulated status of a great number of foreigners in Russia with passports of the former USSR. In view of the fact that the main immigration flow for 20 years already consisted of the former Soviet citizens republics with good adaptive potential, it is not surprising that the bulk of those naturalized have issued and continue to issue passports of the Russian Federation according to a simplified scheme.

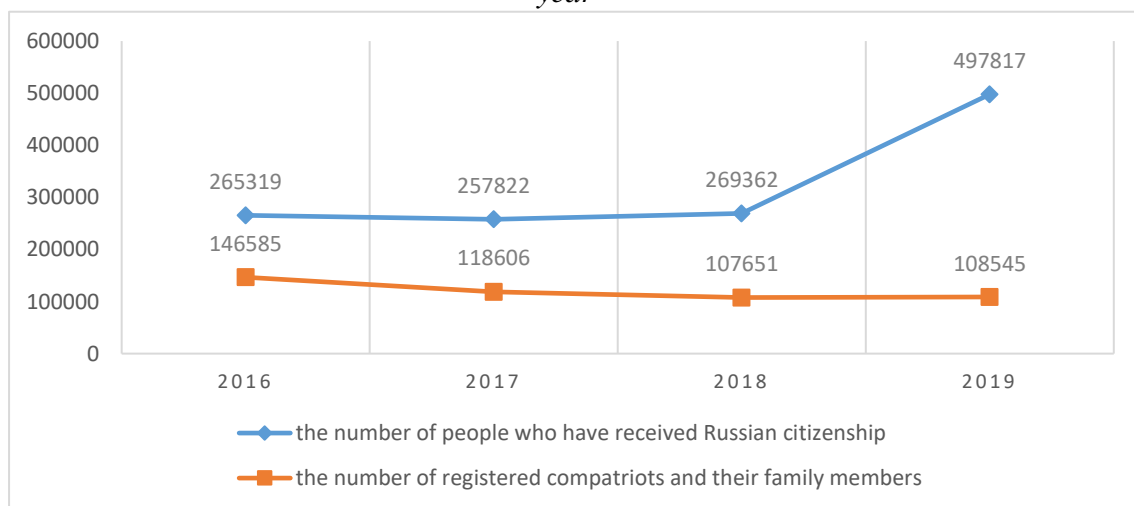
### 3.3. "New" concept: innovations and first results

Russian President signed the Decree "On the Concept of the State Migration Policy of the Russian Federation for 2019-2025" at the end of 2018. The concept, adopted in 2012, was

<sup>6</sup> The total number of persons who have received citizenship of the Russian Federation since 1992 - 2018, 2019 / Information project "Made with us" [Electronic resource]. Retrieved 02.10.2020 from <https://sdelanounas.ru/blogs/117852/>

recognized as invalidated, as it had lost its relevance and did not meet the current goals and objectives in the field of migration. The new concept, although in general continues the ideological line of its predecessor, but contains new vectors of migration development in relation to citizenship. The issue of acquiring citizenship began to be considered as part of the migration policy. This document contains a number of interesting provisions with a focus on: "ensuring simplicity, transparency of procedures and clarity of conditions" [Presidential decree, 2018] entry, stay (residence) and acquisition of citizenship, including through the abolition of temporary residence permit as an intermediate (temporary) migration status [Gatinsky, Lisitsyna, 2020]. In general, it is worth noting that the concept changes the political view of migration from the standpoint of protecting national security towards the Russian openness not only for migrants, but also for those "foreign citizens who do not associate their future or the future of their children with it and do not intend to fully integrate into Russian society, but they see Russia as a country with favorable conditions for satisfying their economic, social and cultural needs" [Presidential decree, 2018]. What results of the concept's operation can already be assessed in 1.5 years of its operation? According to the Ministry of Internal Affairs (2019), the number of persons who obtained Russian citizenship increased almost 2 times compared to 2018 and the previous 2017 and 2016, when this indicator was relatively stable for a long time at the level of 265 thousand people. At the same time, in the effectiveness of the voluntary resettlement program, there has been a trend towards a decrease in the number of participants from 146.5 thousand in 2016 to 108.5 thousand in 2019 [Ministry of Internal Affairs, 2020]. This may be due to the development of new channels for obtaining citizenship and a gradual decrease in the number of persons who meet the requirements for its participants.

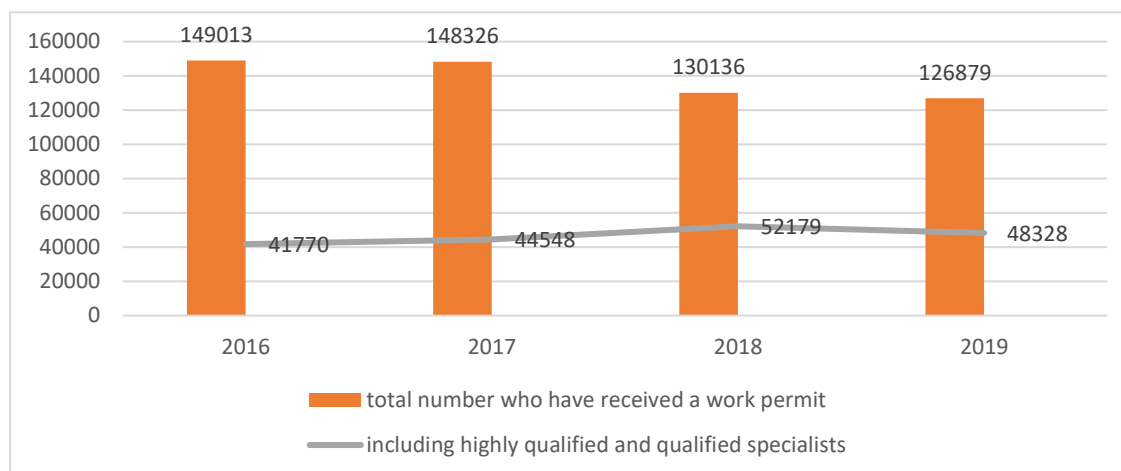
*Figure 6: The number of foreign citizens who have received the Russian citizenship and registered participants in the State Program for Assisting the Voluntary Resettlement of Compatriots Living Abroad and Members of Their Families to the Russian Federation, by year<sup>7</sup>*



In the field of labor migration, there has been a steady decline in the number of persons who have issued a work permit from 149 thousand in 2016 to just under 127 thousand in 2019. At the same time, it should be noted that the share of qualified migrants began to increase. In 2016, a little more than 40 thousand qualified foreign specialists arrived in Russia, and since 2018 their number has already fluctuated at the level of 50 thousand people a year.

<sup>7</sup> Summary of key performance indicators on the migration situation in the Russian Federation for 2016-2019 / Statistical information on the migration situation, 2020 / official website of the Ministry of Internal Affairs of Russia [Electronic resource]. Retrieved 02.10.2020 from <https://mv.d.rf/Deljatelnost/statistics/migracionnaya>

Figure 7: The number of foreign citizens and stateless persons, gained a work permit for 2016-2019.<sup>8</sup>



#### 4. DISCUSSION

It is still difficult to give a confident assessment of the new concept. But tendencies of this kind allow us to hope that in the coming years we will expect consistent actions of the state authorities, consistent with the Concept goals. At the same time, we would like to note that the policy of collecting “friends”, as a way to solve demographic and economic, and in recent years, humanitarian, tasks, had good prospects after the collapse of the USSR and has not lost it at present. Almost 30 years have passed since the beginning of the “new” history of Russia, during this time a generation has grown up in the CIS countries and Southeast Asia, which in fact only “in the words of their parents” have an idea of their historical connection with Russia. At the same time, some population part of these countries, who are over 35-45 years old, have this connection and can be considered as a migration and naturalization potential for Russia. It should be noted that these are people of the most active working age. Therefore, simplified approaches to naturalization (and, as a consequence, the absence of an integration period for the new citizens of Russia) in their mass use up to the present moment and in the near future, in our view, cannot deal a serious blow to Russian sovereignty and national security. But it should be said that every year the number of persons with such a historical connection is decreasing. And this means that the “simplified” should also transfer its leading position to other mechanisms of naturalization, based not on history and linguistic connection, but on the socio-economic interests of Russia. We should agree with I. Molodikova that the main vector for the development of migration processes has not yet been determined in the political elite of our country - this is a policy for citizens of the country or a policy for immigrants (either for Russian society or for immigrants) [Molodikova, 2017]. A deeper differentiated approach to the categories of migrants is needed. For example, in many countries, the priority access to citizenship is given to highly skilled migrants and foreign investors.

#### 5. CONCLUSION

It should be noted that the unprecedented period of simplified Russian citizenship obtaining cannot be endless and it is not worthwhile to drag out the process of gathering the “Russian world” for many years. Already now it is worth deciding on the time frame when socio-economic naturalization will replace ethno-historical naturalization. “Own” foreigners must now define a specific time (period from 5 to 10 years) for making a decision and entering the

<sup>8</sup> Summary of key performance indicators on the migration situation in the Russian Federation for 2016-2019 / Statistical information on the migration situation, 2020 / official website of the Ministry of Internal Affairs of Russia [Electronic resource]. Retrieved 02.10.2020 from <https://mv.d.rf/Deljatelnost/statistics/migracionnaya>

so-called "Russian world". The foundations for the transition to a new naturalization track are laid in a new concept, which sets the task of improving procedures that facilitate the voluntary resettlement of not only compatriots, but also other persons who are able to successfully integrate into Russian society, as well as the development of separate entry mechanisms for qualified specialists "to contribute to the economic, social and cultural development of Russia through their activities, knowledge and competencies" [Presidential decree, 2018]. Comprehensive concept implementation of migration policy with the simultaneous logical application of naturalization mechanisms can reveal the long-awaited positive migration potential and will give the expected effect on the demographic and economic situation in Russia.

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## CONSTITUTIONALIZING OF RUSSIA'S SOCIAL POLICY: IMPLICATIONS FOR CIVIL SOCIETY AND THE STATE

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### ABSTRACT

*Relevance of the research: the Relevance of the problem is determined by the need to develop normative and law enforcement activities in order to solve the most important task of modern society – the constitutionalizing of the social policy of the Russian state. The subject, the purpose of the study: the purpose of this article is to develop doctrinal positions that reveal the features of the process of constitutionalizing of social policy of the Russian state, the study process, civil society and the state, the constitutional model of the Russian state, identify areas for improvement in legislation. Research methods: one of the leading approaches to the study of this problem is the dialectical relationship between the economic and political level of state development and ensuring social rights of citizens. The system-structural approach allowed us to consider the processes of constitutionalizing of the social sphere as an integral system. The use of the comparative legal method is widely used in the study. Research results: the main directions of constitutionalizing of the social sphere are formulated, the directions of improvement of the legislation of the Russian Federation are Offered. The scope of the results: the article can be used in domestic and foreign theory of constitutional law in norm-setting activities of the Russian Federation, the practical activities of Executive authorities, the educational process. Novelty: the problems of constitutionalizing of social policy are considered through the prism of improving the economic, political, and spiritual spheres of state activity, the significance of these processes for civil society, and increasing the mutual responsibility of the state, society, and the individual. The results of the study, conclusions: The article analyzes the doctrinal provisions on the social state, examines the legislation of the Russian Federation regulating the level of social security of citizens, the processes of constitutionalizing of the social policy of the Russian state, taking into account the amendments to the Constitution of the Russian Federation submitted for popular vote in 2020.*

**Keywords:** *constitutionalizing, social state, social policy, constitutional model of the social state, civil society, state*

### 1. INTRODUCTION

Currently, one of the most significant trends in improving legislation is the strengthening of social protection of citizens. Determining the role and place of public associations in the formation of a social state, optimizing the forms of participation of citizens in solving important state tasks, can act as one of the ways to modernize the modern Russian state and improve the process of forming civil society. Amendments to the Constitution of the Russian Federation introduced in 2020 established the main state responsibilities for ensuring social rights of citizens, as well as introduced the concept of civil society into the Constitution for the first time,

establishing the obligation of the government of the Russian Federation to implement measures to support civil society institutions, including non-profit organizations, and ensure their participation in the development and implementation of state policy. As part of ensuring the social rights of citizens, one of the most important policy directions of the Russian state in accordance with article 7 of the Constitution of the Russian Federation is to create conditions that ensure a decent life and free development of a person (Constitution of Russia, 2020). To implement this constitutional norm, the state creates the necessary mechanisms. In Russian legal science, many studies have been conducted on the formation of the normative foundations of the social state, the implementation of social standards in law enforcement practice. Among them are the following authors: Belkin A. A. (1991); Baglay M. V. (1997); Andreeva E. M. (1998); Goncharov P. K. (2000); Bondar N. S. (2002), Vydrin I. V. (2019), Graf M. P. (2007); Leksin V. N. (2008); Skuratov Yu. I. (2015, 2018). At the same time, it should be emphasized that these studies, although conducted from the standpoint of constitutional law and public administration, only touched on certain aspects of the formation and development of the social state. These studies did not consider the social state in the broad sense of the word as a democratic socio-political power mechanism that provides (guarantees) a combination of social responsibility of both the state and the individual through a system of standards enshrined in legislation.

## **2. METHODOLOGY**

The study of the processes of constitutionalizing of the social policy of the Russian state involves the use of various research methods, the main of which are dialectical, systemic, comparative-legal, comparative-historical, formal-logical, analysis and synthesis. The complexity of using the presented methods allows us to get a complete picture of the ongoing processes of constitutionalizing of social policy. The application of these methods in conjunction with the study formed the basis of the Constitution of the national legislation in the study area allowed in the complex formed to perform in the Russian mechanism of legal regulation of the welfare state, but also to determine the features of constitutionalizing of social policy of the Russian state, taking into account the amendments to the Constitution of the Russian Federation adopted in 2020. To reveal the topic, the authors analyzed the provisions of the Constitution of the Russian Federation, Federal laws, and other regulatory legal acts of the Russian Federation. The authors also studied the works of Russian and foreign scientists in this field. One of the leading approaches to the study of this problem is the dialectical relationship between the economic and political level of state development and ensuring social rights of citizens. The system-structural approach allowed us to consider the constitutionalizing of the social policy of the Russian state as an integral system. The use of the comparative legal method is widely used in the study.

## **3. RESULTS**

As a result of a comprehensive analysis of doctrinal and legislative provisions, as well as materials of law enforcement activities within the framework of the topic under study, the following is established.

- 1) A significant direction of development of social legislation as part of the process of constitutionalizing of the social sphere is due to its comprehensive inventory, preservation of socially valuable norms, able to operate in the new environment, eliminating the contamination of the legislation inoperative the rules of behavior, elimination of gaps that have arisen in connection with the emergence of new groups of social relations; approximation of national law with international law; the decentralization of legal regulation and folding of a full-fledged social legislation of constituent entities of the Russian Federation.

- 2) The constitutional consolidation of the fact that Russia is a social state, whose policy is aimed at creating conditions that ensure a decent life and free development of a person, is a major democratic achievement. The Constitution of the Russian Federation contains a number of norms confirming and developing this provision. Thus, part 1 of article 39 stipulates that everyone is guaranteed social security according to age, in case of illness or disability, part 1 of article 41 guarantees that everyone has the right to health protection and medical care, part 2 of article 7 of the Constitution of the Russian Federation provides for the possibility of establishing other guarantees of social protection. In 2020, the Constitution has been amended to specify the responsibilities of the Government of the Russian Federation in the social sphere, as enshrined in article 114 of the Constitution and perpetuate the Government of the Russian Federation the function of the implementation of measures to support civil society institutions. At the same time, the concept of civil society is first mentioned in the Russian Constitution, which emphasizes the importance of civil society for the development of a social state and the establishment of democratic values. However, at present, the modern constitutional model of the social state in Russia is still not without drawbacks, and the Russian Constitution does not contain clear instructions on the methods of implementing the social functions of the state, on the forms of ensuring social human rights. In practice, it can be stated that social protection measures for citizens are insufficiently regulated, taking into account international human rights standards.
- 3) It should be noted that the social security system is national, which is built taking into account the level of economic development of the state and the specifics of a particular state, but these standards should guarantee a decent life for every person when the corresponding social risks occur. Analyzing the concept of international standards in the field of the right to social security, it can be concluded that international standards in the field of human rights are a set of international legal norms that consolidate and develop the principles of human rights. International standards around the world provide guidelines for establishing guarantees of social protection and the obligations of States to provide individuals with fundamental rights and freedoms and not to take actions that impair these rights, as well as defining international mechanisms for the protection of these rights.
- 4) At present, the process of constitutionalizing of the social sphere that has begun is very important – the Convergence of the Constitution and the legislation of the Russian Federation in the field of social relations, increasing its compactness and efficiency. The implementation of the concept of a social state requires a qualitatively different level of normative legal regulation of the relevant relations and processes. This area is very difficult for legal regulation, primarily because of the multidimensional nature of social relations themselves, which are integrative and synthetic in nature. Therefore, many branches of Russian law are involved in their regulation and mediation. Due to these reasons, we can say that the thesis developed in some works about the formation of social law in Russia as a new branch of Russian law is premature. The Constitution of the Russian Federation stipulates that Russia is a democratic Federal state under the rule of law with a Republican form of government, and the individual, his rights and freedoms are the highest value, which is a determining factor in the system of relations between the state and the population of the country. Determining the role and place of public associations in the formation of a social state, optimizing the forms of participation of citizens in solving important state tasks, can act as one of the ways to modernize the modern Russian state and improve the process of forming civil society.
- 5) The main task of the reform of the social legislation of the Russian Federation is to bring it closer to the constitutional model of the concept of the social state, turning the relevant norms of the basic law into a directly applicable law.

It is important to feed the updated legislation with the legal positions of the constitutional court of the Russian Federation, developed during its consideration of cases concerning legislation on the social sphere.

- 6) As one of the directions of constitutionalizing of the social sphere, a set of organizational and legal means is necessary to ensure the transformation of social responsibility as a qualitative characteristic of the social state into legal responsibility, including constitutional and legal.

#### 4. DISCUSSION

The constitutional consolidation of the fact that Russia is a social state, whose policy is aimed at creating conditions that ensure a decent life and free human development, is a major democratic achievement. The Constitution of the Russian Federation contains a number of norms confirming and developing this provision. So, part 1 of article 39 of the Constitution of the Russian Federation in which everyone is guaranteed social security according to age, in case of illness, disability and in other cases established by law and CH. 1 of article 41 of the Constitution of the Russian Federation everyone has the right to health and medical care, part 2 of article 7 of the Constitution of the Russian Federation, which envisages the possibility of establishing other guarantees of social protection (Yastrebova, A. I., 2012. P. 11). In 2020, the Constitution has been amended to specify the responsibilities of the Government of the Russian Federation in the social sphere, as enshrined in article 114 of the Constitution and perpetuate the Government of the Russian Federation the function of the implementation of measures to support civil society institutions. At the same time, the concept of civil society is first mentioned in the Russian Constitution, which emphasizes the importance of civil society for the development of the social state and the establishment of democratic values (Grudtsyna L. Yu., 2009, P. 35). However, at present, the modern constitutional model of the social state in Russia is still not without drawbacks, and the Russian Constitution does not contain clear instructions on the methods of implementing the social functions of the state, on the forms of ensuring social human rights (Vydrin I. V., 2019, P. 199). In practice, it can be stated that measures of social protection of citizens are insufficiently regulated, taking into account international standards in the field of human rights (Skuratov Yu. I., 2018, p. 39). Currently, however, modern constitutional model of the social state in Russia is not without its flaws, and the Russian Constitution does not contain explicit guidance on how the social functions of the state, the enforcement of social human rights (Skuratov Y. I., Ivanin, D. S., 2012. P. 9.). In practice, it can be stated that adequately controlled by measures of social protection of citizens, taking into account international standards in the field of human rights. (Yastrebova A.I., Salomatkin A.S., Dzhevakhyan R.M., Redkous V.M., Filonov V.I., 2016, p. 420-423). It should be noted that the social security system is national, which is built taking into account the level of economic development of the state and the specifics of a particular state, but these standards should guarantee a decent life for every person when appropriate social risks occur (Laptev G. S., 2011. p. 3-4). Analyzing the concept of international standards in the field of the right to social security, it can be concluded that international human rights standards are a set of international legal norms that consolidate and develop the principles of human rights (Brian D. Taylor., 2006, 195). International standards all over the world are a reference point for establishing guarantees of social protection and obligations of States (Gavrilov A.V., 2007, P. 16) to represent fundamental rights and freedoms to individuals and not to take actions that impair these rights, as well as defining international mechanisms for the protection of these rights. Social security and a decent standard of living are the defining characteristics in a legal and social state (Yastrebova A. I., Stakhov A. I.; Redkous V. M. ; Gubin A. N.; Suchkova T. Y., 2020, P. 232). Without going into a detailed description of article 7 of the basic law, we note that, firstly, the Constitution only indicates the main directions of the state's social policy; secondly, there are

no quality indicators, General standards, the achievement of which should indicate the social nature of the state (Graf M. P., 2007, p. 3). The authorship of the term "social state", according to many scientists who deal with this issue, belongs to the famous statesman and economist Lorenz von Stein (1815-1890). He believed that "the idea of the state is to restore equality and freedom, to raise the lower, disadvantaged classes to the level of the rich and strong, that the state should make economic progress for all its members (Goncharov P. K., 2000, p. 20). Here are two General theoretical prerequisites that, in our opinion, play an important role in the formation of the scientific concept of the social state. The first of them is connected with the dual nature of social relations, their understanding in both narrow and broad meanings, which allows us to consider the state not only as an instrument of policy in the social sphere and, above all, in the field of reproduction of human life (Belkin A. A., 1991, p.3). At the same time, it would be unfair to reduce the purpose of the social state only to support the weak, socially vulnerable segments of the population (Leksin V. N., 2008, p. 217). The second theoretical premise is related to the Eurasian scientific heritage, formulated by its representatives with the concept of a "guarantee", and, in fact, a social state. The "Eurasians" focused on finding tools, tools, and mechanisms that ensure the implementation of relevant norms and programs (Skuratov Yu. I., 2015, p. 9-10). This approach is not just relevant for modern Russian reality (Harrison, M., Adlard, J., 2018, 330). The discrepancy between constitutional provisions and actual practice is one of the main problems of today's Russia. Our country urgently needs to create a system of various political, legal, ideological, moral, social and psychological guarantees that turn the norm of the Constitution on the social state into an indisputable legal postulate, and develop constitutional standards for the social state. The concept of the social state is closely related to the norms of the Constitution that establish state guarantees of equality of human and civil rights and freedoms, namely parts 1, 2, 3, article 19 of the Constitution of Russia (Bondar N. S., 2002, p.22). Russian legal literature has developed various approaches to the question of the legal nature of social and economic rights of a person and citizen of the Russian Federation. Thus, M. V. Baglay believes that in our country "economic, social and cultural rights are not only legal norms, but rather a standard that the state should strive for in its policy" (Baglay M. V., 1997, p. 216). The main task of the reform of the social legislation of the Russian Federation is to bring it closer to the constitutional model of the concept of the social state, to turn the relevant norms of the basic law into a directly applicable law. It is important to feed the updated legislation with the legal positions of the constitutional court of the Russian Federation, developed during its consideration of cases concerning legislation on the social sphere (Skuratov Yu. I., 2018, p. 61). A significant direction in the development of social legislation within the framework of the process of constitutionalizing of the social sphere is also associated with its comprehensive inventory, preservation of socially valuable norms that can operate in new conditions, elimination of clogging of legislation with invalid rules of conduct, elimination of gaps that have arisen in connection with the emergence of new groups of social relations; convergence of national law with international law (in particular, the European social Charter, acts of the UN, ILO, Council of Europe); decentralization of legal regulation and development of full-fledged social legislation of the subjects of the Russian Federation. Currently, the legislative process is clearly lagging behind the needs of practice: changes to previously adopted normative legal acts complicate the current legislation, and the legislative process of forming new institutions of the social state is slow, as a result of which a number of conceptual laws are missing in the social sphere. In the course of optimizing legislation on the social sphere, attention should be paid to the clarity of the categorical and instrumental apparatus. As a rule, in the course of regulating social relations, the concepts of "social support measures", "social protection measures", "social guarantees", etc. are widely used. However, there is no uniform legislative definition that does not allow for ambiguous and arbitrary interpretation in various regulations.

There is a need to coordinate the law-making process in the social sphere with the law-making process in other areas and to provide resources for the emerging institutions of the social state (Walsh, Tamara, 2016), which can be achieved by developing a unified concept for reforming legislation in the social sphere. The latter, in turn, should become an important part of the national Social doctrine of the Russian Federation. A higher level of systematization of legislative acts of the corresponding profile is seen in the formation of a complex branch of social legislation, the active centre of which should be either codified Federal law "On principles of state social policy in the reform period", or the basic legislation concerning social security or Social code. The social state, finally, presupposes the existence of a system of developed social standards, including those embodied in legal norms, which leads to the emergence of extensive and codified social legislation (Andreeva E. M., 1998, P. 17-18) and also a stable practice of its application. Such an act could bring together social guarantees and benefits (Andreeva E. M., 1998, P. 17-18), which at present still represent an imperfectly ordered set of norms scattered across numerous laws and bylaws.

## **5. CONCLUSION**

The use of the second of the above-mentioned options for moving towards the real construction of a social state can also bring certain positive results. Its essence is to ensure the real constitutionalizing of social policy, the full implementation of the main provisions of the constitutional concept of the social state. In our opinion, the constitutionalizing of the social sphere in Russia is a complex, multi – dimensional political and legal process that ensures the growing influence of the country's Constitution on the social sphere as a whole, as well as the social policy pursued by state authorities at all levels and municipal bodies, the growth of its impact on the content of social legislation and law enforcement practice, bringing the process of financing the social sphere in accordance with the Constitution, etc. (Grib V. V., 2011, P. 15). Let's briefly review the content and main directions of this process. First of all, it involves an in-depth theoretical development based on the interpretation of the Constitution of the concept (model) of the social state formulated in its norms. The constitutional concept (doctrine) of the social state should, in our opinion, be the basis of the National social doctrine of Russia as a comprehensive document that defines the state and strategy for the development of the social sphere of our country in the near and long term. The adoption of this document and giving it a legal status after a broad discussion in Russian society through approval by the Federal Assembly will make it possible to detail the constitutional principles of the social state, define the framework of social policy, the main volumes, sources and priorities of their financing, start work on streamlining Russian legislation regulating the sphere of social relations from a single conceptual position, etc. The preparation and adoption of this document will have an important socio - psychological significance for Russian society, since citizens will be aware of the state's immediate plans for the educational process, pension services, health care development, etc., which will strengthen confidence in the authorities, strengthen social stability and security. A critical area of the process of constitutionalizing of social sphere – closer to the Constitution and legislation of the Russian Federation in the social sphere, improving its compactness, efficiency. The implementation of the concept of a social state requires a qualitatively different level of normative legal regulation of the relevant relations and processes.

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# CONDITIONS AND PROCEDURE FOR ASSIGNING AND PROVIDING PAYMENTS TO CITIZENS WITH CHILDREN IN THE RUSSIAN FEDERATION

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## **ABSTRACT**

*The relevance of the topic discussed in this article is rather overestimated. Socio-economic changes were carried out in the country, which led to the fact that the law of social security, which had never been characterized by a special harmony and consistency of normative material, became even more complicated and complicated. Meanwhile, the importance of this industry is quite great, without exaggeration. This is due to the fact that the content and correct application of the norms contained in this branch of law depends not only on the material well-being, but also on the existence of the Russian population. The emergence, modification and termination of the right to a particular type of social security depends on the existence of certain legal facts, without which the implementation of legal consequences is impossible. The object of research in this article will be social relations that are formed in connection with the appointment and payment of state benefits. The subject of the study is a set of legal acts regulating public relations that are formed in connection with the appointment and payment of state benefits, the basis of which are legal facts.*

**Keywords:** *Social security, state social payments, on state benefits to citizens, benefits, compensation, social legislation of the Russian Federation, payment of state benefits*

## **1. INTRODUCTION**

In accordance with the Constitution of the Russian Federation [Constitution of the Russian Federation. Art 2.], which defines state support for the family, motherhood, fatherhood and childhood, as well as the establishment of state benefits and other guarantees of social protection of the population, as one of the main directions of the state's social policy. The first part of the Constitution of the Russian Federation [Constitution of the Russian Federation. Art 38.] asserts that the family, motherhood and childhood are protected by the state. Also, according to the Constitution of the Russian Federation [Constitution of the Russian Federation. Article 39.] citizens are guaranteed social security for the upbringing of children, as well as in other cases established by law. In accordance with paragraph 2 of the same article, the law also provides for the establishment of state pensions and social benefits. In addition to this, the need to promote voluntary insurance and create additional forms of social security is also reinforced.

Based on these provisions of the Constitution of the Russian Federation, the state provides Russian citizens with children with material support in the form of monetary benefits. In the field of law, which concerns social security of citizens, they have repeatedly tried to formulate the concept of "benefits for families with children" as an independent type of benefits. These benefits are one of the types of benefits and, therefore, include inherited features of benefits as



one of the main types of social security. The preservation of motherhood and childhood and the family has a holistic socio-economic orientation and is implemented through various state measures to promote motherhood, protect the interests of mother and child, strengthen the family, provide social support, and ensure the family rights of citizens. Below is a list of legal acts that are related to child benefits and are used by the legislator to regulate the provision and payments to citizens with children. Federal law No. 81-FZ of May 19, 1995 "On state benefits for citizens with children"; Federal law No. 255-FZ of December 29, 2006 "On compulsory social insurance in the event of temporary disability and in connection with motherhood" ; decree Of the government of the Russian Federation of June 15, 2007. No. 375 "On approval of the regulation on the calculation of benefits for temporary disability, maternity citizens subject to compulsory social insurance against temporary disability and in connection with motherhood" ;4. Resolution of the Government of the Russian Federation from December 29, 2020 No. 61 "About approval of coefficient of indexation of payments, benefits and compensations in 2020" ;decree of the Ministry of health and social development of the Russian Federation from January 31, 2007 No. 74 "on approval of the List of valid reasons for missing the deadline for applying for temporary disability, maternity, and monthly child care benefits" ; order of the Ministry of health and social development of the Russian Federation of December 23, 2009 No. 1012n "On approval of The procedure and conditions for assigning and paying state benefits to citizens with children" , etc. In the field of law, which concerns social security of citizens, they have repeatedly tried to formulate the concept of "benefits for families with children" as an independent type of benefits. These benefits are one of the types of benefits and, therefore, include inherited features of benefits as one of the main types of social security. There are a sufficient number of studies on this topic: Grigoriev, I. V.(2020), Suleymanova, G. V. (2020), Grigoriev, I. V. (2020), Agafonov, V. A (2020).

## **2. METHODS**

At the initial stage, the works of scientists and officials were analyzed, and the range of sources studied was determined. The research was conducted on the basis of information from official sources, publications of normative legal acts, as well as scientific works. In the course of the study, the authors identified the goal of reforming the judicial system by summarizing the currently available information. Analyzing the cause-and-effect relationships, separate features of payments are highlighted. Using a comparative legal method, the authors come to the conclusion and assess the need for ongoing reforms in the social security system. Using the formal legal method, the authors assess the need to change the concepts and categorical apparatus. When studying the analysis of changes proposed to the Declaration of intent, the authors use the method of comparative analysis, considering the variability of situations. The study also uses a statistical method. The research course is based on the study of consistently published information both by scientists and specific draft laws published from 2014 to 2020 related to the research topic.

## **3. RESULTS**

State mechanisms protect these rights of citizens (this system has its own shortcomings), forming the protection of maternal and child health, social security, protection of working mothers, laws on marriage and family, and others. These segments of the population, in this regard, are assigned and paid a huge number of benefits. Citizens who have children are granted benefits on the basis of Federal law No. 81-FZ of May 19, 1995 "On state benefits for citizens with children". Benefits that are assigned to citizens who have children are a system of state payments to citizens due to the birth and upbringing of children, which in turn provide guarantees of material support for motherhood, fatherhood and childhood from the state. These benefits also represent payments that are made to the mother or father of the child, as well as to

persons who replace them. Federal Law of the Russian Federation No. 81-FZ of may 19, 1995 "On state benefits to citizens with children" and Order No. 1012n of December 23, 2009 "On approval of the procedure and conditions for assigning and paying state benefits to citizens with children" provide for the implementation of the procedure and conditions for assigning and paying state benefits to citizens with children. In accordance with article 3 of Federal law No. 81-FZ of may 19, 1995 "On state benefits for citizens with children", there are several types of state benefits for citizens with children:

- 1) The allowance for pregnancy and childbirth;
- 2) One-time allowance for women who registered with medical organizations at an early stage of pregnancy;
- 3) one-time allowance at the birth Of a child;
- 4) The allowance for child care, which is paid monthly;
- 5) Child benefit;
- 6) Allowance for the transfer of a child to a family for upbringing, which is paid in a lump sum;
- 7) Allowance to the pregnant wife of a serviceman who is undergoing military service on conscription, paid in a lump sum;
- 8) The allowance for a child soldier, which takes place military service on an appeal, payable monthly.

Analyzing the above, the question arises, who is entitled to receive the above benefits? We can say that the benefits to citizens with children, is assigned to the following groups:

- 1) Citizens of the Russian Federation residing in the territory of the Russian Federation on a constant basis;
- 2) citizens of the Russian Federation who perform military service under a contract;
- 3) Foreign citizens, refugees and stateless persons who permanently reside on the territory of the Russian Federation;
- 4) Foreign citizens and stateless persons who are subject to mandatory social insurance in the event of temporary disability and in connection with motherhood, who live on the territory of the Russian Federation temporarily.

When discussing the issue of benefits for citizens with children, it is worth emphasizing that certain benefits are assigned to specific categories of the population. For example, in accordance with article 6 of Federal law No. 81-FZ of may 19, 1995 "on state benefits for citizens with children", women who are subject to mandatory medical insurance in the Event of temporary disability and in connection with motherhood, women who receive full-time education, and women who have completed military service under contract in certain bodies are entitled to maternity benefits. In accordance with article 9 of the same law, women who are registered with medical organizations before 12 weeks of pregnancy, i.e. in the early stages of pregnancy, are entitled to a one-time allowance, which is additional to the maternity allowance. According to article 11 of this law, one of the parents or a citizen who replaces them has the right to benefit at the birth of a child. moreover, if 2 or more children are born, then the benefit is paid for each child. Accordingly, if a stillborn baby is born, this benefit is not paid. If a child is transferred to a family for upbringing (adoption, guardianship, etc.), then one of the adoptive parents (guardians) is entitled to benefits. Accordingly, if 2 or more children were taken into care, the allowance is paid for each child. The allowance is paid in a lump sum. These conditions are specified in article 12.1 of Federal law No. 81-FZ of may 19, 1995 "On state benefits for citizens with children". In accordance with article 12.3, the wife is entitled to a benefit intended for the pregnant wife of a military serviceman who is undergoing military service on conscription if she has been pregnant for at least 180 days.

This benefit is paid regardless of whether the spouse receives any other state payments. According to article 12.5 of Federal law No. 81-FZ of May 19, 1995 "On state benefits for citizens with children", the mother or guardian of the child of a serviceman (or another relative who takes care of him) is entitled to a monthly allowance for the child of a serviceman who is undergoing military service. In accordance with article 13 of this law, the mother (including those who perform military service under a contract; those who were dismissed due to the fact that the organization was closed) or the father, other relatives or guardians, if they take care of the child, are entitled to child care benefits. These persons are subject to mandatory social insurance in the event of temporary disability and maternity. These benefits are paid monthly. As for the child benefit, which is specified in article 16 of Federal law No. 81-FZ of May 19, 1995 "On state benefits for citizens with children", these payments are made under certain legal facts and apply to children under 18 years of age. For these benefits, the following rule is established: payments must be made at least once a quarter, that is, these benefits can be made monthly. Families with children who need financial support are eligible for this benefit. For example, if one of the parents avoids paying alimony after a divorce, or if the family income has decreased due to the loss of a job, one of the parents has been called up for military service or is studying. Citizens who apply for benefits must notify the social protection authorities, as well as organizations that assign benefits, that they have certain legal facts on the basis of which the amount of payments changes or entails termination. Such circumstances include, for example, the death of a child, employment, etc. These conditions must be met no later than one month. In this case, the right to receive monthly benefits for citizens receiving benefits ceases to apply from the month following the month in which certain legal facts appeared. The amounts paid as a result of the provision of documents by citizens with deliberately erroneous or false data, concealment of information that affects the possibility of receiving or calculating the amount of benefits, are reimbursed by the citizens receiving them, and in the case of a dispute, they are withdrawn in court. The child care allowance until the child reaches the age of one and a half years is assigned and paid either at the place of employment of the citizen, or in the social protection bodies at the place of registration. Citizens who are entitled to both monthly child care benefits and unemployment benefits are given the opportunity to independently determine the method of receiving benefits on one of the available grounds. In other words, the monthly child care allowance for citizens who do not work or serve is paid only if they do not receive unemployment benefits. This year, several types of benefits were changed at once, some of which were indexed, the conditions for receiving these payments were changed for some, and some were canceled altogether and are no longer assigned. The allowance for pregnancy and childbirth. In this type of benefits, the minimum and maximum amount of payments has increased. The recipients of these payments are women who work. These benefits are assigned 70 days before and 70 days after delivery, but in a situation where a woman is pregnant with 2 or more children, this period increases. Allowance for registration in the early stages of pregnancy. This type of payment can be received by a woman if she registered in the first 12 weeks of pregnancy. From February 1, 2020, this payment is 675.15 rubles. One-time allowance for the birth of a child. This benefit is paid either by the employer or by the Social Insurance fund of The Russian Federation authorities at the place of residence. Social Insurance fund of The Russian Federation bodies make these payments most often to those who do not work or study full-time. If one of the spouses does not work and the other does not, the benefit is paid to the one who works. In order to receive this financial support, you must submit the following documents:

- 1) Application for assignment of benefits;
- 2) Certificate of birth of child (children);
- 3) A certificate from the other parent's place of work stating that this allowance was not received;

- 4) A Certified extract from the employment record or other document from the place of work (if the benefit is obtained from the social protection authorities);
- 5) The certificate of dissolution of marriage (in the presence of this fact).

The above documents must be submitted no later than 6 months from the birth of the child. Within 10 days, this benefit is assigned and paid as follows:

- 1) By the Employer – within 10 days;
- 2) Social protection agencies – no later than the 26th day of the following month .

#### **4. CONCLUSIONS**

When analyzing the legislation regarding state benefits, I would like to say that everything is written quite logically and consistently, but in practice there are quite a lot of questions and controversial situations. It is necessary to strengthen the system of supervision of Executive authorities in order to avoid incompetence on their part and to avoid disputes as little as possible.

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## REFLECTION OF SOCIAL CHANGES IN ISRAEL DURING THE EARLY MONARCHY PERIOD ACCORDING TO THE ARCHAEOLOGICAL DATA OF ISRAELI SETTLEMENTS OF IRON AGE I –II

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### ABSTRACT

*The social changes that affected ancient Israeli society in the early period of the United Israeli monarchy of the X-IX centuries before the birth of Christ are described here. The paper deals with modern data obtained as a result of excavations carried out on the territory of Israel in the late XX – early XXI centuries and confirming these changes in the period of The United Kingdom of Israel in the X century BC. A comparative historical research method was used. Purpose of research is to prove real social changes in the Israeli society of the early monarchy on the basis of archaeological data. At the beginning of the period, the Israeli people are a community of agricultural tribes defending themselves with the help of a militia. At the end of the X century, based on the analysis of the structure of the city, weapons from Khirbet Qeiyafa and other data, we can talk about the construction of fortified military settlements, the formation of a professional army in Israel, the service class, and the beginning of social stratification.*

**Keywords:** *Biblical archaeology, David, Israel, fortress, Jerusalem, Judea, Khirbet Qeiyafa, Sha'araim, social stratification, The United Kingdom, X century debate*

### 1. INTRODUCTION

In modern biblical archaeology, the emergence of the United Israeli monarchy in the XI — X centuries BC is one of the issues actively discussed by scientists<sup>1</sup>. No less important is the question of social transformations in Israeli society during this period. A number of skeptical authors, most notably Israel Finkelstein (Tel-Aviv University)<sup>2</sup>, denied the possibility of a United kingdom during this period. Very important data was obtained as a result of excavations in 2008-2013 under the leadership of Y. Garfinkel, the tel of the Iron Age fortress Khirbet Qeiyafa<sup>3</sup>. These excavations proved, on the one hand, the reality of the existence of the state during this period, on the other hand, the topic for discussion of the social model of Israel of this period was open. Purpose of this research is to prove real social changes in the Israeli society of the early monarchy on the basis of archaeological data.

### 2. METHODS

The paper uses the comparative-historical method and the method of field observations. The author repeatedly, during the 2008-2013 seasons, went to the excavations of the Iron age fortress of Khirbet Qeiyafa. The work on the study of ceramics etc. held at the State Museum

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<sup>1</sup> See, for example: Dever. W.G.A 10th C.BCE State in Judah: The witness of Archaeology and the Bible//City of David. Studies of Ancient Jerusalem/The 20th Conference – ed. E. Meiron. – 2019. Pp. 17-34

<sup>2</sup> Finkelstein I., N.A. Silberman. David and Solomon. – New York, London, Toronto, Sydney. – 2006. Finkelstein I., Mazar A. The Quest for the Historical Israel. Debating Archaeology and the History of Early Israel / Ed. by B.B. Schmidt. Leiden – Boston. – 2007. Finkelstein I., Herzog Z., Singer-Avitz L., Ussishkin D. Has king David's palace in Jerusalem been found?//Journal of the Institute of Archaeology of Tel Aviv University. – vol. 34, № 2. – Tel Aviv University. – 2007.

<sup>3</sup> Garfinkel Y., Ganor S. Khirbet Qeiyafa. Vol. 1. Excavation report 2007 – 2008. – Jerusalem. – 2009. Garfinkel Y., M. Mumcuoglu. Solomon's Temple and Palace: New Archaeological Discoveries – Jerusalem. – 2016. Garfinkel Y., Ganor S., M. Hasel. Khirbet Qeiyafa. Vol. 4. Excavation report 2007 – 2013: Art, Cult, and Epigraphy. – Jerusalem. – 2018.

of Israel in Jerusalem. The Dating of the Material to the Late Bronze age – Iron age IIA is based on relative and absolute chronology. Relative chronology – early Iron age IIA, as indicated by fragments of ceramic vessels. According to the radiocarbon method, the ruins of such a settlement as Khirbet Qeiyafa can be dated to the XI – X centuries. The absolute dating of Khirbet Qeiyafa is based on organic material (4 burnt olive pits), studied at the University of Oxford.

### 3. RESULTS

Based on the analysis carried out in the article, the emergence of the military estate in Israel during the era of the monarchy of King David can be considered proven. The paper also shows the need for the existence of a large unified state on the basis of the existence of peripheral fortresses of the Iron Age. This makes it possible to move the upper boundary of the formation of social stratification by at least a hundred years in comparison with the popular concepts of our time. The dating issues and the problems of the existence of the United Kingdom of Israel have been discussed by me earlier in several paper<sup>4</sup>.

### 4. DISCUSSION

The political organization of the Israeli during the early period of settlement in Canaan and the period of the Judges differs so much from the neighbours. Edom, Moab, and Ammon were monarchies; the Canaanite cities (Jerusalem, Gazer, Megiddo, Taanach, and Beth-Shean) maintained the structure of city-states, each with its own king. Israel was a Confederation or Union of tribes united not by a political figure, but by a religious Union. Until the Tenth century we find no trace of a standing army or service class. Israel defends itself against its enemies with the help of a militia assembled by Israeli judges<sup>5</sup>. We can date the Judges` period from the end of the late Bronze age, i.e. from the XIV century to the end of the Iron age I, i.e. to the XI century. In the XII-XI centuries, Israel strengthened its position in the Central mountainous part of Palestine<sup>6</sup>. To the credit of the Israelis is the introduction of a new type of agriculture – on terraces. The first terraces appear at the end of the bronze age. Terracing made it possible to use actively mountainous areas and made it possible to increase the area of fertile land many more times. The Canaanites did not build terraces and preferred to cultivate the land in the valleys. At the same time, Israel has to constantly repel the invasions of foreigners and fight with the surviving city-states of the Canaanites. The Israelis are essentially peasants who raise a militia in the case of war. The archaeological data is corresponds with the description of this period in the book of Judges. The religious center of this period till to the conquest of Jerusalem – was Shiloh, which housed the Tabernacle and the Ark of the Covenant. The history of the Ark of the Israelites in Shiloh during the Judges' period can be reconstructed from the Old Testament texts and the results of excavations which were made by Danish archaeologists in 1926 and 1929. After the end of the campaign of conquest, the tabernacle was moved there from Gilgal (Nav. 18:1). In the first half of the XI century, the role of priest was performed by Eli, who was the teacher of Samuel (1 Sam. 1 et seq.). Around 1050 B.C., after the defeat of the Philistines at Aven-Ezer (1 Sam. 4), Shiloh was burned (Jer. 7:12; Jer. 26:6). This is confirmed by the results of the excavations.

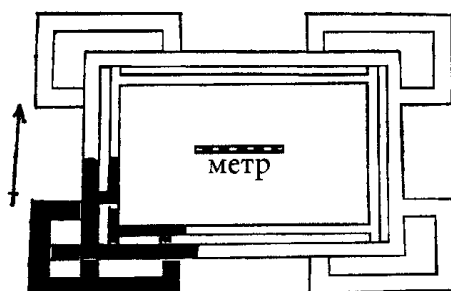
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<sup>4</sup> Тимофеев А., прот. Единое царство времени Давида и Соломона. Современные данные на основании археологических раскопок в пределах территории колена Иуды // Материалы ежегодной научно-богословской конференции Санкт-Петербургской духовной академии 30.09.2015. – СПб.: Изд-во СПбПДА, – 2015. С. 65-70. Тимофеев А., прот. Проблема существования объединенной израильской монархии в X веке до Р.Х. в свете современных исследований Иудеи//Христианское Чтение, N 2. – Санкт-Петербург. – 2016. Сс. 167 – 180.

<sup>5</sup> Mazar A. Archaeology of the land of the Bible.10,000 – 586 B.C.E. – New York, London, Toronto, Sydney, Auckland. – 1992.

<sup>6</sup> Мазар А. Археология Библейской земли. – Иерусалим, – 1996. Мерперт Н.Я. Очерки археологии библейских стран. – Москва, – 2006.

For the next thirty years, Israel had to endure the power of the Philistines, and the main religious symbol – the Tabernacle and the Ark of the Covenant—was located in Kiriath-Jarim<sup>7</sup>. The only direct archaeological evidence of the time of Saul's reign was found during the excavations of his capital at Gibeah, or Gibeah of Saul, the ruins of which are located on the site of the current hill of Tel el-Ful. This hill is located at an altitude of 800 m above the sea level and 5 kilometers North from Jerusalem, on the main road North to Bethel, Shiloh, and Shechem (which corresponds to the description of Gibeah in Judg. 19:11-13). Excavations were first carried out here in 1868 by C. Warren on the initiative of The Palestine Exploration Fund. The most important excavations were conducted in 1922-23 and in 1933 by W. F. Albright, a representative of The American School of Oriental Research. Five periods of settlement of this place, from the XII century BC to the time of Roman rule, were found. There was a small settlement here during the XII century, but it was destroyed, probably as a result of civil strife (cf. Judg.20). At the end of the XI century BC, a rectangular fortress of 35 x 53 m was built here. The fortress was surrounded by a double wall—a casemate, built of rough-hewn stones, the space between which was filled with small stones and fragments; at the corners there were 4 powerful towers. Some of the rooms in the casemate were used as storage facilities. Albright believed that the fortress was built by Saul, but other scholars suggest that it was built by the Philistines and then conquered by Saul.



*Figure 1: The fortress of Saul in Gibeah*

The Fortress-Palace had at least two floors. Saul's family lived on the second floor. Artifacts which were found in the fortress show us the simplicity of life of its inhabitants. Two of the most characteristic weapons of the time were found there — bronze arrowheads and stones for slings. A variety of earthenware vessels were also found there, including cooking utensils (a large number of coarse, sooty cooking pots, small bowls and plates). It's interesting that, all pottery was exceptionally functional and devoid of decoration. The most elegant items were small black polished pitchers for incense and oil, and pitchers of pink or yellowish-brown colour, which, in some cases, were decorated with circular stripes of red or brown. An iron plow was also found, which indicated the cultivation of land in the vicinity of the fortress. It seems to be the first known Israeli iron product. The fortress, however, did not have a fortified garnison near it and was a large fortified house. Despite its strength, the fortress was destroyed during Saul's lifetime, probably before the battle of Michmash (1 Sam. 13-14). As we know from the Bible, the reign of David was marked by the capture of Jerusalem, which, due to its extremely favorable geographical location, was inevitably to become the capital of the Kingdom of David<sup>8</sup>. Control of Jerusalem, — wrote K. Kenyon, — meant in fact control of all of Palestine, since it is located on the Central ridge, which is the only way from North to South...

<sup>7</sup> Тантлевский И.Р. Царь Давид и его эпоха в Библии и истории. — Санкт-Петербург, — 2016. Сс. 180-189

<sup>8</sup> Reich R. Excavating the City of David Where Jerusalem's History Began. // Israel Exploration Society and Biblical Archaeology Society, Jerusalem – 2011.



Without the possession of Jerusalem, unity [of the North and South] would be impossible<sup>9</sup>. The author of the article considers the study of peripheral Iron age fortresses within the tribe of Judah to be the most promising at the moment. These fortresses were built continuously from the time of Saul to Rehoboam. Extensive archaeological research, done mainly by Nelson Glueck and Yochanan Aharoni, was carried out in the late 1950s and 60s. It quickly became apparent that there was once a real network of fortresses in the Central part of the Negev desert.<sup>10</sup> These fortresses consist of a casemate wall around a courtyard, but apart from this there are significant variations in the layout and architectural details. Aharoni accordingly divided fortresses into four main types:

- 1) with protruding towers of fortresses, including those from Kadash-Barnea, Uza, and Tel Arad;
- 2) a rectangular fortress without towers, including Nahal Raviv, Qasr er-Ruheibeh, Be'er har Boger, Mishor ha-Ruah, and a fortress North of Kadash Barnea;
- 3) irregular fortresses, including `Ayn of Cudais, Givat Reed, Nahal Lacan, and Yotvata;
- 4) the fortress is surrounded by a polygonal wall, including the fortress above Ein Gedi and Har Hesron.

At least 50 fortresses have been discovered in the Negev desert in Israel. These fortresses were probably built by Solomon in the mid-10th century BC to protect the southern borders of Egypt and Edom. If they weren't built by Solomon, it would be King David. It is rather unlikely that Saul built them, since he did not yet have enough resources and time free from wars. Solomon is clearly the best choice from a historical, biblical, and archaeological point of view. It is obvious that the Pharaoh Sheshonk destroyed some of the fortresses in 924 BC. we have a list of cities etched in stone in the temple of Amun in Karnak, since we know that the fortresses lasted relatively short time, this is perfectly consistent with the activities of Solomon as a Builder, only 25 years before the invasion of Sheshonk<sup>11</sup>. Some of these fortresses require redefinition again. For example, the well-known biblical place Kadash-Barnea, mentioned in Gen., Deut. and other places can hardly be defined as Ein El-Qudeirat, at least there is important evidence for revision<sup>12</sup>. R. Cohen conducted excavations of these fortresses from 1965 to 1983. He identified four different types of architectural plans<sup>13</sup>. Fortresses have the following form: 1) roughly oval in plan; 2) others are rectangular, but with unequal sides; 3) the third type is square; 4) finally, two fortresses are rectangular in shape, but with protruding towers at the corners and sides. Let's put aside the fourth category, because fortresses with towers coming to the surface in the corners and on the sides date from the VIII to VI centuries BC, i.e. much later, in the era of the divided kingdoms. The other three types are fortifications of the early period. They are identical in ceramics and date from the X-XI centuries BC. It is obvious that such small fortresses with garrisons had neither the possibility nor the meaning for independent existence without a strong centralized state. It is very important for the further discussions to look at the recent excavations (2007-2013) made by J. Garfinkel in Khirbet Qeiyafa, who discovered the Jewish city of the XI–IX centuries BC And the oldest example of ancient Israeli

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<sup>9</sup> K. Kenyon. Archaeology in the Holy Land. – 3-d ed. – 1970

<sup>10</sup> Glueck N. The Negev// Biblical Archaeologist. – 22. – 1959. – pp. 82-97. Aharoni Y. Forerunners of the Limes Iron Age Fortresses in the Negev // Israel Exploration Journal. – 17. – 1967. – pp. 1-17.

<sup>11</sup> The second part of the inscription, which contains more than 10 names, seems to be dedicated to cities in the Negev. Only some of the names can be identified with cities known from the Bible. These include Arad, Megiddo etc.

<sup>12</sup> Cohen. R. Did I Excavate Kadash-Barnea? Difficulty of site identification and absence of Exodus remains poses problem// Biblical Archeological Review. – 7:03 (May/Jun). – 1981

<sup>13</sup> Cohen R. The Fortresses King Solomon Built to Protect His Southern Border., 1985 [http://www.bible.ca/archeology/fortresses-king-solomon-built-to-protect-his-southern-border-rudolph-cohen-1985ad.html 11.09.2015]

writing<sup>14</sup>. Garfinkel presumably identified the site of Khirbet Qeiyafa with the city of Shaarayim mentioned in the Holy Scripture (Nav.15:36), as it is a unique example of a city with two gates (Sha'araim – from Heb. “City of gates”). According to the complex of ceramics and radiocarbon Dating of several olive stones, the city belongs to the iron age IIA and existed only for a short time, from the end of XI century and up to the beginning of the X century BC. Dating of the city is very accurate and due to the existence of only two layers: the Iron age layer IIA and a small fortress of the Hellenistic period in the upper layer. It was destroyed by some invasion before Sheshonk. The invasion was evidenced by stones for throwing tools, stuck even in ceramic vessels. What were the characteristics of settlement in Judea at the beginning of the Iron age IIA? On the one hand the traditional trend in archaeology dates the construction of fortified cities to the 10th century BC, on the other hand, proponents of low chronology date the same construction activity to the 9th century BC. Herzog and Singer-Avitz suggested that the Iron age IIA should be divided into two stages in the South. By the early iron age IIA, they included the following settlements: Arad XII, Beersheba VII, Lachish V, Batash IV, and Masos II. Those were not fortified cities; rather, fences with houses which were located on the edges of the settlement. Based on their analysis, it was only at the end of the iron age IIA, around the middle of the 9th century BC, that fortified settlements were first built: Arad XI, Beersheba VI, and Lachish IV<sup>15</sup>. Qeiyafa definitely was identified as a Jewish city<sup>16</sup>. The absence of pig bones and the cult without images almost unequivocally proved that the settlement belonged to the Jews. On the portable altar from Khirbet Kaafi there were no images. At the same time, a similar Canaanite altar from Tel Rehov contained numerous images of female deities (Astartes). Khirbet Qeiyafa was surrounded by a massive wall with an escarpment gallery 700 meters long and 4 meters thick. The city had several unique characteristics. The area of the city was about 2.3 hectares, which means that it is much larger than many other Jewish cities of this time, only Jerusalem and Lachish are larger in size. The special layout of the city proved by the Garfinkel expedition: the originally laid sewer system, planned before the construction of houses and streets; the layout of rooms in casemate walls for public use (which is not typical for ancient cities); finally, the uncharacteristic administration of the Philistines and Canaanites (the absence of a Royal Palace) suggests that the city was planned and managed from some external administrative center. The massive construction of the city walls of Khirbet Qeiyafa, which required 200,000 tons of stone, and the Eastern city gates of two stones weighing about 10 tons each, indicated the power of a centralized state, rather than an independent city, as Finkelstein suggested. The absence of the usual social stratification for Canaanite and Philistine cities, which was reflected in the monotony of houses, i.e. the absence of a contradiction between "palaces" and "slums" indicated that the settlement belonged to Israeli society in the early period of the monarchy. The houses were quite monotonous, belonged to people with approximately the same income.

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<sup>14</sup> Garfinkel Y., Ganor S. Khirbet Qeiyafa: Sha'arayim // The Journal of Hebrew Scriptures, 2008. Vol. 8. P. 1–10; cit by: Breaking News—Evidence of Cultic Activity in Judah Discovered at Khirbet Qeiyafa. Biblical Archaeology Society. 05/08/2012 [ <http://www.biblicalarchaeology.org/daily/biblical-artifacts/artifacts-and-the-bible/breaking-news—evidence-of-cultic-activity-in-judah-discovered-at-khirbet-qeiyafa> [data 11.06.2015]

<sup>15</sup> Mazar A. Archaeology of the Land of the Bible, 10,000–586 B.C.E. Anchor Bible Reference Library. – Doubleday. – 1990.

<sup>16</sup> The Dating of Khirbet Qeiyafa To the Iron age IIA is based on relative and absolute chronology. Relative chronology - early Iron age IIA, as indicated by clay fragments. The characteristic Philistine bichromic bell-shaped vessels known in large quantities from layer X in tel Kasil and layer IV in tel Mikne are virtually absent. Thus, the settlement cannot be dated to the end of the Iron age I. There is currently a debate about the end date of Iron age I: 1000 BC or 920-900 BC. Radiocarbon method Khirbet Qeiyafa cannot be dated to the 11th century BC Absolute Dating of Khirbet Qeiyafa based on four burnt olive pits, studied at Oxford University.

The average for these four measurements, as shown by Christopher Bronk Ramsey of the University of Oxford, is 2844±15. After calibration, the Dating corresponds to 1026-975 BC (59.6%) or 1051-969 BC (77.8%). Since Khirbet Qeiyafa is an iron age IIA site, Garfinkel settled on Dating after 1000 BC, i.e. 1000-975 BC (59.6% probability) or 1000-969 BC (77.8% probability). These dates correspond to the time of king David (circa 1000-965 ad. BCE) and are too early for king Solomon (circa 965-930 BCE).

They were built according to the same plan along the walls, and had storage rooms in the back. Ceramics revealed the existence of a centralized system in ancient Judea . administrative system: more than 300 simple impressions were found on the handles of container jugs. Similar impressions were known from other monuments of the early iron age, but so far they had been found in limited quantities. Throughout the iron age and the Persian period, container jars in Judea were marked in a similar way (“l'melech” – “belonging to the king”, rosettes, stars, lions, etc.). The seals on the handles of the jars (a tradition unique to Judea) told us about the centralized food supplies from the regions to the center of the state.

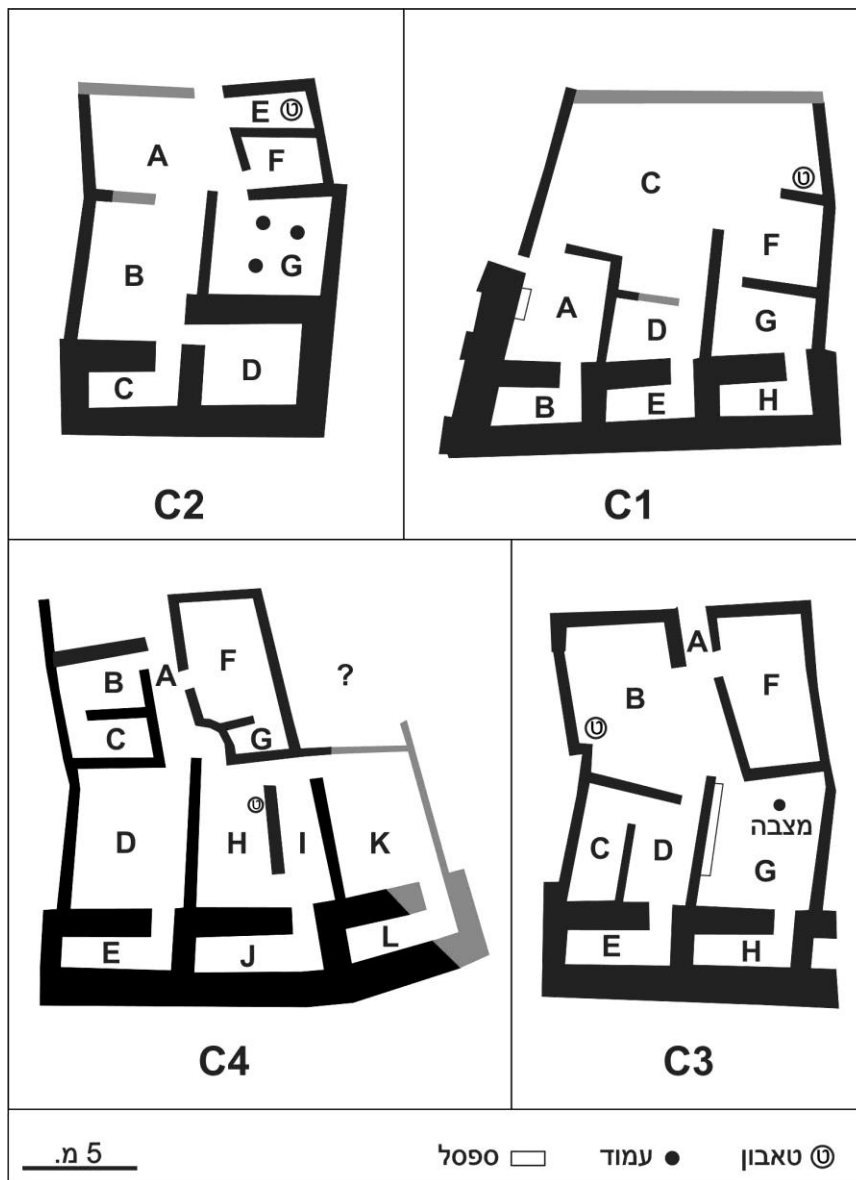


Figure 2: Plan of excavation of houses in Khirbet Qeiyafa (according to Garfinkel Yu. *The Kingdom of David in light of the finds at Khirbet Qeiyafa// The City Of David. Research of ancient Jerusalem. Jerusalem, – 2011.*

At the excavations in Khirbet Qeiyafa, a large number of iron weapons was found, which was understandable if we take into account the military significance of the city. In practice, the city was a paramilitary settlement on the border. Iron spearheads and arrows, axes, and swords were found.



*Figure 3: Curved iron swords, daggers, axes, arrowheads, spearheads from the excavations at Khirbet Qeiyafa. Garfinkel Y., Ganor S., M. Hasel. Khirbet Qeiyafa. Vol. 4. Excavation report 2007 – 2013: Art, Cult, and Epigraphy. – Jerusalem. – 2018. – P. 169*

The Philistines brought a tradition of fairly long straight iron swords, the use of which requires great physical strength. From another point of view, in Canaan, starting at least from The middle bronze, Crescent – shaping bronze swords was common – such as the Egyptian "hopesh", the ancient Greeks had analogues-a shorter curved sword called "kopis" (possibly a tracing paper from the Egyptian name). Impressively that, iron curved swords from Khirbet Qeiyafa, were not the replicas of the khopesh, represented a certain synthesis of weapons. The curved shape of the sword, anticipating the combat form and function of the saber, made it easier to hit the hand in a circle and allowed you to inflict wounds with a quick secant movement. Compared to bronze weapons, which could not be used for fencing, but only for stabbing because of the fragility of the bronze, the iron curved sword was a much more advanced weapon. They could be applied and stabbing and secant-cutting blows, while saving power. The bronze hopesh was an attempt to reduce the load on fragile bronze due to a strong bend. However, it was not uncommon to find Crescent-shaped hopeshi broken just near the handle (the author often saw similar cases in Museum collections). Most likely, these fractures were obtained due to excessive load when colliding with a solid obstacle or armor. It should be noted that the use of the swords required serious professional skills, which indicat that there was at least professional military personnel in Khirbet Qeiyafa. These were not militia peasants, but people who spent a lot of time training with weapons. The sword in the hands of the militia is dangerous, first of all, to himself, then to the surrounding colleagues, and only last of all to the enemy. Thus, we can talk about the formation of the service class. This correlates well with the story of the "strong" - גִּבְרִים , who served to King David (1 Par. 29. 24). The inscription on the ostrakon found by the Garfinkel expedition is made in proto-Canaanite script, most likely in Hebrew. Although only a few words are clearly readable. In any case, this proves the existence of literacy at this time, including among the service class. At the same time, there is almost no Philistine ceramics in the city. What does the location of Sha'araim mean near the major Philistine cities – opposite the largest city – Gath, which is about 12 kilometers away? Apparently, only that the fortress city belonged to a large, independent from the Philistines and centralized Kingdom,

which has a fairly powerful armed forces in the area. The subsequent destruction of the city as a result of a military operation by the Philistines even before the invasion of Pharaoh Sheshonk suggests that this fortified city was one of the key strongholds for which there was competition.

## 5. CONCLUSION

Thus, the emergence of the military class in Israel in the era of the monarchy of King David can be definitively proven. The article also shows the need for the existence of a large unified state on the basis of the existence of peripheral fortresses of the Iron Age. This makes it possible to move the upper boundary of the formation of social stratification by at least a hundred years in comparison with the popular concepts of our time, like Finkelstein`s concepts. In conclusion, it should be noted that the author considers it extremely promising to continue studying small settlements and fortresses of the Iron age in the southern part of Judea for a better understanding of the history of the origin and existence of the ancient Israeli monarchy.

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## GOVERNANCE TRAINING BASED ON SOCIOLOGICAL KNOWLEDGE AND MODERN EDUCATIONAL TECHNOLOGIES

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### ABSTRACT

*This article examines a methodology for developing simulation case scenarios in governance training based on the relevant sociological theory, i.e. sociology of governance. Russia has recently introduced a number of governance training programs such as Social Administration (1996), Public and Municipal Administration (1999) and Human Resource Governance (2002) in the higher education system. However, they all became part of a larger specialization category entitled Economics and Governance, which resulted in the disruption of the content of governance itself. Neither group has not yet given special attention to its sociological component. Nonetheless, Russian universities that established, as part of their governance training programs, departments or curriculum modules related to sociology of governance now graduate the best-qualified governors. Students study the theoretical, organizational and practical implications of governance interactions, key objectives, challenges and mechanisms of Public and Municipal Administration, methods and tools for attracting investment in the economy of Russia's municipalities and regions as well as the ins and outs of the property governance system. Sociology of governance is a basic discipline that allows students to acquire the necessary knowledge and skills and fosters more in-depth understanding of social, political and economic aspects of governance processes among students. Sociology of governance is a discipline that summarizes all governance-related disciplines in terms of identifying and investigating the specificities of governance relationships at all functioning levels of society and its parts and in all areas of society. The study of sociology of governance as a discipline examining governance relationships and interactions among participants in governance processes has been relatively recent in Russia. Academic research and conferences on the definition of its object and structure date back to the mid-1990s.*

**Keywords:** *Educational process, Case studies, Governance training, Public and Municipal Administration, Simulation cases, Sociology of governance*

### 1. INTRODUCTION

The advent of the fifth technological paradigm in Russia sets the following objective to its higher professional education system: to develop the students' project management skills in an information civilization. Considering the youth acts as a social group fulfilling the crucial role of social reproduction, they have to take an active part in the governance of State affairs, regions and municipal education. On the one hand, this will facilitate the younger generation's integration into public relations and the representation of their interests at the State level. On the other hand, this will promote the new generation of the most talented and proactive governors, thus ensuring continuity in governance.

More and more people of the developing contemporary civilization are becoming involved in the educational process, which also affects educational institutions. Today, they are required not only to transmit information, but also to make use of information technologies directed at stimulating the learners' self-development, organizational skills, interaction in different social groups (Ivanov, 1996). Because Sociology in Russia was prohibited at the beginning of the last century its key notions – social stratification, social mobility and social groups – proved the heterogeneity of society and, consequently, the need to develop socially oriented governance, i.e. sociology of governance (Urzha, 2018). Today, this knowledge is in demand. Late 19<sup>th</sup>- and early 20<sup>th</sup>-century researchers, including David E. Durkheim, Ludwig Gumplowicz, Charles H. Cooley and Ferdinand Tönnies, made a great contribution to the development of the sociological group theory. As an example, Gumplowicz was an Austrian sociologist who believed that “social groups are the units and elements of sociology... Sociology cannot be based on the relations between individuals and the nature of individuals cannot be used to grasp the nature of a group” (Gumplowicz, 1899). Georg Simmel was the founder of the formal sociological school who regarded a group as a form of social interaction (Simmel, 1909), and French sociologist Durkheim considered that a group was the independent element of social reality (Durkheim, 1912). In modern sociology, the approach to the study of society is based on the recognition of the importance of all social groups because their differences lead to different interests and their coordination is the objective of a society's social policy and that of Social Administration as a means to carry out social policies. For a student to become a real governor, he should realize that the knowledge of the general theory of social groups and an in-depth study of the theory of small groups are both essential prerequisites for effective governance and the establishment of governance relationships in a society. One of the founders of microsociology, Jacob L. Moreno states: “Instead of analyzing social classes that consist of millions of people, we make a close analysis of small groups, thus shifting from the social system to its atomic structure” (Moreno, 1958). The study of various aspects of small groups in the USA in the 1930s and in Europe in the 1940s led to the successful solution of governance tasks. This study was attributable to the need to conduct research on social problems related to increasing productivity, strengthening the family, upbringing children, eliminating interpersonal conflicts, fighting crime, etc. It is during this period that theories of scientific governance, group dynamics, group therapy and sociometry are known to have evolved in the USA. Sponsored by the military, the monopolies and the government, research was conducted on small groups in terms of social stratification, human relationships in the industrial sector, morale in the army, the efficiency of propaganda, interracial and international conflicts, status of the family, child rearing and more. Among researchers who contributed significantly to the study of small groups was American sociologist Theodore Mills (Mills, 1972). The flexibility and mobility of modern Public and Municipal governors depend directly on the innovative approach to education activities. Students should be taught to identify the theoretical and methodological peculiarities of social groups using various case studies. The teachers using case studies as part of their teaching achieve profound impact on their students at all levels of interaction ranging from interpersonal to educational ones. This process creates favorable conditions for the development of educational institutions and enhances the quality of professional training (Golovanova, 2017). An analysis of various aspects of the subject of governance relations and the use of the socio-engineering approach to the study of the object of governance allow sociology of governance to develop and suggest the best possible subject-object relations making governance activities as effective as possible (Urzha, 2016).

## **2. METHODS**

During their tutorials with Master's students enrolled in the Public and Municipal Administration program, the authors made an active use of the incident method aimed mostly



at making students look for information independently before taking a decision. Students get the short description of a case. Since the available information is obviously insufficient to take a decision, the learner is expected to gather and analyze the information needed to make a decision. This assignment requires time, so students are allowed to work on it independently as part of their homework. At the first stage, students are given the assignment and accompanying questions. The authors also used situational analysis, which is the most widespread method as it allows students to carry out an in-depth and detailed investigation of a difficult case. Students are offered a text with a detailed description of the situation and a task to be fulfilled. The text may contain a description of measures undertaken and of decisions taken for students to analyze their relevance. It goes without saying that the technologization of social space and, in particular, of governance relationships starts with obtaining the necessary information on the state, processes and regularities of the system's performance. Of special importance, in this case, is the use of socio-engineering methods (Urzha, 2017). Among the authors' teaching techniques aimed at training students effectively is Tikhomirov's system analysis method. Known as the 'eight wheels' method, it provides a deep insight into both the subject and object of governance relationships, taking into consideration the complexity and variety of their typology and the system approach to analyzing their matches. Professor Vladislav B. Tikhomirov, Doctor of Engineering Science, introduced Russian researchers to this methodology after returning from a long-term stay in the USA where he had been on the Board of Trustees of UNITAR, the United Nations Institute for Training and Research. While abroad, Tikhomirov had become well versed in political analysis and had participated in taking practical decisions relating to conflict settlement, including in the area of international relations, and had mastered many unique methods hitherto unknown in Russia (Tikhomirov, Tikhomirova, 1992).

### 3. OVERVIEW OF RESEARCH

According to Petruk and Kalinka, "web quests are a didactic structure that shapes the learners' research activity, sets its parameters and determines its deadline. The teacher's role changes, as he creates favorable conditions for the learners to be actively, rather than passively, engaged in the learning process. In fact, web quests are an interactive process that incites the learners' to look independently for the information they need" (Petruk, Kalinka, 2015). The activity of the subjects of governance is mostly related to the development of conceptual approaches and of a global vision of ways to accomplish the tasks arising from the specific objective of governance, i.e. social development. The effectiveness of this activity largely depends on an in-depth study of the real state of society and its components. In many respects, this determines the responsibilities of the subjects of governance and, consequently, imposes specific requirements on their structure and quality. Research and practice in social development have proved wrong the views that one person or many people can be in charge of the conceptual development of society. In this regard, G. Spencer was right in saying that it was erroneous to believe in the existence of "all-powerful" despots, since "...power is the feeling of a community acting via a mediator who has been formally or informally identified. Practice shows that the individual will of despots is a factor of little significance and its authority is proportional to the expression of will of others" (Sorokin, 1992). However, in investigating the subjects of power in a democratic society in his work entitled *Modern Democracies* (1921), British politician James Bryce came to the conclusion that the percentage of people who were really involved in the exercise of power was exceptionally small and that governance inevitably passed to the minority. "... there are very few people who really govern the world", he said (Bryce, 1921). The above points once more to the significance of governance training. According to Sorokin, "any person who is setting about social engineering should pay special attention to the correct reorganization of... institutes... No social improvement will produce a far-reaching and radical change if the latter are faulty.

In the end, people make history. Those who hold positions for which they do not qualify may well destroy the society without creating anything of value, and vice versa” (Sorokin, 1992).

#### 4. RESEARCH OBJECTIVES AND FINDINGS

##### 4.1. Tikhomirov’s ‘eight wheel’ system analysis method

The authors propose the following hypothesis: using simulation case studies in the educational process fosters the students’ information competence, knowledge and skills as well as various ways of participating in information activities, develops their ability to systematize and generalize information, to put forward innovative ideas and unconventional approaches to their implementation. This methodology goes back to ancient times: priests who instructed politicians of the past compared a social system with a chariot and assessed a leader’s qualities by his ability to control it. Consider the structural-logical model of the social system - "Eight Wheels" (Fig. 1) in the development of which the productive forces and social relations are singled out.

<b>CONSCIENCE</b>	<b>2. CONSCIENCE</b>	<b>4. QUALITY</b>	<b>6. HARMONIZATION</b>	<b>8. ORDER</b>
	<ul style="list-style-type: none"> <li>• convictions (worldview)</li> <li>• education</li> <li>• experience</li> <li>• cultural heritage</li> <li>• psychology</li> </ul>	<ul style="list-style-type: none"> <li>• science</li> <li>• information</li> <li>• time</li> </ul>	<ul style="list-style-type: none"> <li>• governance</li> <li>• political machine</li> <li>• control</li> <li>• legal culture</li> <li>• moral culture</li> <li>• value system</li> </ul>	<ul style="list-style-type: none"> <li>• management</li> <li>• economic mechanism</li> <li>• record keeping</li> <li>• planning</li> <li>• economic culture</li> <li>• prudential regulations</li> </ul>
<b>BEING</b>	<b>CULTURE</b>			
	<ul style="list-style-type: none"> <li>• abilities</li> <li>• needs</li> <li>• health</li> <li>• quantity</li> <li>• participants</li> </ul>	<ul style="list-style-type: none"> <li>• capital goods</li> <li>• property, clothing</li> <li>• accommodation</li> <li>• food</li> <li>• territory (space)</li> </ul>	<ul style="list-style-type: none"> <li>• services</li> <li>• political</li> <li>• social</li> <li>• religious and ethnic</li> <li>• family</li> <li>• security</li> <li>• exploitation</li> </ul>	<ul style="list-style-type: none"> <li>• production</li> <li>• exchange</li> <li>• distribution</li> <li>• consumption</li> <li>• possessions</li> <li>• environment</li> </ul>
	<b>1. TO BE (people)</b>	<b>3. TO HAVE</b>	<b>5. MUTUAL</b>	<b>7. IN REGARDS TO WHAT WE HAVE</b>
<b>FORCES (ELEMENTS)</b>		<b>RELATIONS (LINKS)</b>		

Figure 1: The structural and logical model of the social system, the Eight Wheels Model

This system implies that people should be part of its productive powers characterized by their number, health, abilities, etc. (Wheel 1). These participants should “possess” certain facilities, or another part of its productive powers, including an area, means of production, accommodation, clothing, etc. (Wheel 3). Public relations reflect people’s relationships with each other, as reflected in Wheel 5. Wheel 7 reflects their relations to what they have. Governors should keep in mind these four components of the social system if they want to know society and to govern it effectively. The system not only exists but also develops, striving for the better. This is why a specific objective corresponds to each component. Thus, its aspiration “to be” focuses on life expectancy and the harmonious development of each individual: being “better” means to be more responsible, experienced, knowledgeable, to share a common culture and to have convictions (Wheel 2). The aspiration “to have” implies material well-being and increased economic growth, determined mostly by science, information etc. (Wheel 4). The development of human relations is related to the presence of relevant relations in society, harmony in relations and expert governance (Wheel 6). The development of human relations to what they have aims to create conditions for wise production, distribution and consumption and to increase what is available, hence the significance of professional management, planning, record keeping and high economic culture (Wheel 8).

A certain level of culture is required to achieve the objectives of social development. Thus, the above-mentioned four components double, so to say. Consequently, the model has eight “wheels”. Unfortunately, for many years Russia has been focused just on “having more”. No wonder, the Russian “chariot” was about to overturn. Also, what will happen if one wheel – for example, the right front one – is big and another one – say, the left rear one – is small? Such a chariot is unlikely to move forward: it will just rotate on the spot. In terms of Russian society, this is reminiscent of the stagnation period, when attention was focused on “having” (more oil, tractors, grain or footwear), while the owner and the wise relation to the wheel, i.e. to what we produce, had been forgotten (Tikhomirov, Tikhomirova, 1992). Starting in 1998, intramural students have been proposed an assignment based on Tikhomirov’s ‘eight wheel’ system analysis method. Learners had to analyze a text as a system, choosing from election agendas of candidates for deputy, election agendas of parties or reports. They had to break this text down into parts and, on the basis of the content analysis of each part, to assess the extent to which this text was developed in terms of system. Such an analysis identified the problem with this system (text or event), thus confirming the importance of the system approach in dealing with any problem (Tikhomirov, Tikhomirova, 1992). The eight-wheel model makes it possible to analyze what influenced the causes of the system’s crisis or destruction and to plan its development.

#### **4.2. Web-Quest as a problem task with elements of role-playing game**

Below is another example of the use of simulation cases in education. The aim of the web quest entitled *The History of the Development of Project Governance* was to let anyone interactively study the history of project management development (Kataeva, 2017, Pp.421-424). “A traditional web quest is a role-game assignment to be accomplished using online resources. According to Shmidt, “web quests are mini projects based on finding information on the Internet” (Shmidt, 2010). This article presents a short description of a web quest that was awarded the second-degree Diploma at the Scientific Enquiry, the 1<sup>st</sup> All-Russian Educational Web Quest Competition, on 27 May 2017. Why is it important to know the history of project management? The answer is simple: to avoid the past mistakes. We will be able to adapt flexibly to unconventional situations if we have studied Russian and international experience. This is why the main task is to carry on multidisciplinary research on the history of project management. It seems that little attention is given today to the study of the history of project management. This topic is often touched on too briefly and, as a result, the learners cannot see fuller picture, are not aware of cause and effect relationships and are unable to benefit from past experience and solutions (Nakhratova et al., 2017). Investigating project management from the standpoint of theoretical approaches will not give fuller picture, since it will not be clear what was the precondition for adopting an approach. Only by studying history can we assess and analyze what project management is heading for. It is equally important to distinguish between the Russian and international history of project governance. In view of the above, the authors have developed a web quest aimed at studying the history of the development of project management.

Our web quest aims to achieve the following goals:

- to show why it is important to know the history of project management;
- to highlight differences in the establishment of project management in Russia and abroad;
- to help participants to assess the current situation in project management; and
- to predict future developments of project management.

A role-play web quest was designed to achieve the above goals for a group of five participants: Historian, Practitioner, Anticipator, Analyst and Designer.

We have developed the following stages for the web quest participants to accomplish their assignment:

- 1) The Historian and the Practitioner work simultaneously, gather the required information and pass it on to the Practitioner.
- 2) The Practitioner uses this information to work on his topic.
- 3) The Historian, the Practitioner and the Anticipator pass the obtained information to the Analyst.
- 4) Helped by the Historian, the Practitioner and the Anticipator, the Analyst investigates the research work, accomplishes his role tasks and passes the ready information on to the Designer.
- 5) The Designer carries out his role tasks.
- 6) When the assignment is completed, the participants make a Power Point presentation of their results.

The assessment criteria for passing the web quest are as follows:

- A clear and concise wording of key ideas and proof;
- A fully developed research topic;
- Accurate execution;
- Accomplishment of all role tasks;
- Figures, diagrams and tables (if required);
- A well-written presentation/report.

Thus, the participants will successfully accomplish this web quest if they follow of the above-mentioned rules. They will also explore the history of project management, will develop an interest in project management and will easily find their way around this area at the initial stage of studying this discipline (Kataeva, 2017, Pp. 107-125).

### **4.3. Target group orientation**

For students to be successful in the Public and Municipal Administration program, teachers should develop their analysis, planning and professional organization skills. Since young people develop their worldviews and their social and psychological attitudes more than any other age group, they are more exposed to various influences and respond to them in a more direct and active way (Evstratova et al., 2016). The authors suggest to explore the social, psychological, ethnocultural and confessional aspects of the youth as a social and demographic group within modern society in order to foster their social activity and involve them in local authorities' activities. In Russia, there is an urgent need to encourage wider participation of young citizens in matters of local importance. Today, there exists a deep contradiction between the intellectual and innovative potential that every local community has and its uses in various activities, especially governance ones which brooks no routine and stagnation and, instead, requires constant updating and unconventional decisions (Vinichenko et al., 2016). The solution of this issue is of great theoretical and practical significance in that it helps maintain the creative atmosphere in a society and to seek new ideas and development paths jointly. Furthermore, special attention should be given to improvements in the municipal personnel policy, to work with senior management and to assessment of their competence, the motivation system and innovative technology training. The following simulation cases are adopted in training programs to achieve the above objective:

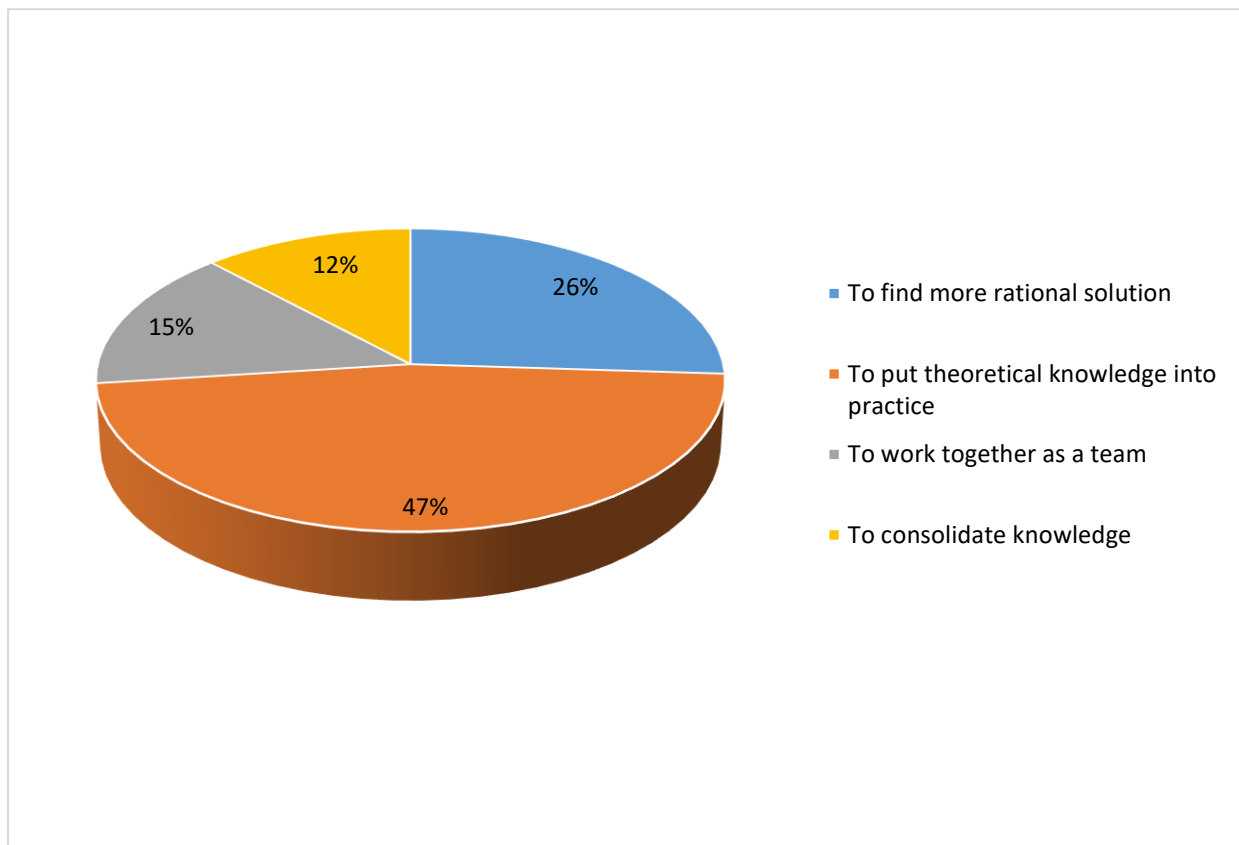
- 1) Develop a youth social project plan/program aimed at solving a specific social issue/task. Determine its relevance, objectives, the main participants in the project management process, timing specifications, the content of project works, economic and financial components of the project, project expertise, etc.

- 2) Select one of the areas in the social sphere (environment, culture, army, civil law, sports and recreation, etc.). Analyze the activities of your district's youth organizations in this area. Are they in demand? How efficient are they? Develop a business plan for any nongovernmental youth organization that would be of interest to young people in your district.
- 3) Put forward your suggestions concerning the upgrading of youth policy in the Russian Federation in order to remedy the current situation and to promote an active and long-term involvement of the youth in the functioning of Russian society.

## 5. DISCUSSION

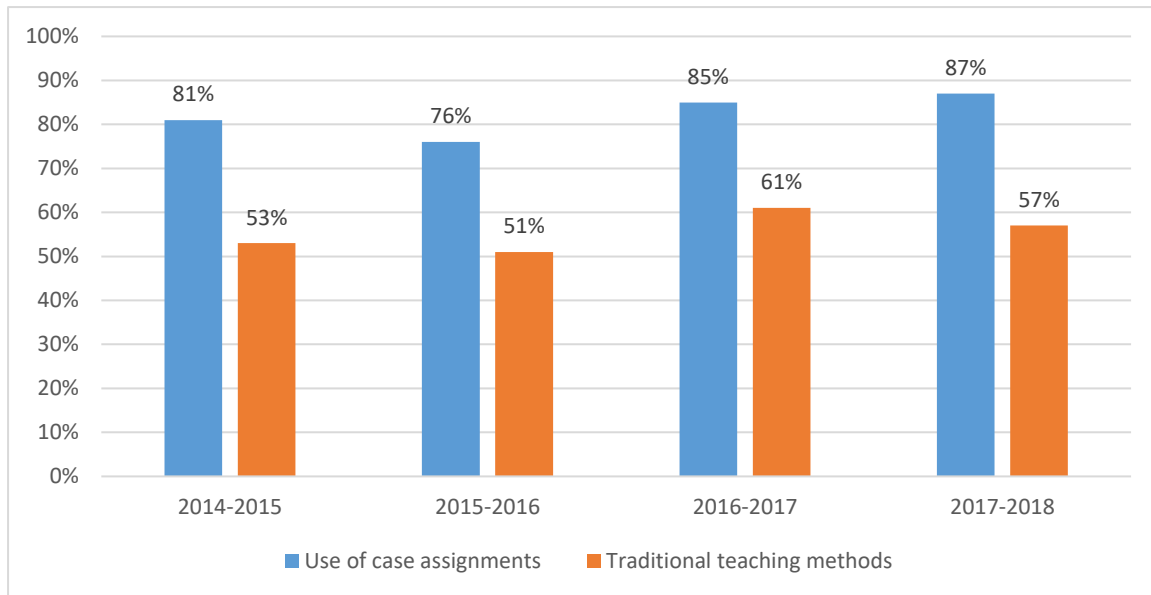
To conclude, the use of situational case studies in the educational process reduces the gap between theoretical knowledge and practical skills. Students gain experience in the practical application of the acquired theoretical knowledge and develop their ability to work as part of the team. The authors conducted an interview with the intramural students enrolled in the Public and Municipal Administration program on the topic of *Opinions of the Students Attending the Russian State Social University' Department of Governance about the Advantages of Case Methods*. The empirical investigation took place between 5 March and 15 April 2018 on the premises of the Department of Governance and involved 345 students aged 22 to 24.

Diagram 1 is a graphical representation of the research results.



*Diagram 1: Opinions of Governance students about the advantages of using case methods in the educational process*

Then the authors compared the academic performance of Governance students who used simulation case studies in their activities and those who did not. Diagram 2 shows that students who accomplish regular simulation case studies in their relevant disciplines show better academic performance.



*Diagram 2: Comparison of the academic performance of the Russian State Social University's Governance students who used simulation case studies in their activities and those who did not*

The above results lead to the conclusion that students majoring in the Public and Municipal Administration program find it much more interesting to study the nature and specific features of governance interactions, the specificities of the object and subject of governance, the models and mechanisms of governance interactions if their teachers give them situational case studies in class. This exercise improves the learners' ability to sistematize and generalize information and to master specialized methods and tools for analytical work and research.

## 6. CONCLUSION

In conclusion, the methodology for developing scenarios for simulation case studies for students training and education, based on the branch sociological theory - sociology of governance, is extremely demanded today. Significant experience of its application in the educational process is accumulated in the Russian State Social University, in which the training of students has been carrying out since 1996. Sociology of governance is a basic discipline that allows students to acquire the necessary knowledge and skills and fosters more in-depth understanding of social, political and economic aspects of governance processes among students (Urzha, 2016). Sociology of governance is a discipline that summarizes all governance-related disciplines in terms of identifying and investigating the specificities of governance relationships at all functioning levels of society and its parts and in all areas of society. Successful application of case studies as an interactive technique for teaching Master's students enrolled in the Public and Municipal Administration program of the Russian State Social University's Department of Governance has shown that this method improves the learners' quality of training. This is due to the fact that mental processes are actively engaged in the knowledge acquisition process and learners develop their situational analysis skills, assess the available alternatives and choose the most appropriate options to fulfill their tasks. By using their theoretical knowledge, students can analyze and assess the occurrences required in their professional activities. The case method contributes to the development of the skill of solving practical tasks. As of today, case methods are among the most widespread teaching techniques that are actively used in both Russian and international educational practices, being considered as one of the most powerful tools for developing the students' problem-solving skills.

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## TECHNOLOGY FOR DEVELOPING A DIGITAL ECOSYSTEM OF CULTURAL OBJECTS DATA

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### ABSTRACT

*The relevance of the research topic is due to the need to digitize cultural heritage sites using digital technology for interdisciplinary research. The article analyzes and selects an object from the general List of objects of cultural heritage to be digitized. Studies of the selected cultural object were carried out, the geographical location of the object was determined, and geometric dimensions were determined. Analyzed modern scanners for digitization, identified the requirements for portable equipment. The requirements for creating a prototype of a digitized object are defined. For accuracy of research work on digitization, the Passport of the cultural object is defined, the passport contains a description of the metadata of the cultural object. From a historical point of view, the purpose of the cultural object in the Middle Ages is determined. The registration number of the cultural object in the registry is determined, there is a photo - Volumetric and spatial composition. The authors analyzed the technological approach to digitizing a cultural object with a scanner; the type of scanner and elements of portable equipment were selected. A review of domestic and foreign studies in the field of creation and creation of 3D prototypes of a necropolis of a geographically distant object is carried out. When conducting research, a system analysis was used. The directions of development of the Government of the Russian Federation and the legislative documents of the Ministry of Culture of the Russian Federation are comprehensively considered. The first steps in the development of 3D prototypes in the virtual world of all existing cultural objects. Scientific and novelty wiring is the development of preparatory procedures for monitoring the state of a cultural object from space. The main goal of interdisciplinary research is to build a Digital ecosystem of these cultural heritage objects and to develop technological, information, communication approaches and software solutions to improve the quality of monitoring the state of the cultural object. Research is conducted on a competitive basis under a registered grant from the Russian science Foundation, international grant Russia-France, MNC-ANR (2020). Conducting fundamental scientific research and research by international research teams" (ANR).*

**Keywords:** *interdisciplinary research, passport of a cultural object, scanning, prototyping, digitization of a cultural heritage object, information technology, system analysis*

### 1. INTRODUCTION

Digital transformation – is a change, associated with using of digital technology. Digital transformation can help transform object of real material world in digital form [1]. Transformation direct on present information in 3D–space. Free encyclopedia [19] gives us next definition: three-dimensional space – is a model of material world , where we live. This space is called three-dimensional space, because it has three uniformly dimension — length, width and height, so three-dimensional space is described by three mono-ortogonal vectors.



The Experience of three-dimensional space by people, advance in childhood and highly bound with coordinating the human movement. Visual capability of understanding other worlds by the five senses in three dimensions is called perception of depth 3D-space – is the transformed model of material world in digital space with the help of computer technology. Humanity receives reliable information in 3D-space. Evidently of information achieved by high quality of digitizing objects. All of us want position yourself in 3D-space, need assume as 3D-image. 3D virtual worlds are formed from 3D images. Visits to 3D virtual museums, exhibitions, panoramas, and libraries become especially popular. Every object must contain reliable information. For example, a visit to a virtual sculpture exhibition should display a 3D image of the sculpture, provide an opportunity to view the sculpture from all sides in the virtual world [2]. To create a 3D image of the sculpture using methods of digitizing images [3]. Digitization technology begins with determining the size of an object—a small-form sculpture or a monumental sculpture [4]. Depending on the size of the object of digitization, the selection of equipment and software for digitization is carried out. Digitization equipment can be stationary or portable. Depending on the complexity of digitization, different types of scanners are used. Technology of digitizing started from scanning. For digitizing of object need to use 3D scanner. The study provides an overview of modern technologies of digitization of complex cultural objects. The most valuable and destructible object of cultural heritage are the crypts. Crypts – this is burials place of human from past. Crypts are located in remote regions of the area and have geographical coordinates. The main purpose of the study is to describe the technology of digitization of cultural heritage. An additional advantage of the study is the description of technological processes of digitization in compliance with the requirements of Russian legislation.

## **2. METHODOLOGICAL FRAMEWORK**

Technology of digitizing started from scanning. For digitizing of object need use 3D-scanners. Depending on the size of the digitization object, the technician selects the scanner. Technology of 3D scanning allow to digitize object of any difficult. Let's define the existing objects of cultural significance. The objects of cultural significance include: buildings and structures, triumphal arches, temples, cathedrals, monumental sculpture, sculptures of medium shape, bust, reliefs, bas-reliefs, high reliefs, small sculpture, elements of wooden architecture, jewelry, crypts, necropolises, etc. The practical methods of research include: comparison, observation, measurement, description, experiment, modeling, questionnaire, survey, testing, interviewing. When writing this study, the following methods were used: measurement, description, modeling, digitization [7]. When conducting research, the team of authors used these Data from the Unified state register of cultural heritage (historical and cultural monuments) of the peoples of the Russian Federation [18].

## **3. MATERIALS AND METHODS**

Data from the Unified state register of objects of cultural heritage (historical and cultural monuments) of the peoples of the Russian Federation represent the data of the registered objects of cultural heritage which are subject to digitization [8]. The information includes tables that include the names of objects, number in the register, the region where the cultural object is located, physical address, category of historical and cultural significance, type of object, belonging to UNESCO, category—particularly valuable cultural object or not, GIS location on the map. Let us consider, as an example, the rules of search for cultural heritage objects according to the data from the Unified state register of cultural heritage objects (historical and cultural monuments) of the peoples of the Russian Federation. For example: let's select objects. Choose The object Crypt half-underground, the middle ages.

Information about the object from the Unified state register of objects of cultural heritage (historical and cultural monuments) of the peoples of the Russian Federation [18].

### **3.1. The metadata of object**

Object - The crypt is half underground, the middle ages

- Number in Registre – 151410044600036
- Full Adress - Full Address-Republic of North Ossetia-Alania, Irafsky district, Akhsau village
- The location of the object - Id 15
- Region republic of North Ossetia - Alania
- account number - 15-2319
- Category of historical and cultural significance Id

1(first) category of historical and cultural significance of Federal significance:

- 1) View of Object Id 1
- 2) View of Object - Monument
- 3) description of the subject of protection
- 4) Url <https://okn-mk.mkrf.ru/maps/show/id/229867>

Object description - The crypt is half underground, the middle ages Number in Registre – 151410044600036.

- 1) Town-planning characteristics of the crypt involved in the formation of the necropolis of the village of Ahsau.
- 2) Three-dimensional composition: rectangular in plan crypt, the facade is oriented to the East. The width of the facade of the crypt 3.5 m, length-3.5-4.0 m.
- 3) Material capital walls and masonry technique: composed of large-sized stone on lime mortar.
- 4) Shape, dimensions and location of the entrance opening: the entrance opening is rectangular, arranged on the Eastern facade wall at ground level-height 0.70 m, width 0.50 m.
- 5) Compositional solution and architectural and artistic design: a semi-underground crypt typical for medieval burial monuments of the North Caucasus.
- 6) Types and material of facade surface treatment.
- 7) Objects of the funeral rite and the remains of those buried in the crypt.
- 8) Located under the sod layer layers of soil formed in the process of human activity and containing immovable remains and objects of material culture:
  - a) completely or partially hidden in the ground remains and fragments of economic, industrial, ritual and other structures;
  - b) completely or partially hidden in the ground or located on its surface whole or fragmented objects made of clay, stone, bone, glass, metals and other materials, including osteological material.

### **3.2. Textual description of the boundaries of the cultural object**

Description of the boundaries of the territory of the object of cultural heritage of Federal significance - "Crypt semi-underground, middle ages." The object of cultural heritage of Federal significance "half-underground Crypt, middle ages" is located at the address: Republic of North Ossetia-Alania, Irafsky district, akhsau village, on the left Bank of the Bilagidon river, behind the bridge in the territory of the ancient necropolis. Points of the best visual perception of the object of cultural heritage are located in the zone immediately adjacent to its borders.

The boundaries of the territory of object of cultural heritage are: - from point 1 to point 2 - on conventional lines, from point 1 - North-Western, the turning points of boundaries of objects of cultural heritage, in an easterly direction to point 2 - the North-Eastern turning point of the boundary of the object of cultural heritage; - from point 2 to point 3 – on conventional lines, point-2 - North-Eastern turning point of the boundary of the object of cultural heritage, in a southerly direction parallel to the East wall of the tower to the point 3 - South-East turning points of boundaries of objects of cultural heritage; - point 3 to point 4 - on conventional lines, from point 3 - South-East turning points of boundaries of objects of cultural heritage, in a westerly direction to point 4 - South-Western, the turning points of boundaries of objects of cultural heritage; - from point 4 to point 1 - on conventional lines, from point 4 - South-Western, the turning points of boundaries of objects of cultural heritage, in a northerly direction to the point 1. General species:

- 1) Type of monument Id - 3
- 2) General species – A monument of urban planning and architecture.
- 3) Belonging to UNESCO Id - 0
- 4) Particularly valuable object Id- 0
- 5) The id of the ensemble - 151412
- 6) Documents ob arming
- 7) Items title of the document resolution Of the Council of Ministers of the RSFSR "on further improvement of the protection of cultural monuments in the RSFSR"
- 8) document number 1327
- 9) data1960-08-30
- 10) archive code Id 229867
- 11) Url <https://okn-mk.mkrf.ru/maps/show/id/229867>



*Figure 1: Photo Crypt half-underground, Middle Ages registration number – 151410044600036*

Features of the object - Crypt half-underground, middle ages:

- 1) Id - 151432
- 2) a sign of relevance -1
- 3) description of the object – relative URL of the object - /cdm/v2/heritages/1/151432
- 4) object category - heritage
- 5) the creation date of the object - 2015-05-19T15:15:51Z

PASSPORT of object - Crypt half-underground, middle ages registration number – 151410044600036.

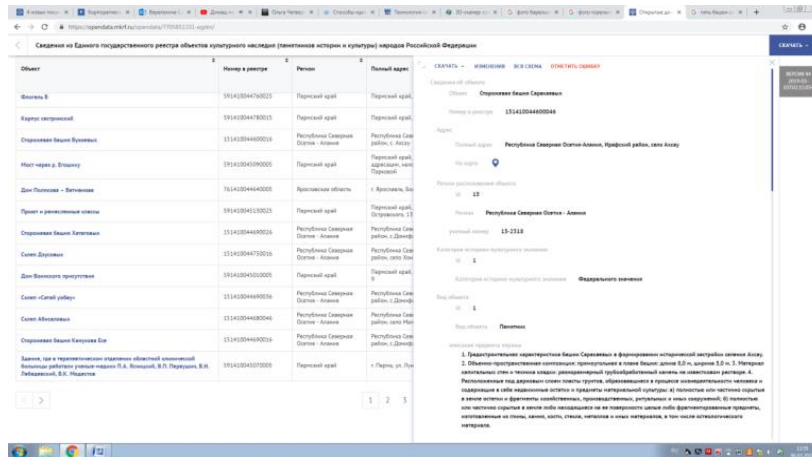


Figure 2: Passport of object- Crypt half-underground, middle ages registration number – 151410044600036

As can be seen from the example, the Ministry of culture has determined the list of cultural heritage objects to be digitized and the creation of a 3D prototype. A 3D prototype of a digitized object is stored as a point cloud or as a 3D model. Three-dimensional scanning technology allows you to digitize any surface and create an interactive 3D-model. The rationale for the need to digitize cultural heritage sites is the impossibility of their restoration [15], [16]. The importance of the digitization process is to preserve the image as an interactive 3D model. Modern 3D scanners provide high scanning accuracy.

### 3.3. Method of Research

Let's consider the basic equipment of scanning processes. The main equipment is cameras and a projector. In the process of scanning, the image obtained from the cameras in different planes is combined (combined into one) [9]. The result is a 3D copy of the object corresponding to the original. To carry out the scan, it is necessary to determine the technical parameters of the object. Object parameter. The crypt is half underground, the middle ages.

- The width of the facade of the crypt 3.5 m, length-3.5-4.0 m.
- The entrance opening is rectangular, arranged on the Eastern facade wall at ground level-height 0.70 m, width 0.50 m.
- large size stone on lime mortar.

Location of the crypt: North Caucasus, Republic of North Ossetia-Alania, Irafsky district, village Ahsau, on the left Bank of the Bilyagidon river. To digitize the crypt will require a mobile portable scanner. The mobile scanner can run on battery power and does not require an electrical connection. Professional General purpose 3D scanners (30-100 microns). The largest group of 3D scanners, which are suitable for a wide range of tasks in a variety of areas. These include hand-held devices of «Artec» and «Creaform companies», domestic «Range Vision scanners».

### 4. RESULT

All countries of the world are interested in preserving cultural heritage sites. Currently, there is no funding for restoration, no labor, material costs, no remote technological processes of digitization [5]. The preservation of cultural objects in digital form and the creation of virtual reality will allow future generations of people to see cultural objects that are now being destroyed [6]. There are no funds and forces to restore them. Therefore, we must rush to digitize them and save them in digital space, like a point cloud, like a 3D model, 3D prototype. Global digitization projects are being carried out by the European Union.

In 2018, the European Union approved 10 (ten) long-term initiatives in the field of preservation and development of culture. “The main objectives of the European Union in the field of cultural policy are cooperation with UNESCO, ensuring the participation of cultural artists in the implementation of a new look at national cultural policy, encouraging creativity and participation in the cultural life of countries (strengthening the link between culture and the education system, so that culture and art are recognized as fundamental disciplines). In addition, the European Union draws attention to the role of culture in the process of social education”. European Commissioner for Digital Economics and Society Maria Gabriel says digital and technological innovations have unique potential because they make it easier to access ... "The Europeana online platform is not just a digital safe that preserves our cultural heritage, but also a channel and an open door into our past, present and future ” [17]. Open data portal of the Ministry of Culture of Russia [18]. Digital transformation affects the use of information technologies in all areas of scientific research. The team of authors is preparing an Application for the competition of the Russian science Foundation. The main requirement of the grant is to conduct research on an interdisciplinary project: the project code is MNC-ANR (2020), the project name is MNC-ANR(2020) - "Digital ecosystem of cultural heritage objects data, new approaches to metadata visualization, modern formats for storing Big Data of digitized objects and their intellectual analysis for making management decisions" [16]. For further research, the team of authors analyzed the main requirements of legislative documents, Orders of the Ministry of culture of the Russian Federation, the list of cultural objects from the Unified state register of cultural heritage objects of the peoples of the Russian Federation. Research is conducted at an interdisciplinary level, including the analysis of a historical object and a review of information technology for creating a 3D prototype of a digitized object. This study identifies: types of scanners used by domestic and foreign manufacturers; the GIS coordinates of the cultural object (crypt, middle ages) are defined, and the use of portable equipment is described. The geometric parameters of the cultural object (crypt, middle ages) are described. The relevance of research lies in the need to form technological approaches. Future research on this topic will determine the data formats for intermediate and final storage of 3D models of digitized cultural objects. The choice of software requires a detailed analysis of the available software functions, since in the future, archaeological expeditions should have full functionality to support the on-site digitization process. The geographical location of the cultural object (crypt, middle ages) is located in a remote place from civilization. The development of technological approaches for detailed digitization of cultural objects requires further research. "The authors' research has proved that the use of data from earth remote sensing satellites improves the quality of control over objects, including the state of agricultural land, urban development, and environmental control of regions, transport accessibility, tourism and recreation", - described in the authors ' research Veretekhina S.V., et. [11]. Mathematical methods for the effectiveness of algorithms are described in the works of Russian authors of the Russian state social University [10], [14].

## **5. DISCUSSION AND CONCLUSION**

"Technological and digital innovations have a unique potential because they facilitate access to our heritage in a way that has never been achieved in our entire history," - said Maria Gabriel, member of the European Commission for the digital economy and society. "For example, the online platform Europeana is not just a digital safe that preserves our cultural heritage, but a channel and an open door to our past, present and future." [17]. In the research of the Russian team of authors Veretekhina S.V. and others in the publication "Information systems for monitoring the state of terrestrial objects" identified the possibilities of studying cultural objects from space [12]. Additionally: satellite images will allow you to observe the state of the cultural object in geographically inaccessible places (the Caucasus mountains) [12].

Research on the control of cultural objects based on data from space will be devoted to the following chapters of research [13]. Research is conducted on a competitive basis under a registered grant from the Russian science Foundation, international grant Russia-France, MNC-ANR (2020).

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21. <https://opendata.mkrf.ru/opendata/7705851331-egrkn/> Open data portal of the Ministry of Culture of Russia.

## **SOME ASPECTS OF LEGAL REGULATION OF LABOR PROTECTION IN AGRICULTURE ON THE TERRITORY OF THE RUSSIAN FEDERATION**

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### **ABSTRACT**

*This article provides a legal study of the theoretical and practical foundations of injuries and labor protection, provides a statistical analysis of quantitative indicators and causes of injuries in agricultural enterprises in the Russian Federation and abroad, identifies the most traumatic jobs in agricultural production and presents directions for improving working conditions in agricultural enterprises.*

**Keywords:** *occupational safety, agriculture, injuries, types and causes of accidents*

### **1. INTRODUCTION**

Russian agriculture is the most important economic sector that determines the standard of living of the population, its well-being, and food security of the entire country. In agriculture, manufactured products participate in many sectors of the national economy, providing additional employment for citizens of the Russian Federation. In the context of a market economy, the problems of safe work and life in agriculture are among the most urgent, since the number of accidents at work, occupational diseases and injuries of agricultural workers is growing. Most cases of industrial injuries, including fatal ones, occur with insufficient compliance with safety regulations and labor protection regulations. The importance of labor protection lies in the correct accounting of the results of labor of agricultural workers and their decent remuneration, in reducing employee injuries and the level of occupational diseases. Legal regulation of labor protection and health of employees is based on Federal laws, by-laws, legislation of the subjects of the Russian Federation, employment contracts, collective agreements, internal regulations adopted at each agricultural enterprise, and other local regulations. The purpose of this study is to identify effective ways to reduce injuries in agricultural enterprises. The objectives of the research are: to determine the theoretical basis of occupational injuries and labor protection in agriculture; to identify the level of injuries at agricultural enterprises, to analyze statistical indicators and their dynamics; to develop proposals for effective ways to reduce injuries. Problematic issues of labor protection in agriculture on the territory of the Russian Federation were raised in the fundamental works of Gusak-Katrich Yu.A. (2007), Levashov S. P. (2013), Studennikova N. S. (2016), Suchok G. G., Guzenko E. Yu. (2009). In these works, the concept and essence of labor protection in agriculture, its regulatory framework, problems of legal regulation and ways to solve them are considered.



## 2. METHODS

The methodological basis of the research is a complex of scientific methods of cognition, such as system, statistical, comparison, legal, comparative-legal, logical, dialectical. The authors studied materials and key sources of various scientific literature on the proposed topic, analyzed the regulatory legal acts of the Russian Federation in the field of labor protection in agriculture, including the rules on labor protection in agriculture, approved by the order of the Ministry of labor and social protection of the Russian Federation dated February 25, 2016 No. 76n, which allowed to study in more detail the issues and problematic aspects of labor protection of agricultural workers. Legal method is established, that labour relations in agriculture is protected as the regulations of the General labour law, and specific regulations of the agrarian law. From the above, it can be concluded that the protection of labor and health of agricultural workers is monitored by legal legislation that provides appropriate working conditions, safety of life and health of workers in the performance of their labor functions, conditions that contribute to the health of workers, etc. The statistical method allowed us to obtain the main results of the study, identify the dynamics of injuries at agricultural enterprises, and also establish that over the past year, agriculture is one of the most traumatic industries, along with construction, mining and manufacturing. The system method allowed us to consider the General state of conditions and labor protection of agricultural workers. Logical and dialectical methods allowed us to conduct this study and conclude that compliance with labor protection requirements when performing work in agriculture will reduce the risks of fatal and severe injuries, preserve the life and health of workers, and thereby contribute to improving the quality of life of the rural population and stabilizing the demographic situation in rural areas.

## 3. RESULTS

- 1) Based on the analysis of statistical data published on the Rosstat website, it was revealed that over the past 20 years, the number of industrial accidents in the Russian Federation has significantly decreased (in 2000, 151.8 thousand cases were registered, and in 2019, 23.3 thousand cases. Undoubtedly, one of the factors that reduced this indicator was the improvement of the legal framework in the field of labor protection, including the adoption Of rules on labor protection in agriculture, approved by order No. 76n of the Ministry of labor and social protection of the Russian Federation dated February 25, 2016. Official statistics show that agriculture has the largest number of victims of disability, including fatalities, compared to other economic activities. In second place after agriculture is construction, followed by mining and manufacturing.
- 2) it was Revealed that in 2019, the greatest severity of injuries occurred in the areas of fishing, animal husbandry, hunting and crop production, in most cases in men aged 25 to 40 years. In mixed agriculture, men and women are equally affected.
- 3) analysis of emergencies from September 27, 2020 to January 01, 2020, published on the website labor protection showed that the main cause of injuries to agricultural workers is the human factor (inattention and fatigue of workers, lack of proper skills and experience in working with complex tools in production) and the technical factor (use of agricultural machinery with a high degree of wear and tear, including in a faulty state). An analysis of accident data for 2020 has shown that in agricultural field work, the greatest cause of accidents is the operation of tractors.
- 4) official statistics show that the largest number of violations in agricultural activities were detected in the field of labor protection (3, 6 thousand), in the field of payment and labor regulation (2, 8 thousand), and in the employment contract (1.6), which reflects the General trend of violations detected in all areas of economic activity.

- 5) In order to prevent occupational injuries at the enterprises of agricultural production, the employer must:
- constantly carry out routine checks of the working condition of equipment in agricultural production, the operability and availability of malfunctions of agricultural technical equipment and vehicles, do not allow employees to access the equipment without checking their knowledge of its operation and safety;
  - arrange breaks during the day for employees to rest, do not force employees to work overtime, pay on time and in the proper amount;
  - carry out preventive measures for labor protection at work.
  - create commissions on labor protection that will facilitate the organization of joint activities of the company's management and its labor collective on labor protection issues, on the prevention of accidents at work and the occurrence of occupational diseases;
  - organize various inspections of working conditions and carry out other measures to protect workers.

In General, the employer is obliged to provide its employees with all the necessary conditions for safe work, and the employee is obliged to comply with them, namely: to comply with safety regulations, to comply with the requirements of the company's management, which do not contradict labor legislation.

#### 4. DISCUSSION

According to the Federal state statistics service, every year in Russia there is a decrease in the number of accidents at work, including fatal accidents (see table 1).

*Table 1: occupational injuries over the past 20 years (<https://rosstat.gov.ru>)*

<b>Number of victims of industrial accidents, thousand people</b>	<b>2000</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2019</b>
in total	151,8	77,7	47,7	28,2	23,3
men	116,7	57,3	33,4	19,7	16,3
women	35,1	20,4	14,3	8,5	7,0
<b>one of them is fatal</b>					
in total	4,40	3,09	2,00	1,29	1,06
men	4,15	2,88	1,90	1,20	0,99
women	0,25	0,21	0,10	0,09	0,06
<b>Number of victims of industrial accidents per 1000 employees of the corresponding gender</b>					
in total	5,1	3,1	2,2	1,3	1,2
men	7,0	4,2	2,9	1,7	1,4
women	2,7	1,8	1,5	0,9	0,8
<b>one of them is fatal</b>					
in total	0,149	0,124	0,094	0,062	0,053
men	0,250	0,211	0,163	0,103	0,087
women	0,020	0,019	0,012	0,010	0,007

In 2019, there are 149,541 operating enterprises in the Russian Federation, of which 137,944 had accidents at work. The average number of employees in these industries was 19,966,209 people, of which the number of victims with disability for 1 working day or more and with a fatal outcome was 23,343 people, including 16,298 men, 7,045 women, 26 minors, 238 foreign citizens (Information on victims at work in the territories of the Russian Federation for 2019 <https://rosstat.gov.ru>). At the same time, the Central Federal district registered a greater number of accidents at work 5253 people, most of them in the Moscow region 1033 people and in Moscow 942 people.

This is followed by the Volga Federal district, which recorded 4,683 cases of industrial injuries, including fatal ones, of which most in the Perm region 632 people and in the Republic of Bashkortostan 533 accidents. The lowest number of accidents at work in 2019 was recorded in the Chechen Republic 8 people, in the Republic of Kalmykia 17 people, in the Republic of Dagestan 20 people and in the Jewish Autonomous district 21 people. Agriculture remains one of the most complex and traumatic economic activities. According to statistical studies published by Rosstat at the end of 2019, the average number of full-time employees in agriculture in 2018 was 4267 thousand people (2858 thousand men and 1409 thousand women, which is slightly different from the indicators of 2017. It should be noted that agricultural workers, as well as farmers and their families, face greater risks when working than in most other professions. Official statistics show that agriculture has the largest number of victims of disability, including fatalities, compared to other economic activities. Construction comes second after agriculture, followed by mining and manufacturing (see table 2).

*Table 2: information on victims at work in the territories of the Russian Federation by type of economic activity for 2019 (<https://rosstat.gov.ru>)*

	The number of victims with disability for 1 working day or more and with a fatal outcome per 1000 employees		
	Total	from them	
		women	men
Agriculture and forestry, hunting, fishing and fish farming	1,9	1,5	2,1
Extraction of minerals	1,5	0,5	1,8
Manufacturing activity	1,4	0,9	1,7
Provision of electricity, gas and steam, air conditioning	0,6	0,4	0,7
Water supply, sanitation, waste collection and disposal, pollution elimination activities	1,2	0,7	1,4
Construction	1,6	0,5	1,7
Wholesale and retail trade, repair of motor vehicles and motorcycles (in terms of wholesale trade in motor vehicles, motorcycles)	0,6	0,4	0,8
Transportation and storage	1,2	1,2	1,2
Activities in the field of information and communication	0,4	0,2	0,5
Professional, scientific and technical activities	0,7	0,6	0,7
Administrative activities and related additional services	1	0,7	1,3
Activities in the field of health and social services (other than the provision of social services)	0,9	0,8	1,3
Activities in the field of culture, sports, leisure and entertainment (in terms of activities in the field of sports)	1,1	0,5	1,6
Provision of other types of services	0,6	0,2	1

According to official statistics, in 2019, the greatest severity of injuries occurred in the areas of fishing, animal husbandry, hunting and crop production, in most cases in men. In mixed agriculture, men and women are equally affected (see table 3).

*Table following on the next page*

*Table 3: information on industrial casualties by agricultural sector for 2019*  
(<https://rosstat.gov.ru>)

	The number of victims with disability for 1 working day or more and with a fatal outcome per 1000 employees		
	Total	from them	
		women	мужчин
The cultivation of annual crops	1,2	1,1	1,3
Growing of perennial crops	0,3	0,5	0,2
Farming	2,2	2,1	2,3
Mixed agriculture	1,4	1,4	1,4
Auxiliary activities in the field of crop production and post-harvest processing of agricultural products	0,7	0,2	1
Hunting, trapping and shooting of wild animals, including the provision of services in these areas	1,7	-	2,1
Fishing	4,6	0,4	5,3
Pisciculture	0,6	-	0,9

A study of accidents in agriculture from January to October 2020 that occurred on the territory of the Russian Federation, the Republic of Belarus and Moldova, Colombia, published on the website Labor protection (<https://ohranatruda.ru/>), identified the following cases of injuries, including fatal ones:

- 1) accidents with equipment and, as a rule, with a fatal outcome (hitting a tractor during operation and repair, dragging into presses and trays, pressing down with a bucket, falling into screw conveyors, etc.) – 17 cases.
- 2) accidents with the collapse of agricultural structures, explosions in production, getting burns due to safety violations – 9 cases.
- 3) accident due to non – compliance with safety regulations with animals-1 case.
- 4) Shock (touched the wires, the error when using electric welding) – 2 cases.

Most of the victims are men aged 25 to 40 on average, i.e. the main working population. According To suchok G. G. and Guzenko E. Yu., often the main reasons for extremely dangerous working conditions are elementary inattention, irresponsibility of A number of employers, the habit of violating the rights of employees with impunity, not fulfilling the requirements of legislation on creating safe working conditions, not taking measures to prevent accidents at work (Suchok, Guzenko, 2009, pp. 117-121). An analysis of accident data for 2020 has shown that in agricultural field work, the greatest cause of accidents is the operation of tractors. For example, on September 21, 2020, the body of a 67-year-old tractor driver was found in a field in the Alexandrovo-Gaisky district of the Saratov region. It was discovered by the owner of the farm near the hamlet Balbekin, the man hired for seasonal work. According to preliminary data, the man was crushed to death by the driveshaft of the MTZ-80 tractor when pressing hay. A fragment of the tractor driver's jacket fell into the press forming hay bales. Because of this, the man's hand was pulled into the ramparts. The victim's death was caused by a blunt combined chest injury with broken ribs and bruises to internal organs ([https://www.4vsar.ru/news/137273.html?utm\\_source=yxnews&utm\\_medium=desktop&utm\\_referrer=https%3A%2F%2Fyandex.ru%2Fnews%2Fyandexsearch](https://www.4vsar.ru/news/137273.html?utm_source=yxnews&utm_medium=desktop&utm_referrer=https%3A%2F%2Fyandex.ru%2Fnews%2Fyandexsearch)). In Bashkiria, a factory worker was crushed by a tractor. An accident occurred at the Iglinsky agricultural enterprise. 57-year-old tractor driver was injured, not compatible with life. The tragedy occurred on September 8, 2020.. During the planned repair of the tractor, a man stood on its wing. When the car started and started moving, the employee, unable to resist, fell under the wheels. The injuries were fatal, the man died (<http://ufacitynews.ru/news/2020/09/09/v-bashkirii-rabotnika-zavoda-razdavit-traktor/>).

In the Ryazan region, a tractor ran over a worker. On the afternoon of June 8, 2020, a tragedy occurred in the forest near the village of Dolginino in the Ryazan region. While working to clear the area of dead wood, a tractor ran over a 53-year-old man. The victim died on the spot from his injuries (<https://www.ryazan.kp.ru/online/news/3902717/>). In Moldova, on March 11, 2020, an instructor was crushed by a tractor. The tragedy occurred in Ungheni: a man who worked as an instructor at an agricultural College was crushed by a tractor. He decided to get behind the wheel of the car, but violated safety regulations. In fact, he repeated what regularly happens to motorists - he tried to start the car left in the "transfer" with the help of external influence on the starter. The tractor started up, started up, hit an obstacle, and fell right on top of the man who was running after it. The man died on the spot from his injuries (<https://bloknot-moldova.md/news/v-ungenakh-muzhchinu-razdavilo-traktorom-1199770>).

Combine harvesters, feed processing machines, and other technical equipment are also responsible for numerous injuries and deaths. For example, an employee died while cleaning manure in a cowshed in Komi. A fatal accident occurred on the afternoon of September 22, 2020 with an employee of LLC chasovo in a cowshed in the village of Chasovo in the Syktyvkar district of Komi. According to preliminary data, a 41-year-old worker was dragged into a tray by a manure conveyor. As a result, the man received a fatal combined body injury (<https://komionline.ru/news/rabotnik-pogib-pri-uborke-navoza-v-korovnike-v-komi>). Five people were crushed to death at a rice factory in Colombia. At least five people were killed in an accident that occurred on September 24, 2020 at a rice factory in Colombia. The tragic incident occurred in the municipality of Puerto Lopez (Central Department of Meta). A bunker containing more than 100 tons of rice collapsed on the workers. As a result of the incident, five people were killed on the spot (<https://tass.ru/proisshestiya/9537155>). An electric and gas welder was injured at a poultry farm in Mordovia. The incident occurred on the afternoon of June 5, 2020 at a poultry farm in the village of Atemar in the Iyambirsky district of Mordovia. A 35-year-old man was performing gas cutting work on a switched-off feed mixer. At this time, his colleague mixed up the buttons and started the equipment. As a result, the electric and gas welder suffered a leg injury. The victim was taken to the hospital ([https://www.mordovmedia.ru/news/crime/item/85384/?utm\\_source=yxnews&utm\\_medium=desktop&utm\\_referrer=https%3A%2F%2Fyandex.ru%2Fnews](https://www.mordovmedia.ru/news/crime/item/85384/?utm_source=yxnews&utm_medium=desktop&utm_referrer=https%3A%2F%2Fyandex.ru%2Fnews)). In Bashkiria, a man was covered to death with grain. The accident occurred on April 6, 2020 in the branch of the enterprise for the production of agricultural products, in the "Chishminsky Elevator". The grain processing apparatus was engaged in unloading the remaining part of the grain crops. Through the technological hatch, the entire harvest was poured out on it. The man died on the spot from his injuries (<https://proural.info/incidents/v-bashkirii-muzhchinu-nasmert-zasypalo-zernom/>). A worker was killed in the Pruzhansky district of Belarus. In the afternoon of March 21, 2020, a worker of one of the agricultural enterprises of the Pruzhansky district was killed. A tractor driver was repairing a spreader trailer in a repair shop building when a two-wheel balancer fell on it. As a result, a 39-year-old man was seriously injured and died on the spot (<https://vk.com/audios215221853>). As S. P. Levashov notes, in the current system of labor protection management, only accidents that lead to temporary disability for one day or more or permanent disability or death are subject to investigation and accounting. However, as practice shows, each accident accounts for a significant number of minor and minor injuries, first aid cases and accidents, of which only a few are realized in an accident with serious injuries or fatal outcome (Levashov, 2013). Legal regulation of labor protection and health of employees is based on Federal laws, by-laws, legislation of the subjects of the Russian Federation, employment contracts, collective agreements, internal regulations adopted at each agricultural enterprise, and other local regulations. The system of state labor safety standards includes: requirements for the organization of work that ensures labor safety and organizational and

methodological bases of standardization in the field of labor safety, requirements and standards for types of dangerous and harmful production factors; requirements for production equipment, production processes, means of protecting workers, buildings and structures, etc. In addition, there are also cross-industry rules that apply in various industries (for example, the rules on labor protection in agriculture in 2016). Certification of workplaces and a special assessment of working conditions revealed that the working conditions of agricultural workers are not improving. Jobs of agricultural workers are exposed to adverse factors of production and the environment, which should include gas pollution, dust, increased noise, exposure to precipitation, high and low temperatures. Agricultural machinery is used with a high degree of wear and tear, including in a faulty state. Official statistics show that the largest number of violations in agricultural activities were detected in the field of labor protection (3, 6 thousand), in the field of remuneration and labor regulation (2, 8 thousand), and in the employment contract (1.6), which reflects the General trend of violations detected in all areas of economic activity (see table 4).

*Table 4: number of inspections and detected violations of labor legislation by types of violations in agricultural activities in 2018 (thousands) (<https://rosstat.gov.ru>)*

	Total	of these, by type of economic activity	
		rural farming, hunting and forest economy	fishing and fish farming
Checks carried out	138,6	5,5	0,1
Violations detected	325,8	13,4	0,1
from them on questions:			
collective agreements	1,8	0,1	0,0
and agreements	33,1	1,6	0,0
employment contract	12,2	0,4	–
working hours	74,2	2,8	0,0
and rest time	9,7	0,3	0,0
payment and rationing	4,9	0,4	0,0
labor	6,9	0,2	0,0
guarantees and compensations	1,4	0,1	–
labor disciplines	0,2	0,0	–
and labor regulations	18,5	0,8	0,0
material liability of the parties to the labor contract	28,7	1,4	0,0
agreements	18,7	0,8	0,0
regulation of the work of women and persons with family responsibilities	10,8	0,5	0,0
labor regulation	7,7	0,4	0,0
older employees	96,9	3,6	0,0

As N. S. Studennikova notes, in Most cases, work-related injuries and illnesses should and can be prevented. To preserve the life and health of the rural population of working age, as well as to improve the quality of life, it is important to develop and implement measures to reduce the risks of fatal and severe injuries and occupational diseases. (Studennikova, 2016, pp. 125-127). In order to create safe working conditions, the employer is obliged to provide employees with medical, preventive and sanitary measures. The mode of work and rest adopted at an agricultural enterprise must meet all the norms of labor legislation. It is also the responsibility of the employer to assist in conducting inspections to monitor the safety of working conditions, as well as, if necessary, to conduct objective investigations of accidents at work. Employees of the company are also required to properly comply with labor laws, labor contracts, local regulations of the company, and, most importantly, comply with safety regulations.

As noted by Gusak-Katrich Yu. a., at an agricultural enterprise, on the initiative of the management, a Commission on labor protection can also be created, which usually includes a trade Union body, representatives of the employer and employees. This Commission contributes to the organization of joint activities of the company's management and its labor collective on issues of labor protection, prevention of accidents at work and the occurrence of occupational diseases; organize various inspections of working conditions and carry out other measures to protect workers (Gusak-Katrich, 2007).

## 5. CONCLUSION

Agriculture remains one of the most complex and traumatic economic activities. In the face of negative demographic trends, which are reflected in the reduction of the rural population of working age, the tasks of forming effective mechanisms for creating safe working conditions remain one of the priority areas of socio-economic development of the Russian Federation. Labor in agriculture is protected as the regulations of the General labour law, and specific regulations of the agrarian law. From the above, it can be concluded that the protection of labor and health of agricultural workers is monitored by legal legislation that provides appropriate working conditions, safety of life and health of workers in the performance of their labor functions, conditions that contribute to the health of workers, etc. In General, the employer is obliged to provide its employees with all the necessary conditions for safe work, and the employee is obliged to comply with them, namely: to comply with safety regulations, to comply with the requirements of the company's management, which do not contradict labor legislation. Compliance with labor protection requirements when performing work in agriculture will reduce the risks of fatal and severe injuries, preserve the life and health of employees, and thereby contribute to improving the quality of life of the rural population and stabilizing the demographic situation in rural areas.

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# THEORETICAL AND METHODOLOGICAL APPROACHES TO UNDERSTANDING FINANCIAL INCLUSION IN THE FRAMEWORK OF FORMING A MODEL OF SOCIO-ECONOMIC GROWTH AND SUSTAINABLE FINANCIAL DEVELOPMENT

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## **ABSTRACT**

*By the end of the 20th century, many states had recognized the strategy of "inclusive" growth, the essence of which was the joint implementation of economic, social and political reforms. Public participation in financial services became an essential component of the new policy, as this factor is becoming a leading trend of successful growth in different sectors, and the development of the financial sector is associated not only with general social and economic growth, but also with a more equal distribution of benefits in society. The article substantiates theoretical and methodological approaches to understanding financial inclusion as a key element of the model of social and economic growth and sustainable financial development. Financial inclusion is an important element in the development of the financial system, which is both an infrastructure and a policy tool in relation to the financial services market and a catalyst for economic growth. In doing so, each element of financial inclusion plays a role, which is a complex and multifaceted phenomenon: access to, quality and use of financial services by the population, and financial awareness and well-being are all integral parts of financial inclusion. Growing interest in the issue of financial inclusion stems from a deeper understanding of the importance of this issue to social and economic development. Studies have shown that increasing the availability and use of financial services is important for economic prosperity, sustainable development and poverty reduction.*

**Keywords:** *inclusive growth, financial inclusion, financial inclusion, financial inclusion, financial literacy, sustainable finance concept, awareness concept*

## **1. INTRODUCTION**

Under current conditions, the model of socio-economic growth for all groups of the country's population (inclusive growth) is a popular concept of modern socio-economic theories. The origin of this concept dates back to the beginning of the XXI century. The highest peak of activation can be noted after the 2008 crisis, when a number of traditional opportunities for social and economic development were exhausted. The first attempt to reveal the essence of the concept of inclusive growth was made by the World Bank. This approach was aimed not only at overcoming poverty and unemployment, but also took into account equality of access, opportunities and protection from market and government failures. The concept of inclusive growth takes into account both growth rates and dynamics as interlinked and complementary indicators. Inclusiveness is an important element in any successful socio-economic growth strategy.

Systematic inequality of opportunities within the framework of this concept is considered problematic for socio-economic growth and can lead to a disruption of the growth process primarily due to political and, on this basis, conflict factors. The idea of equal opportunities from the standpoint of access to markets, resources and an objective regulatory environment for business and individuals should be emphasized in this regard. In a simplistic sense, inclusive growth implies a larger economy, not a redistribution of resources. In a comprehensive understanding, inclusive growth means increasing the growth rate and size of economies, as well as leveling the playing field for investment and expanding productive employment opportunities. The International Monetary Fund (IMF) has focused on the challenges of assessing and measuring the inclusiveness of socio-economic growth, as well as the impact of inclusive economic growth on poverty reduction. The Organization for Economic Cooperation and Development (OECD) has taken a broader view of inclusive growth. In this perspective, inclusive growth reflects socio-economic growth that distributes its benefits equitably across society and creates opportunities for all groups in a country. In this understanding of inclusive growth, some significant aspects should be pointed out. The first aspect, compared to the World Bank's approach, focuses not on more intensive income growth for the poorest households, but on a more equitable distribution of national income and its growth. In the second aspect, it is possible to highlight the creation of opportunities for all, not by specifying the opportunities, but by taking into account the actual opportunities created for all groups. Consequently, the concept of inclusive growth covers the critical issue of ensuring long-term sustainable social and economic growth, in particular, creating opportunities for involvement in the production process, including financial resources that have not previously been used in financial circulation, and especially household resources. In addition, this approach also covers the creation of opportunities to attract all other resources that have not previously been involved in the production process, such as land plots that can be used in various ways - for the construction of industrial or social facilities, for the formation of collateral, etc. The understanding of inclusive growth from the perspective of the World Bank and the Organization for Economic Cooperation and Development has repeatedly reflected the link between inclusive growth and sustainable growth, which is to ensure inclusive social and economic growth as a necessary and important priority to achieve sustainable growth (sustainable development). In order to track progress clearly, the OECD has developed a panel of 24 indicators of inclusive growth, taking into account the time factor of achievement by key results and incentives for inclusive growth. For example, the OECD's current policy on inclusive growth includes three key areas: 1) investing in people and places that are left behind; 2) business development, labour market openness and employment; and 3) trust in effective government structures that use feedback [8].

## **2. METHODS**

We consider close to the concept of inclusive growth the concept of access regimes within the model of social orders, or as it is also called the concept of "limited access orders", which is relevant to the problems of modern developing countries. The inclusive growth model and the social order model reflect commonality in both the goal-setting and analysis approaches, as well as in the development of policy recommendations for countries. Based on the well-known North-Wallis-Weingast approach, it is assumed that the ultimate goal of access mode transformation should be a sequential transition of the system of restricted access to the system of open (free) access. According to the North Wallis-Weingast approach, an open access policy reinforces established beliefs with a whole list of public goods and services that open up new opportunities for a large part of the population (education, access to ships and infrastructure), as well as help to distribute the benefits of socio-economic growth and reduce the risks of market participation for individuals (various social insurance programs) [4, pp. 213 - 214].

North D., Wallis D., Weingast B. see inclusiveness, including financial inclusion, as fundamental to the formation of an open access regime, arguing that providing access to organizational forms, providing opportunities for participation at the level of credit and commodity markets, empowering individuals to exit, is fundamental to opening access [4, p. 257]. The transition to inclusive growth, as well as the concept of North D., Wallace D., Weingast B. The transition from the economy (growth) for the elites to the economy (growth) for all groups of the country's population is considered as an ultimate goal [5]. Another understanding of the concept of access regimes [1] points to some differences between the comparable concepts. Thus, the concept of access regimes makes more emphasis on political institutions, while the concept of inclusive growth is primarily an economic, or rather a socio-economic concept. We believe that the concepts under consideration describe similar transformation processes to more perfect forms of organization of economy and society. But at the same time it is possible to note also essential distinctions characterized by the fact that the concept of access modes is based on centuries-old movement, and other theories are based on changes in the period of shorter term. Famous economists R. Rajan and L. Zingales describe the history of the formation and development of financial markets, which play a crucial role in maintaining economic growth [13]. The concept of inclusive development mainly describes a future process that may take several decades for individual national economies; the concept of sustainable finance also describes a future process that may take from several decades to a century. Recently, the concept of awareness has appeared - the psychological process of transferring attention to events and phenomena that occur at the moment. Awareness penetrates into all spheres of human life - business, family, travel and, of course, finance. Following the trend, several independent competence centers have introduced concepts that expand financial literacy [7, pp. 26-27]:

- 1) In 2014-2015 The Center for Innovation in Financial Services (CFSI) presented its financial health system, which includes 6 indicators: 1) income and expenditure balancing, 2) reserve creation and maintenance, 3) plans and priorities, 4) debt management and access to potential resources, 5) financial shock management, and 6) use of effective range of financial instruments. The financial health system has allowed CFSI to create quantitative measures for consumer financial success, to identify specific behaviors related to these results and to create ways for the financial services industry.
- 2) In 2015. The Bureau for Consumer Protection has published its financial welfare structure, which consists of financial security and financial freedom of choice in the present and future.
- 3) In 2016-2017. Together with the Financial Integration Center (CFI) in ACCION and the Dalberg Design Impact Group, CFSI has expanded its financial health system and its application in a more global context. The global financial health framework consists of six main indicators, including absolute income, volatility of income and expenditure, social connections, and financial roles.
- 4) In 2017. Innovations for Poverty Action were in the process of studying how to transform CFSI/CFI's global financial health system into a set of indicators that digital financial service providers and policy makers can use to measure a person's or a population's financial condition. Among other things, IPA is developing the idea of overcoming financial distortions as part of the issue of financial awareness.

### **3. RESULTS**

#### **3.1. Global experience in financial inclusion**

By the end of the 20th century, most countries had adopted an "inclusive" growth strategy to jointly implement economic, social and political reforms. The Commission for Financial Inclusion in the UK was established in 1997, and financial inclusion became a key element of

India's socio-economic policy in 2005 (Reddy, 2005). In 2010, financial inclusion became a topic of discussion in the global community when the G20 Summit in Seoul established the Global Partnership for Financial Inclusion (GPFI), which assumed the role of an integration platform to coordinate the efforts of all participating countries to improve financial inclusion as an important factor in socio-economic development. G20 cooperation has led to a widely accepted definition of financial inclusion that goes beyond the proportion of people with a bank account. According to this definition, financial inclusion means that every individual, regardless of income or social status, has effective and continuous access to financial services, and uses those services competently and knowingly (Worldbank, 2013). In addition, a classification was created that includes the parameters of access, quality and use of financial services, as well as their impact on welfare or, as WEF later suggested, on financial health. In the study of 2017. Worldbank Findex has updated its financial inclusion indicators calculated for 2011 and 2014. Thus, the global account ownership rate is now 69% (compared to 51% in 2011 and 50% in 2014). - 62%), which means that 515 million people have access to an account compared to 2014. At the same time, the indicator was calculated based on the answer to the question about the ownership of the account independently or jointly with someone, in a bank or other financial institution (credit cooperative, microfinance organization, post office), or the use of mobile money service - it means that this figure reflects the involvement of the population both in the traditional financial segment (banks) and in the segment of alternative financial providers. The figures considered for financial inclusion show significant imbalances in its indicators. Thus, at present, about 1,7 billion people remain completely unreached by financial services. Some of the reasons for such low utilization of financial institutions' services depend on the existing demand, but barriers such as transaction costs, remoteness of service points and large amount of documentation are key among the reasons for the imbalance. As analysis has shown, there are significant differences between states in the use of accounts in formal financial structures. If in 2011 only in Denmark and Finland, the connection rate to the account was 100%, and in 2014 they were joined by Sweden, New Zealand and Norway, then according to the data of 2017 already 7 countries have 100% access to accounts, including Canada and the Netherlands. There are also a number of countries that are as close as possible to the mark of 100%: Germany, Belgium, Japan, UK, France (a total of 19 countries in the sample with availability above 96%). These countries, as a rule, are characterized by the following features: advanced social institutions; high level of education; high level of economic development; high GDP per capita, high HDI index; developed infrastructure; wide mobile and Internet network; high quality of management; favorable regulatory environment; wide availability of quality information about financial services; advanced financial institutions. Also one of the common features of these countries is the provision of a basic bank account – a package of financial services provided completely free of charge or with a reduced cost, often with a limited volume of services or a limit on the amount of funds. This option requires access to the account for socially vulnerable groups. In other words, every resident of the country has the opportunity to pay by cashless funds and use all kinds of financial services. In emerging economies, there is both increased access to accounts (e.g., Bangladesh, Russia, Indonesia, India) and stagnation, for example, in Nigeria, South Africa, Mexico.

### **3.2. The space of financial inclusion in Russia**

Compared to global experience, Russia is currently on the way to understanding the local specifics of financial inclusion. The starting point for including the analysis and overcoming the problems of financial inclusion in the global agenda can be considered November 2010. when, at the G20 Summit in Seoul, the Government of the Russian Federation adopted a policy of increasing financial inclusion as part of international commitments. In comparison, financial inclusion began to be studied in India in 2005.

In comparison, financial inclusion was studied in India in 2005, and policies in this direction began to be implemented there in the 1950s. In India, financial inclusion began to be explored in 2005, and policies were launched there in the 1950s, even before the problem was formalized. According to the World Economic Forum report on general economic inclusion published in 2017. Russia is one of the emerging economies and ranks 13th out of 78 positions, but development is characterized by slow progress (Samans et al., 2017). The report also notes that Russia's position on inclusiveness is lower than its GDP rating, indicating that there is significant room for improvement in the economic situation in the country [7, p. 17]. In the current environment in Russia, five key players in the area of financial inclusion can be identified - the Bank of Russia, the Ministry of Economic Development of the Russian Federation (Ministry of Economic Development of the Russian Federation), the Russian Microfinance Center (RMC), the National Payment Council (NPC), as well as research organizations in the field of financial inclusion in Russia. The Alliance for Financial Inclusion (AFI) and the Consultative Group to Assist the Poor (CGAP, a subsidiary of the World Bank) also play a major role. The Worldbank Findex 2017 study showed that 76% of the population in Russia have an account with a financial institution (aged 15 years or older, not including 20% of the population living in remote areas). Similar results were reflected in field studies of the Central Bank and Ministry of Finance in 2015-2017. According to a study of the retail payment services market, in 2014 in Russia, 74% of adult residents of large cities had a payment card; in 2017 the majority of respondents also personally have valid bank cards (75%). The share of payments with the use of cards is growing - from 18% in 2014 to 30% in 2017, which, given the less active growth in the distribution of payment cards among the population and the fact that only 30% of small and medium-sized businesses have and use electronic terminals to receive payments, is an indicator of positive developments among the population regarding the use of payment cards [3]. At the same time, the share of small and medium-sized businesses that use remote access to financial services is stable at 68-75%. In 2017, about 11% of enterprises had deposits in credit institutions (in 2015 - 10%), loans - 23.8% (in 2015 - 28.2%). Low access to financial services may be due to the following reasons: physical barriers (remoteness of districts); social barriers (vulnerable groups); financial constraints; and behavioral patterns. Access to financial services is one of the most significant constraints for small businesses, even in developed countries. More than a third of small businesses in developing countries and 16% in developed countries report financial restrictions as a serious problem. About 25% of large companies in developed countries suffer from a lack of credit [14].

#### **4. WARNING**

The emergence of the concept of inclusive growth, based on the concept of inclusive finance, can be seen as a transitional stage in the formation of synthetic theoretical concepts. The concept of financial inclusion, which used to be simplistically defined as the share of the population and firms using financial instruments, has recently been substantially clarified. Attempts to define financial inclusion in the English-language literature have been observed since about 2008. The most important feature of these attempts was the need to separate this concept from the close concept of "financial availability", which was already introduced by World Bank experts. One of the first attempts to distinguish between these two concepts was made by M. Sarma in defining the financial inclusion index indicators for 54 countries. This calculation took into account three main parameters: 1) accessibility in terms of ease of access to financial services (measurement based on the penetration rate of the banking system, used as an indicator of the number of bank letters of credit per thousand people); 2) accessibility in terms of availability of relevant financial services (measurement based on the number of bank branches and the number of ATMs per hundred thousand people); the intensity of the use of banking services

(measurement based on the total amount of loans and deposits); 3) availability of financial services. The authors propose different approaches to considering such concepts as "financial inclusion" and "financial accessibility". Thus, some authors [8, 11, 20] correlate the concepts of financial inclusion and financial accessibility. In this understanding, financial inclusion takes into account the components of accessibility in terms of ease of access to financial services, accessibility in terms of availability of relevant financial services and the actual intensity of use of financial services. Other authors [9, 15] take the approach of separating the concepts of financial inclusion and financial accessibility. In this context, inclusion is based on the four characteristics of financial inclusion (financial inclusion in addition to financial literacy, experience, financial capacity and effective government to provide the necessary incentives for individuals and firms to access formal financial services). Many authors emphasize that the availability of finance is not considered as inclusion, because access to finance does not mean using it. In this context, the authors believe that financial inclusion is defined as the intensity of use of financial instruments by individuals and firms. We adhere to this understanding because financial inclusion is characterized by the involvement of a large number of economic agents in financial activity. Therefore, financial inclusion can be defined as the process of involving all economic agents in financial transactions. Financial inclusion in terms of its content reflects the involvement of all groups of the population in the functioning mechanism of the financial sector and the financial system as a whole; it is associated with inclusive economic growth, being an important condition for the formation of a model of inclusive socio-economic growth ("socio-economic growth for all groups of the country").

## 5. CONCLUSION

The authors' empirical studies have shown that greater financial inclusion (greater financial inclusion) is associated with better enabling conditions for access to financial services, such as lower bank costs and closer proximity to branches of banks (or other financial institutions). A high level of client protection for financial institutions and political stability are also important for financial inclusion [8]. The concept of sustainable finance includes three fundamental aspects: economic, social and environmental. The authors of this concept consider climate change, natural resource depletion and species extinction on the environmental side, and poverty, hunger and disease on the socio-economic side as barriers to financial system sustainability [18]. Sustainable finance is in many ways identical to financial inclusion: both concepts are aimed at activating wider groups of the population. According to Dirk Schoemaker, in the long term, environmental and social factors will affect companies both materially (emissions tax) and non-materially (company reputation). Therefore, their inclusion in the decision-making process reduces the risk of negative consequences. At the final stage of the transition to a sustainable finance model, companies will increase the importance of their social and environmental objectives. This phase is therefore characterized by a shift from risk to opportunity, i.e., companies and investors are shifting from "do not invest in harmful industries" to "invest in useful industries" [18]. In general, it appears that the transition to sustainable finance, which will result in the transformation of risk into opportunities, as well as the transition of most economic agents into stakeholders, should be seen as an innovation that will have as much impact on capital mobility and reduce transaction costs as previous innovations. This innovation will increase capital mobility by involving an increasing number of depositors in the financial turnover, as well as an increasing number of recipients of investments, i.e., by increasing financial inclusion. The concept of sustainable finance is correlated by many authors and researchers with the UN Sustainable Development Goals. The UN, in accordance with the Sustainable Development Plan 2030, has identified seventeen long-term goals within the framework of global sustainable development. Among the important goals are: goals to increase inclusion; goals to reduce inequalities between countries; goals to ensure

sustainable consumption and production; goals to reduce poverty; goals to reduce the effects of climate change, etc. The United Nations has identified seventeen long-term goals in the framework of global sustainable development [19]. Barriers to the development of a sustainable financial system include, but are not limited to, low inclusiveness. Growing inclusiveness will increase stakeholder outreach, including by increasing the number of stakeholders, and thus accommodate more people's voices. The concept of sustainable finance assumes that this will help increase stability and length of investment. The approaches considered to understand financial inclusion highlight four key areas of financial inclusion policies: 1) 100% access to accounts (access); 2) high standards of financial services (quality); 3) increased use of financial services (use); and 4) increased financial awareness (well-being - financial awareness). Thus, the formation of financial inclusion is a necessary condition for the development of processes characterizing the transition to higher stages of sustainable finance. Financial inclusion is the basis for integrated socio-economic development, since finance is the basis of any modern economic system. The formation of an inclusive growth model for all groups of the population, based, inter alia, on the model of financial inclusion, is fully combined with the transition to a sustainable development model, based, inter alia, on the concept of sustainable finance.

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## CONFLICTS IN THE EDUCATIONAL ENVIRONMENT

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### ABSTRACT

*The article analyzes conflicts in the educational environment, which have a number of features: the professional responsibility of the teacher for the pedagogically correct resolution of the situation (an educational institution is a model of society where social norms of relations between people are assimilated); participants in conflicts have different social status, which determines different behavior in the conflict; the difference in age and life experience of participants separates their positions in the conflict, generates a different degree of responsibility for mistakes in solving it; a different understanding of events and their causes parties (conflict «through the eyes of a teacher» and «student» is seen differently); the presence of others when conflict makes them witnesses of the parties, and the conflict acquires educational meaning for them; professional position of the teacher in conflict obliges him to take the initiative in resolving it; any mistake of the teacher in the resolution of conflict creates new situations and conflicts; the conflict in pedagogical activity is easier to prevent than resolve. To potentially conflict pedagogical situations may include: conflicts of activities that occur in connection with the implementation of educational tasks, academic performance, extracurricular activities; conflict behavior (actions) arising from violations of the rules of students behaviour in the classroom; conflicts of relations arising in the sphere of emotional-personal relations of students and teachers in the field of communication in the process of pedagogical activities. Mediation technologies play a significant role in resolving conflicts in the educational environment.*

**Keywords:** *Conflicts in the educational environment, educational environment, conflict factors, mediation, mediation technologies, mediation services*

### 1. INTRODUCTION

The educational environment is a special sphere of social relations characterized by specific historical and cultural conditions of development and socio-psychological features of functioning, within which the goal of forming, educating and developing the personality of a student (student) is realized with the help of a set of special pedagogical tools and tools. Based on the concept of the entire set of subjects of the educational environment, the authors identify groups of conflicts based on various dyads of interaction between subjects, considering them on the example of higher education. They can be formulated and presented as follows: «University-society», «management-teaching staff», «teacher-teacher», «teacher-student», «student-student». The same «bundles» reflect the key conflict factors. The most frequent contradictions within each dyad of conflict participants are presented by the authors in the following table below.

№	Interaction dyads	The basic contradictions between the subjects
1.	University – Society	<ul style="list-style-type: none"> <li>• the level of training of graduates does not meet the expectations and requirements of the company;</li> <li>• lack of demand for graduates, etc.</li> </ul>
2.	Management-teaching staff	<ul style="list-style-type: none"> <li>• inappropriate management style for the University and its employees;</li> <li>• employees ' dissatisfaction with working conditions (workload, salary, etc.),</li> </ul> <p>the existing socio-psychological climate does not meet the expectations and requirements of the teaching staff, etc.</p>
3.	Teacher-Teacher	<ul style="list-style-type: none"> <li>• differences in attitudes, morals, and values;</li> <li>• differences in the level of professional training;</li> <li>• inappropriate style of communication with each other (insubordination, tactlessness, etc.);</li> <li>• rivalry;</li> </ul> <p>differences between generations of different ages in the circle of teaching staff, etc.</p>
4.	Teacher-Student	<ul style="list-style-type: none"> <li>• differences in attitudes, morals, and values;</li> <li>• inappropriate style of communication with each other (insubordination, tactlessness, etc.);</li> <li>• differences in mutual expectations;</li> <li>• dissatisfaction with the level of professionalism and experience of the teacher;</li> </ul> <p>the academic performance of students etc.</p>
5.	Student-Student	<ul style="list-style-type: none"> <li>• differences in attitudes, morals, and values;</li> <li>• inappropriate style of communication with each other (violation of personal space, violence, envy, tactlessness, etc.);</li> <li>• intrapersonal conflict;</li> <li>• adaptation and self-affirmation in a new social group;</li> </ul> <p>inadequate assessments and self-assessments in various situations, etc.</p>

*Table 1: The main contradictions in the educational environment in various dyads of interaction of subjects*

In addition to the structural division along the lines of interaction of subjects, conflicts in the educational environment are divided by reason of their origin. We can distinguish two groups of social conflicts in the educational environment, separated by the reasons for their occurrence:

- a) Conflicts caused by objective reasons. Objective causes of conflicts can be divided into: 1) socio-economic (financial situation of teachers and students, high cost of education at the University and related expenses, etc.); 2) material and technical (limited resources needed for training, lack of computer equipment in classrooms, limited amount of literature in libraries, disabled air conditioners or heating devices, University infrastructure, landscaping, etc.); 3) organizational (problems of audience distribution for groups, disorganization in scheduling, etc.); 4) innovative (innovations that require changes in the educational process, etc.); 5) bureaucratic (strict regulation of the educational process, strict requirements for the result of intellectual activity of students, etc.), etc. (Maslikov V.A. 2018)

- b) Conflicts caused by subjective reasons. Such conflicts often occur in interpersonal relationships, due to the psychological characteristics of each participant in the educational process. The subjective causes of the conflict include: individual representation of each of the participants in the conflict about their duties, rights and opportunities; incompetence in the position they hold; inconsistency in the level of training required; conflict behavior of the participants in the conflict; unfavorable climate in the team; lack of tolerance; lack of mutual respect in matters of religion and nationality; lack of respect for the freedom of opinion and choice of other participants in the conflict, a high level of intellectual workload, increased emotionality of participants in the conflict, etc.

In discussions about interpersonal conflicts between participants in the educational process, most often there are references to conflicts on the dyads «student-student» and «student-teacher». These two lines of interaction are the main ones for a first-year student during the adaptation period.

## 2. METHODS

When describing the conflict of members of the teaching staff, it is necessary to use the term «conflict competence». Fedotova E. M. (Fedotova, 2015) conducted a survey among teachers of the Nizhny Novgorod state University of architecture and civil engineering and based on the results determined that the interviewed teachers recognize the need for conflict management training for successful conflict resolution. 59% of teachers who took part in the survey expressed the need to conduct trainings and courses in order to improve their own conflict competence. (Urzha O.A. 2018) Teachers are aware that the initiative to resolve and regulate the conflict lies with them, by virtue of their authority, knowledge, experience, and status. However, every teacher is a person who has a life outside of the University, and also has their own personal principles, attitudes, desires and morals. Professional deformations of teachers (demonstrativeness, authoritarianism, conservatism, etc.) that arise as a result of their professional activities can be the reasons for conflicts that the teacher is one of the participants in. Professional deformations of teachers can be the causes of conflicts in any line of interaction, as well as perform both a destructive and constructive function of the conflict for other subjects of the conflict situation. Among other things, conflicts between teachers can cause a new conflict between the teacher (s) and students, if the latter have become observers and fixed a negative image in the mind. Kirillina A. A. (Kirillina, 2019) in the article about the modern teacher, describes the characteristics of the teacher not only as an informant who transmits knowledge, but also as a powerful factor influencing the student in various aspects. The teacher may interest the student in the educational process, in additional scientific activities, in the chosen specialty, etc. Therefore, a modern teacher needs to be able to discipline the group, take the initiative, and be a leader for students. According to the results of surveys about the «ideal teacher», in which students took part as respondents, it was revealed that leadership qualities, interest in the teacher's own discipline, oratorical abilities and humor are the most important aspects of the teacher's personality that students dream of seeing in him. The reason for the conflict in the line of interaction «teacher-student» can be not only the behavior or personality of the teacher, but also in an equal proportion the personality of the student. List of reasons for conflict situations caused by the student: a) insubordination, aggressive communication with the teacher; b) tactless behavior of the student (including an attempt to pressure or bribe the teacher); c) failure to perform a given independent work; d) failure to attend lectures and seminars; e) violation of discipline during classes in the classroom (noise, extraneous activity, phone calls); f) violation of the teacher's requirements (cheating, trying to pass someone else's work, requests to give an assessment without good reason); g) disagreement with the received assessment, and others.

According to the results of research, it can be concluded that in the line of interaction «teacher-student», conflicts arise due to the socio-psychological characteristics of each individual in the conflict. Cases of conflicts on the line «teacher-group of students» occur at times less often. More often than with teachers, students communicate with their classmates. Interaction on the «student-student» dyad is an integral part of both the student's adaptation to the educational environment and the student's development as a person within a new social group (Vetrova, E.A. 2019). Each student is a former student who has developed a certain way of life within the school class, their own intra – group status and habitual behaviors, including conflict resolution.

### **3. RESEARCH OBJECTIVES AND FINDINGS**

In the new team, students are faced with the need to find themselves and their place, comfortable conditions for their personalities. Getting to know the team is accompanied by self-affirmation and self-actualization within the group, defending their principles, norms, values and points of view. Due to their life experience, a first-year student does not always have a high level of conflictological culture, which is why they use means in conflict that are familiar and equal to their experience. Among the reasons for the conflict in the «student-student» dyad are: greed, envy, academic competition, the financial situation of participants in conflicts, social status in society, personal hostility, political views, national and religious views, etc. (Kabanova, E.E. 2019). Modern students are less aggressive than in previous generations. Studies of conflicts between students over the past five years do not mention the terms «violence», «bodily harm», etc., in contrast to the study in this area in 2003, so at present it is not necessary to cover the issues of physical influence of students in conflict resolution. A modern way of responding to a provocation that leads to conflict: humor, resentment, ignoring, «responding in kind» (Kabanova, E.E. 2018). Not every adult manages to solve a conflict situation in the labor collective or in the family sphere, while a teenager whose life has undergone strong changes in both the environment and the internal environment, it is all the more difficult to choose the right solution in a given situation. A first-year student, mostly a person who graduated from high school a few months ago. Psychologically, the ex-student feels freedom and the end of a long, hard journey. Not every student is ready for the high demands of the University, as many come under the pressure of the norms of society or family. In the article «Modern student: value orientations» in 2013, N. A. Ermolenko and E. N. Nizovkina give students' answers to various questions about their life as a percentage of all respondents in the study (N. A. Ermolenko, 2013). Thus, 46% of students are motivated to study by obtaining a higher education diploma, as a desire to obtain a certain social status in the surrounding society. The indicator «Education» was marked by students in 6.6% as an answer to the question «What is the most important thing in life for you?». This indicator was on 8 out of 8 places in the list among such indicators as «Health», «Family» (83.3%), «Creativity» (33.3%), «Respect for others», «Work», «High wages», «Love». 6th and 7th place were taken by «Work» (20%) and «High salary» (16.6%), respectively. When asked about the most important indicators for success in life, education also ranked last, with 3.33%. Other indicators were: perseverance, determination, hard work, abilities and skills, luck, interesting work, «rich» parents, connections. In another study, the results of which were published in an article in 2014 (Bagirova, 2014), 16% of students surveyed noted «Education and professionalism» as the most significant life value. The modern student is well informed about their rights, as in many cases they act correctly within the law and their rights. Thus, according to the results of a study conducted in Saint Petersburg in 2018 (Artemov 2018), students mostly resolve conflicts on their own (81%), some seek help from their friends (29%), sometimes contact the faculty administration (8%), and in rare cases seek help from the University student Council (3%). The University where the study was conducted recorded cases of legal proceedings between the University and students, which also confirms students' awareness of their rights and shows a good level of legal literacy.

Despite all the above and not only the difficulties that students face in their educational activities and during the educational process, in General, there are many factors that bring students pleasure and delight them. (Kirillov N.P. 2019) Among the studies conducted in different times and regions of the Russian Federation, one of the most frequently asked questions for the overall assessment of the state and satisfaction with the University life of students was the question: «are You satisfied with your University life?» Students who took part in the study on the adaptation of first - year students in Omsk in 2018 noted the highest satisfaction with life within the University in the following indicators:

- the highest percentage of satisfaction (83.9%) was noted in relation to the organization of mass events;
- 78.5 per cent - the level of satisfaction with relationship with teachers;
- 76.8% of students chose the organization of the educational process as one of the indicators, etc.

On average, students are satisfied with artistic and sports activities and living conditions at the University (50% have a high level, 33.9% have a low level). Unsatisfactory, according to students, were the indicators of «personal academic success» (high level in 30.4%, low – 32.1%, 37.5% - found it difficult to answer), «conditions for full-fledged leisure». Based on the results of studying trends in the emergence, manifestation and resolution of conflicts, we can formulate a number of conflict-causing factors that first-year students face at the beginning of their student career. The authors of the 2018 study in Saint Petersburg described conflict-causing factors as follows:

- the conditions of the University, related to educational process (climatic conditions inside the premises, the equipment and the equipment of classrooms, library, food, hostel, etc.);
- the work of the Dean's office (staff responsiveness, responsibility scheduling, etc.);
- characteristics of the curriculum (burden, quality disciplines and their relation to the specialty, the requirements from the Dean's office and faculty, etc.);
- teaching staff (qualification, leadership qualities, attitude to the evaluation of knowledge of students, etc.);
- relationships with the environment (communication with students, communication with teachers, etc.).

Thus, the analysis of studies devoted to the study of the specifics of conflict development and key conflictogens in the educational environment on the example of higher education showed that at present, the requirements of the student to the University have increased disproportionately. (Baynova M. 2020) In the modern worldview of young people, there is a tendency for students to realize their rights, values and opportunities, but not always responsibilities. There are fewer conflicts between students within groups. The causes of conflicts are invariable: personal hostility, differences of opinion, etc. In General, conflicts often affect the educational process (schedule, workload) and the attitude of teachers to students (bias, injustice, personal qualities). The frequency of conflicts with teachers remains unchanged.

#### **4. DISCUSSION**

The presented typology of conflicts in the educational environment of modern higher education institutions and their rather wide prevalence give grounds to speak about the need to build a systematic work aimed at their prevention and resolution in the field of higher education. The idea of systematic work with conflicts in educational organizations in modern Russia is not new. For example, since 2015, the Russian secondary education system has been implementing the «concept for the development of a network of mediation services until 2020 in order to

implement restorative justice for children, including those who have committed socially dangerous acts but have not reached the age at which criminal responsibility begins in the Russian Federation», approved by order of the government of the Russian Federation No. 1430-R of July 30, 2014 (hereinafter referred to as the Concept) (Concept of development of a network of mediation services until 2017, Order Of the government of the Russian Federation). An innovation of The concept was the introduction of the term «mediation» (and, accordingly, «school mediation services», as structural divisions of educational organizations responsible for implementing this practice), along with the term «reconciliation services» previously used in the practice of social educators. This concept was developed in accordance with the principles of state policy for the protection of children's rights, as presented in the «National strategy for action for children for 2012-2017» approved by President Vladimir Putin (Decree Of the President of the Russian Federation of June 1, 2012 N 761). The concept of creating a network of school mediation services / school reconciliation services is based on individualized approaches to educational work aimed at creating humanistic values of human life, family, respect for the individual and interests of another person, constructive conflict resolution, mutual understanding and cooperation to achieve common results. Work with the conflicts that arise between all participants of educational process (pupils, students and teachers, teachers and parents of pupils, between parents of students), is carried out with a neutral arbitrator resolving a dispute subject to voluntary participation of the parties to the conflict in the procedure of its approval; their awareness of all the nuances of mediation procedures, confidentiality, participation and responsibility of the parties for the performance of the process. (Ostrovskii A.N. 2017) Adherence to the above principles and technological features of implementation fully allow us to attribute these tools of socio – pedagogical work to mediation-a socio-humanitarian technology for conflict resolution with the participation of an independent neutral mediator, subject to the conditions described above, which is most common in legal practice, as well as in social work with family conflicts; in the practice of psychological assistance; in resolving conflicts in communities of citizens and resonant socio-political conflicts. At the same time, the key element in this work at the level of an educational organization is the involvement of children themselves in conflict resolution activities in the format of volunteers of reconciliation services and members of «equal groups» of school mediation services – child-adult groups of like-minded people (Kirillov N.P. 2019). The extent of the prevalence and effectiveness of mediation in the educational space has yet to be assessed. (Rudakovskaya M.G. 2019) However, the fact that informal self-organized and official communities of mediators (the all-Russian Association of restorative mediation) have been established and that thematic conferences supported by the Ministry of education of the Russian Federation have been held suggests that this practice will continue to develop and institutionalize.

## 5. CONCLUSION

Given the above-mentioned urgency of implementing measures to deal with conflicts in higher education, we consider it appropriate to adapt the technologies described above for using mediation in schools to the space of higher education institutions. The organizational basis for the implementation of this ideology can be University reconciliation / mediation services – public teams of like-minded people, consisting of representatives of student self-government, trade Union organizations and the academic community. (Urzha O.A. 2020) The field of activity of these services could be a variety of conflict situations that arise within the walls of University campuses – from private interpersonal relationships between subjects of the educational process to systemic contradictions caused by the living conditions of students in dormitories, the organization of the educational process, ideological differences between students and teachers, interethnic conflicts in the student environment. If the basic principles of mediation are observed, and most importantly – the neutrality of both individual mediators and

intra-University conflict resolution services themselves (equidistant from the University administration and student assets, provided that their interaction is constructive), such divisions could become an effective tool for harmonizing public relations in the educational space of modern universities.

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## TRADEMARK IN THE DIGITAL TRANSFORMATION ERA IN RUSSIA AND ABROAD

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### ABSTRACT

*This article is dedicated to the exclusive right to a trademark in the countries of the European Union and in Russia in the era of digital transformation. The author examines issues related to the concept of a trademark, the history and formation of its appearance. The article presents the legal framework in terms of registration and use of a trademark in economically developed countries. The article presents a trademark in intangible assets in accordance with PBU 14/07, IAS 38 and US GAAP. The author shows the accounting of movement and depreciation, the composition of the cost of these objects.*

**Keywords:** *Trademark, GAAP, Goodwill, date of transition to IFRS, intangible assets, fair value, Trade marks and emblems*

### 1. INTRODUCTION

Today, among the scientific business, academia and at the government level, you can often hear the expression "digital economy", or as it is commonly called, an information-type economy. In the context of the digitalization of the economy, information, being the most valuable resource, is formed, stored, transmitted and processed through information and communication technologies (ICT). At the first stage of the emergence of the digital revolution, a transition was made to the beginning of the automation of technologies and business processes. Then the Internet was created, which opened up almost limitless possibilities, and cellular communication appeared. The worldwide spread of the Internet has contributed to the development of social networks and messengers (Gusareva N., Tsaritova K, Dyatlova O. 2019).

During the transition to the digital economy, one of the urgent problems of managing the socio-economic development of enterprises is the use of a trademark in an enterprise (Stepanov A., Stapanov I., Savina M., 2018). Science and practice are faced with the task of improving methodological and methodical approaches to managing the efficiency and sustainability of innovative development of companies in the fundamentally new conditions of the digital economy. (Savina M, Stepanov I., 2019). All this requires the study of modern forms of organization and management of a trademark based on the introduction of information and digital technologies.

## 2. METHODS

The methodology for studying a trademark in the context of digitalization is based on the concepts of innovative development at the stage of formation of an information-digital method of production and consumption. Methods for managing sustainable innovative development of an enterprise were based on the systemic methodology of creative and innovative analysis, the use of critical analysis techniques, taking into account specific manifestations of innovative development, inconsistency, paradox and a high degree of uncertainty and risks. In the process of analyzing foreign experience, the following methods were widely used: the tree of goals, the method of expert assessments; Delphi method; method of morphological analysis, method of collective idea generation; method of scripting and others (Stepanov A., Stepanov I., Stasyak Y. 2020). The subject of the research is social and administrative relations regarding the formation of a trademark. In the process of preparing the article, the concepts of special techniques and methods of economic analysis were used, including traditional methods of quantitative analysis, economic and mathematical methods and heuristic, expert methods of qualitative analysis and others (V. Barilenko, 2021).

## 3. RESULTS

Russia, like no other major state in the world, went through fateful milestones: revolutions and numerous large and small wars, and global changes in its economic, political and territorial structure, which led to its ups and downs (Dyatlova O., 2003). In the context of intensifying competition, an important factor in increasing the efficiency and ensuring the leadership of enterprises is the effective use of their production potential. One of the most important conditions for the correct functioning of enterprises in the conditions of the formation of market relations is the skillful management of their finances. At the same time, the main task of financial management is the effective management of a trademark, as well as the development of an effective credit policy within the enterprise (O. Dyatlova, 2013). A trademark (also copyright or brand) is a designation (verbal, pictorial, combined or otherwise) that serves to individualize the goods of legal entities or individual entrepreneurs. There are various concepts of the socio-economic essence of a trademark. So, for example, (Vakhrushina M., Melnikova L., Plaskova N., 2006) (Vakhrushina M., 2014) consider that a “trademark” is a complex concept: it is an identifiable non-monetary asset that does not have a physical form, which is contained: for use in the production or provision of goods and services; for administrative purposes. In accordance with the position (Getman B, 2018), the rules on a trademark are reflected - this is an identifiable non-monetary asset that does not have a physical form. Identifiability is achieved in the following two cases:

- when the asset is separable. This means it can be taken out of the business and sold, transferred, licensed, leased, or exchanged. This can be done either separately or together with the corresponding contracts, asset or obligation;
- when an asset arises as a result of contractual or other legal rights, regardless of whether these rights can be transferred or separated from the enterprise or other rights and obligations.

The concept of "Trademark" is broader than "Trademarks and emblems" - it is words, phrases, sounds or symbols that allow you to distinguish or identify a particular company or product. In addition to the amounts paid for these assets, such amounts associated with the creation, protection and registration in accordance with the position of scientists are capitalized (Proskurovskaya Yu., 2007). According to the basic principle of IFRS 3 “Business Combinations” - an intangible asset acquired in a business combination can be: inseparable, for example, a trademark that cannot be sold separately; a group of assets is then recognized separately from goodwill as a single asset if the fair value of each asset in the group cannot be

measured reliably. In the works of the authors (Ushvitsky L., Mazurenko A., 2009), such concepts as “fair value measurement” of an intangible asset acquired in a business combination were considered and their application for all trademarks. Analysis of various scientific views allows us to conclude that a trademark should be understood as a designation that serves to individualize goods. The concept of "Trademark" is complex and reflects in itself, firstly, such a concept as "trademark"; secondly, such a concept as "brand"; third, focus on a specific intended target result of the activities of enterprises (Dyatlova O., 2015).

## **4. DISCUSSION**

### **4.1. Use of the brand name abroad in the era of digital transformation**

The exclusive right to a trademark is given great attention in the legislative countries of the European Union. Trademarks in the European Union are governed by the provisions of the regulations of the European Union and the national laws of the countries of the European Union. In most countries of the European Union, the exclusive right to a trademark arises from the moment of registration or recognition of a trademark as well-known. Trademarks were first registered in England. The first of them - the trademark of the brewery "Red Triangle" Bess ", registered in 1876, is still known. In addition, among the currently valid trademarks in England, 600 were originally registered in 1888, 500 in 1902, about 600 in 1916, 600 in 2020. The cost of well-known trademarks is often very significant. Thus, the Camel trademarks are valued at \$ 10 million, Coca-Cola - at \$ 3 billion. The Chrysler company paid \$ 74 million for the Dodge trademark. At Philip Morris, none of the assets in value can match the image of the Marlboro cowboy. It is believed that the value of such an asset is about \$ 10 billion.

#### *4.1.1. Exclusive trademark rights in Finland and Spain*

Finnish law states that the exclusive right to a trademark can be obtained either through registration, or even without registration, if the trademark has become known on the market. However, the laws of some countries of the European Union provide for the possibility of obtaining temporary protection even from the moment of publication of an application for registration of a trademark. Spanish Trademark Law determines that the applicant, from the date of publication of the application for registration of the trademark, receives temporary protection constituting the right to reasonable compensation, which in certain circumstances can be claimed from a third party who may have used the trademark between the date of publication of the application and the date of publication trademark.

#### *4.1.2. Exclusive right to a trademark in the Czech Republic*

The exclusive right of the copyright holder to a trademark is very fully disclosed in the legislation of the Czech Republic. In the Czech Republic, the owner of a trademark has the exclusive right to place it on the goods or services for which it was registered, or to use it in connection with such goods or services. At the same time, without the permission of the owner, no one has the right to use a trademark or symbol that is identical or similar to a registered trademark, as well as to apply this trademark to goods and their packaging, or to put goods on sale under this trademark. Import or export goods under this trademark, or use this trademark as a trade name in correspondence or advertising. The trademark owner has the right to require the publisher of a publication reproducing a trademark to publish all the constituent parts of the trademark, including its registration number. Also, in the Czech Republic, at the request of the owner of the trademark, the customs must prohibit the free circulation of goods of a commercial nature if the designation applied to them violates the right of the owner of the trademark.

#### *4.1.3. Exclusive trademark right in Italy*

In Italy, the trademark owner has the right to prohibit the use, by third parties without their consent, of:

- designations that are identical to the trademark;
- signs that are identical or confusingly similar to a trademark for similar goods and services, provided that the identity or similarity of the designation and the identity or similarity of the goods or services may create a risk of misleading the consumer, this risk of misleading also includes risks of association between two designations;
- designations that are identical or confusingly similar to a trademark for dissimilar goods or services, provided that the registered trademark is public in the state and the use of the designation without substantial justification for this will give it an unfair advantage over the distinctiveness or notoriety of the

#### *4.1.4. Trademark use by third parties*

At the same time, most of the trademark laws in European countries provide for cases where the owner of a registered trademark is not entitled to prohibit third parties from using the trademark. So in Spain, the owner of a trademark cannot prohibit such use by third parties in the event that it is necessary to indicate the purpose of a product or service for accessories or spare parts. It also states that all of this must be done for honest purposes in an industrial or commercial environment. In Austria, trademark law has enshrined the provisions that a registered trademark does not entitle its holder to prohibit third parties from commercializing from personal names or addresses. Designations regarding the quality, type, quantity, purpose, value of geographical origin or time of production of goods, or provision of services, or other characteristics of goods or services. It should be noted that the Austrian Trademark Law does not define the commercial use of a trademark. Such a definition is present in the legislation of Bulgaria, where the commercial use of a trademark means the placement of a trademark on goods or their packaging. Offers of goods with a trademark for the sale, sale or storage or provision of services under such a trademark, import or export of goods with a trademark, use of the trademark in business documents and in advertising.

## **4.2. Use of the trademark in Russia in the era of digital transformation**

In Russia, a trademark in accordance with Art. 1477 of the Civil Code of the Russian Federation serves to individualize the goods of legal entities or individual entrepreneurs by recognizing the exclusive right to it certified by a certificate. The exclusive right to a trademark is valid subject to its registration by the federal executive body for intellectual property and other bodies in accordance with international treaties of the Russian Federation. In accordance with the provisions of Art. 1482 of the Civil Code of the Russian Federation, designations that do not have distinctiveness or consist only of such elements as individual letters, numbers that do not have a characteristic graphic design cannot be registered as a trademark. Article 1483 of the Civil Code of the Russian Federation indicates other grounds for refusing registration. Legal protection of a trademark or service mark is carried out only after its state registration. It is produced by the federal executive body for intellectual property in the State Register of Trademarks and Service Marks of the Russian Federation. The result of the state registration of the mark is a certificate that certifies the exclusive right of the copyright holder to the trademark only in relation to the goods specified in it (Article 1477 of the Civil Code of the Russian Federation). Moreover, the owner of the exclusive right can be a legal entity or an entrepreneur without forming a legal entity. A trademark can be registered as a collective one, intended to designate goods produced or sold by persons belonging to this association and having uniform characteristics of their quality or other common characteristics (clause 1 of article 1510 of the Civil Code of the Russian Federation). It can be used by each person included in the association.

One of the first trademarks has a history of over 140 years. This sign was the name of IVORY soap, owned by the American company "Procter and Gamble". It was created in 1880 using a new technology, which ensures a constant high quality of soap, in contrast to the previous one, which was produced either at home or was purchased by weight and was of low quality. Having created a new technology for the production of soap, the company registered its name as a trademark that has come down to our time and means not only the name of a specific product, but also the high quality of all the manufacturer's products. In Russia, a trademark and service mark belongs to the category of an organization's intangible assets. A trademark and a service mark are designations that make it possible to distinguish, respectively, homogeneous goods and services of different legal entities or individuals (Barkhatov A., 2017). Legal protection of a trademark and a service mark is carried out on the basis of a certificate from the Patent Office certifying the priority of the trademark, the exclusive right of the owner to the trademark in relation to the goods specified in the certificate. The certificate is issued for a period of 10 years and can be renewed each time for the same period. Accounting for intangible assets is carried out in accordance with PBU 14/2007 "Accounting for intangible assets". Trademarks refer to identifiable intangible assets, i.e. executed by the relevant documents of title (Dyatlova O, 2011), (Dmitrieva I., Dyatlova O. 2017). Under US GAAP, trademark rights are also treated as intangible assets as protected by law. These are the registered names of products or services. Since its inception, the European Union has attached particular importance to the protection of intellectual property, emphasizing the need to harmonize the regulation of trademark protection. It was decided to create a unified European system for the registration of trademarks, under which the registration of such a trademark would be valid in all EU countries. The movement of such objects and their depreciation are recorded on the synthetic accounts "Capitalized intangible assets, trade marks", "Depreciation deductions", "Accrued expenses for amortization of intangible assets, trade marks". (Dyatlova O, 2019). The ability to develop and implement the latest technologies is considered by the international community as the main criterion for including states among the leaders of world scientific and technological development. The newest outlines of the economy appeared in the last century, and today states are adopting programs for the development of the digital sphere. So on July 28, 2017 the Government of the Russian Federation approved the program: "Digital Economy of the Russian Federation". In this document, the digital economy is understood as an ecosystem in which digital data is a key factor of production in all spheres of social and economic activity, effective interaction is ensured, including cross-border, between business, the scientific and educational community, the state and citizens. The value of objects in the digital sphere is determined by demand - the number of users using a given product. According to experts, by 2025, 80% of the world's inhabitants will have a digital presence on the Internet. According to the data of the Government of the Russian Federation, in 2016 the share of residents using broadband Internet access was 18.77%. In the era of digitalization, a trademark as a means of individualization becomes an important tool that allows a market participant to reach a situation where a potential purchaser of his products will be able to single out the first one among other manufacturers of similar products (individualize). The symbol, which is the result of the intellectual activity of the copyright holder, is also considered as an "innovative idea", which often makes up a large part of the value of a product on the market. At the same time, the mechanism and goals of such individualization, as well as the understanding of a trademark, are largely determined by the content of market relations and their dynamics, since a trademark in itself, in isolation from the market, is not of particular value for the copyright holder.

## 5. CONCLUSION

The main directions of the formation and use of a trademark in the information and digital economy should be, first of all, improving the forms of organizing business processes and information and digital technologies. As a result, the spread of digital technologies was able to change not only economic processes, but also the very way of life of society. Today it is becoming more and more informational. The development of the information society is closely related to the construction of a digital economy and general robotization. The main requirements for society and characterizing it are changing the nature of work and employment, as well as increasing general requirements for the level of education and professional qualifications. The generalization of the best domestic and foreign experience of effective organization and use of a trademark showed that the analysis is carried out using various indicators, on the basis of which a conclusion is made about the state of the main intangible assets. Trademarks refer to identifiable intangible assets, i.e. executed by the relevant documents of title. In the period of digitalization, the very nature of labor and labor relations is changing (Shpilina T., Dyatlova O., 2015). Increasingly, business processes go online, and this applies to all spheres of society. Summarizing the above, there are three main directions of the trademark in the era of digital transformation. Firstly, a qualitative change in conventional designations, the development and increase in the number of intellectual images of goods that have an independent value as a result of an increase in the value of a trademark in the total price of a product. Secondly, the removal of legislative barriers that prevent the use of information technology to ensure the distinctiveness of the designations of goods and, at the same time, the tightening of legal liability for unfair competition. Thirdly, the active use of digital technologies, primarily Blockchain technology, to simplify and shorten the time frame for registering trademarks. In this regard, it is necessary to actively use the experience of the BRICS countries (Brazil and China), which have reduced the time for registration of certain results of intellectual activity through the use of Blockchain technology to ten days. The issue of the exclusive right to a trademark in the countries of the European Union is of great importance to us in connection with the constant development of economic relations between the Russian Federation and the European Union.

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## **ASSESSMENT OF THE PHYTOPATHOLOGICAL STATE OF WOODY PLANTS OF URBAN ECOSYSTEMS (BY THE EXAMPLE OF FOREST AND PARKLAND ZONES OF BALASHIKHA)**

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### **ABSTRACT**

*This study is devoted to diseases and damage to the dendroflora of urban forests of the urban ecosystem, which is subjected to significant negative anthropogenic impact. The article presents the results of assessing the state of woody plants in typical park areas of the large town of Balashikha (Moscow region). The methodology of this study is based on observation methods, bioindication followed by laboratory studies. Initially, field work was carried out: phytopathological monitoring to identify problem areas of the investigated fluocenoses and the search for plantations with resistance disturbed under the influence of diseases or pests. Then the type and nature of the disease (infectious or non-infectious), the duration of the lesion (if possible) and the conditions that contributed to the development of diseases were determined. At the next stage, laboratory diagnostics of diseases of woody plants and identification of the species composition of pathogens of infectious diseases were carried out. Based on the results of studies of the state of tree species, conclusions were drawn about the most common diseases of woody plants in Balashikha, the state of phytocenoses was predicted and optimal measures were developed to prevent the incidence of dendroflora, preserve, improve the state of plantations and reduce the fire hazard. The novelty of the research is determined by the dynamic changes in phytocenoses of the urbanized environment of cities caused by global climatic changes, as well as by the specificity of the species diversity of dendroflora and anthropogenic impact in a particular settlement. At the same time, Balashikha can be used as a model object of ecological research, the results of which will make it possible to predict the reaction of phytocenoses under a similar anthropogenic impact on them. The materials of the article are of practical value for researchers in the field of urban ecology, dendrology, landscape designers, students of the direction of ecology and nature management, scientists in the field of studying the influence of urbanization on the state of phytocenoses.*

**Keywords:** *plant diseases, dendroflora, urboeco systems, phytopathology, phytocenoses of urban ecosystems*

### **1. INTRODUCTION**

Diseases are one of the factors that worsen the characteristics of phytocenoses and shorten the lifespan of tree species. Due to the significant anthropogenic impact, urban vegetation is especially susceptible to various diseases [8]. The reason for this is sealing, compaction and pollution of soils and their transformation into industrial soils [6], atmospheric air pollution, mechanical damage [3], laying of underground utilities that change edaphon, thermal and



moisture regime of the soil and other factors of anthropogenic impact [11], [1]. Therefore, the assessment of the sustainability of green spaces in urban ecosystems in order to prevent the incidence of plant diseases, provided that protective and preventive measures are taken, is of great practical importance. Changes in the life-sustaining activity of plants resulting from a disease and accompanied by characteristic disturbance in the physiological functions of its organs are called a pathological process [17]. Plant diseases impair the characteristics of phytocenoses and shorten the lifespan of tree species. A diseased plant should be considered as a special biological system where the growth of two (or more) organisms, a plant and a pathogen, takes place. The leading role in their relationship belongs to the pathogen, which penetrates into plant tissues, violates the integrity of cells, takes from them nutrients, moves through individual organs and the entire plant, affects the plant cells with the products of its metabolism. Affected green spaces lose stability, productivity, recreational attractiveness and cease to fulfill their ecological and economic functions. Therefore, timely prevention of diseases of green spaces and assessment of the prospects for their growth in the context of protective and preventive measures are of great practical importance [17]. The knowledge about the forest as of woody plants entity was created by the famous scientist-woodward G.F. Morozov [9], [10] at the beginning of the 20th century. It had a great influence on the phytocenoses doctrine development. One of the factors that deteriorate the characteristics of phytocenoses and reduce the lifespan of tree species are diseases that remain from the moment of birth to natural dying-off. The causes of diseases reside in the weakening of forest stands and, as a consequence, viral, bacterial (T.J. Burrill and E. Smith [14] and others), mycosis or lesions caused by other parasitic organisms (insects, worms). At the end of the 19th century, mycologists from different countries, including our compatriot M.S. Voronin [17], proved that many plant diseases are induced by parasitizing microscopic fungi. In this regard, unicellular organisms are not the only ones to consider. For example, viability decrease and death of *Quercus robur* L. is often caused by *Armillaria mellea* (Vahl ex. Fr.) Kumm. ; in pine growing stocks, the pathogen *Heterobasidion annosum* is of greatest importance. More than 70% of mushroom species are parasites. Insects, such as *Cameraria ohridella*, often reduce the viability of *Aesculus*. Now *Aesculus* is one of the most damaged tree species in the cities of the western part in Russian Federation [5], [12]. It should be noted, that share of parasitizing species, among insects is more than a half (when considered in terms of nutrition type classification). The change in the forest stands as a result of the impact of diseases and pests is described in the works of many foreign and domestic scientists. However, such factors as biological invasions (carried out as response to climate changes), large-scale traffic flows of people and goods, forming conditions for the unintentional transfer of biological agents, introduction and acclimatization have led to a change in boundaries areas of many living organisms. Shift of the geographic ranges of some pests and plant diseases pathogens towards the northern regions is observed. This phenomenon requires further monitoring of the phytocenoses state [13].

## 2. METHODS

This paper presents the research results obtained during the phytopathological study of woody plants in the area of Balashikha. Its population, (according to Rosstat information) is presented in the report "The number of resident population of the Russian Federation by municipalities as of January 1, 2020", and amounts 507 366 people. Fifteen large enterprises (including a chemical plant, a foundry and mechanical plant, an aircraft repair plant, a woodworking plant, and others) that, to a certain extent, adversely affect the environment, are located in the given area. The city's air environment is polluted by vehicle exhaust gases, as well as by the predominant transfer of air masses from the north-west to the south-east, bringing into the city some of the harmful emissions from the Moscow city. In this regard, the natural environment of Balashikha (Moscow region) and Balashikha district, belongs to the zone of an ecological

emergency situation. The study was conducted from 2015 to 2020 and included three stages. In the first instance, the research structure was developed. At the first stage, a reconnaissance research method was used. It resides in the collection and analysis of information related to the study object, which allowed determination of the places for conducting field observations. To examine and describe the phytopathological state of phytocenoses, 3 test sites were chosen, located in urban forest zones: Ozerny urban forest, Gorensky urban forest and a section of the Losiny Ostrov national park adjacent to the municipal area of Balashikha. At the second stage, field research was carried out - regular observations, verification of theoretical provisions in practice, determination of forest disease pests presence centers, annual comparisons of the results of summer observation. Test plots were determined, in order to perform continuous recount of the trunks for each species (only mature trees were taken into account) and the forest stand formula was applied based on the generally accepted methods [2], [4], [7], [19], [20]. Visual inspection of the tree crown was carried out using binoculars (determination of the approximate age, identification of visible signs of damage - dry needles / foliage, spotting, the presence of insect pests, nesting, etc.). Inspection of the trunk and bark of tree species was carried out for traces of pests (presence of insect entrances, drill meal, animal damage) using a magnifying glass. The activity of the typographer bark beetle was determined by cutting the bark of a tree with a knife. With a slight separation of the bark, as well as the presence of activity traces on the inner side of the bark, conclusions were drawn about the presence of a pest. To identify the main factors leading to the weakening of woody vegetation, the assessment of the tree state was performed based on the characteristic attributes: dryness and spotting of needles / foliage, resin release, traces of the insect pests vital activity, presence of rust, and anthropogenic impact. The degree of damage was identified according to the following scale.

- 0 points - healthy plantings - no signs of damage;
- 1 point - weak - up to 25% of needles and leaves are affected;
- 2 points - average - 25-50% of needles and leaves are affected;
- 3 points - strong - over 50% of needles and leaves are affected.

For convenience and brevity, entries were marked only with points - 0, 1, 2, 3. During the fourth stage (December - March 2020), the results obtained were evaluated using the analytical method and corresponding conclusions were drawn. All the results obtained are presented within the specified stages of work.

### 3. RESULTS

Balashikha is one of the most populated cities in the Moscow region (population is more than 460 thousand) According to the conclusion of specialists from the Russian Design and Survey Institute for the Design of Forestry Enterprises and Environmental Objects ROSGIPROLES, the natural environment of the Balashikha district belongs to the zone of an ecological emergency. In terms of its indicators, it is approaching an ecological disaster zone. The ecosystem of Balashikha is, therefore, a model object for studying the phytopathological state of woody plants in urban ecosystems. The main component of the urban forest phytocenoses of Balashikha is the stand, which includes a number of tree species most typical for the Moscow region. Common gymnosperms are European spruce (*Picea abies* L.), Scots pine (*Pinus sylvestris*). Deciduous trees are represented by drooping birch (*Betula pendula*), pedunculate oak (*Quercus robur*), Norway maple (*Acer platanoides*), small-leaved or heart-shaped linden (*Tilia cordata*), gray alder (*Alnus incana*) and common alder, wasp (*Alnus Populus tremula*). Common horse chestnut (*Aesculus hippocastanum* L.), rough elm (*Ulmus glabra*), and tartar maple (*Acer tataricum*) are found in plantings along the alleys and forest edges [18], [21]. During the first stage in 2015-2017, the state of the problem was studied in theory; the hypothesis, methodology and methodology for organizing the study were

determined. Three sites were selected for the study - Ozerny Urban forest, Gorensky Urban forest and Losiny Ostrov National Park. During the field phase of the study, the state of tree species was determined on three test points (TP). To assess the phytopathological state of urban forests, 300 samples with visible pathologies were collected. A total of 6 sample lines were made: each sample line consisted of 50 branches with leaves and needles. The research results are presented in table 1.

Table 1: Assessment of the damage degree to the forest stand in 2017 - 2019 in Balashikha

№	Name	Standing formula (F)	Average tree age, years	Degree of damage, points		
				2017	2018	2019
1	Lake urban forest	S3	S = 50 - 150	2	2	1
		E3	E = 40 - 90	2	2	2
		D3	D = 30 - 50	1	1	1
		P3	P = 20	3	3	2
		N5	N = 15 - 30	4	3	3
		L3	L = 40 - 50	2	1	1
2	Gorenskiy urban forest	S4	S = 50 - 150	2	2	2
		E2	E = 40 - 90	1	1	1
		D4	D = 30 - 50	1	1	1
		P2	P = 50 - 60	1	1	1
		N7	N = 15 - 30	4	2	5
		L5	L = 40 - 50	3	1	2
3	NP LosinyOstrov	S4	S = 20 - 30	2	2	2
		E2	E = 25	1	1	1
		D4	D = 30	2	2	1
		P2	P = 50 - 70	1	1	1
		N2	N = 30	2	1	1

*S* - Scots pine (*Pinussylvestris*), *E* - European spruce (*Piceaabies L*), *D* - drooping birch (*Betulapendula*), *P* - pedunculate oak (*Quurcusrubur*), *N* - Norway maple (*Acer platanoides*), *L* - small-leaved linden (*Tiliacordata*)

#### 4. DISCUSSION

Among the most common diseases of woody plants in Balashikha is the disease of conifers - shute. This fungal disease affects the needles of some tree species, such as Pinaceae. The studies found common or baby pine shute caused by *Lophodermium seditiosum* and gray pine shute caused by *Hypodermella sulcigena*. Among the representatives of the Fungi or Mycota kingdom, *Heterobasidionannosum*, *MelampsorapinitortquaRostr*, *Scleroderriislagerbergii*, *Phellinusigniarius*, *Ganodyrmaapplanatum*, *Piptoporusbetulinus*, *Fomesfomentarius*, *Fomitopsispinicter*, *Onniatriqueter* were also found. Root fungus (*Heterobasidionannosum*) is a palisade fungi, aphyllorphoroid hymenomycete. This fungus invades many conifers and more rarely some hardwood species, including from the genera *Betula*, *Alnus*, *Populus*. Also, as a result of a study of the test sites of Balashikha, two types of pathogenic microorganisms were founded. The microorganisms cause an infectious lesion of shoots. *MelampsorapinitortquaRostr* is a pathogen that leads to the curvature of pine shoots. It is quite common in forests. The main harm of the disease is the deformation of the shoots of the current growth year. The infestation of the central shoot causes a curvature of the forming tree trunk. *Scleroderriislagerbergii* is the pathogen of scleroderriosis or shoot cancer. The degree of conifers infestation by shoot cancer (scleroderriosis) did not exceed 5%. *Phellinusigniarius*, *Ganodyrmaapplanatum*, *Piptoporusbetulinus*, *Fomesfomentarius*, *Fomitopsispinicola*, *Fomitopsispinicola*, *Onniatriqueter* belong to basidial cellulose-destroying fungi. They were found both on dry, dead wood, stumps, and on living trees, which are usually in a bad state.

The mycelium of fungi of these species growing on living plants is hidden deep in the body of the tree. The species identification was carried out by analyzing of the fruit bodies. Affected by these types of fungi the wood easily crumbled and changed color. The color of wood was from reddish to brownish brown. These fungi can be saprotrophs or facultative parasites. They weaken plants and accelerate the destruction of the trunk. They are capable of producing hydrolases (for example, cellulases) or oxidases (tyrosinases, laccases, peroxidases) - enzymes by which polymers are hydrolyzed to monomers, and insoluble substances are transformed into a convenient dissolved form that is consumed by fungi. On the territory of the Gorensky urban forest, an isolated case of Dutch elm disease or elm graphosis was found. Disease is caused by the ascomycete fungus of the genus *Ophiostoma* - *Ophiostomaulmi*. Also, such pathologies as plant gall on leaves were founded. Their pathogens can be viruses, bacteria, fungi. But more often the lesions are caused by arthropods (ticks, aphids, gall midges, nutcrackers) or root gall-forming nematodes, weevils. Plant gall weakens the plant and can lead to its death. The most common gall lesions of the small-leaved linden caused by the linden gall mite, *Eriophyes tiliae* Nal. Leaf spot was found on Norway maple. This type of disease includes various causes of spots, both infectious and non-infectious. The identified maple black spot was caused by the marsupial fungus *Rhytisma acerinum* (Pers.) Fr. In the forests of Balashikha there are top drying, single dead wood and mechanical damage, causing a strong curvature of the trunks, multi-stemmed trees, frost cracks, burls. In Balashikha among the invaders of woody plants the greatest harm to coniferous species was made by the bark beetle-typographer *Ips Typographus* L. It has affected weakened stands and got them to the state of dead wood. A very significant outbreak of the bark beetle-typographer in Balashikha occurred after the dry season in 2010. However, the pest control began only in 2012. At that time, more than 117 thousand hectares of forest were already affected. Studies of the wintering stock of the typographer bark beetle confirm that in 2017 the forestry of the Moscow region managed to return the number of the typographer bark beetle to its natural values and stop the mass reproduction of this species. However, it is still significantly represented in the Balashikha forests. In addition, the following invaders of deciduous woody plants were found: birch sapwood borer *Scolytusratzeburgi* Jansen, oak flea beetle *Halticaquercetorum*, and narrow-bodied golden-green *Agilusviridis*. Among the representatives of Hymenoptera, a large birch sawfly *Cimbexfemoratus* was found. The identification of pathogens was carried out using methods generally accepted in mycology and phytopathology. At the third stage, the materials were systematized, the results were summed up, the conclusions were formulated on the work done, and the research results were formalized.

## 5. CONCLUSION

The studies allowed us to conclude that, based on the state of the dendroflora of urban forest zones located in the city and adjacent to it, the ecological state of Balashikha is generally unfavorable. There are a large number of industrial zones in the district, there is a dense motor transport network. The study of forest phytocenoses on test sites shows that afforestation is characterized by a weakened state. The phytosanitary state of forest plantations in Balashikha is strongly influenced by biotic and abiotic factors. The Balashikha forests have long been in need of landscape and sanitary measures to clean up dead wood, litter, maintenance of stands, reconstruction of the composition, renewal of undergrowth and undergrowth. On the basis of the data obtained, it is recommended to carry out a full range of works to restore the forest fund. In some places of the city, such events are held, although most often in insufficient volume.

To maintain plantings in a favorable condition, it is necessary:

- carry out regular cleaning of forests from solid municipal waste. Investigation of the state of the soil surface revealed a large amount of household waste (cigarette butts, plastic bags, glass and plastic bottles, plastic boxes, cups, empty cigarette packs, aluminum cans, paper

waste) both on the soil surface and in a semi-submerged state, indicating that the garbage has lain on the ground for at least a year;

- to install routes bins for separate waste collection with hinged lids on pedestrian streets, so that the population can throw waste without littering the territory, and animals have no opportunity to take away garbage, trying to find food in open bins;
- to clear forests from dry and damaged trees in order to prevent the expansion of invaders and diseases and reduce the fire hazard. The main measures for the protection, preservation and improvement of the state of plantings are sanitary measures for cutting down old and fresh dead wood, drying out and heavily weakened trees, with the simultaneous removal of litter (dead wood, windbreaks, snow breaks, felling residues and restoration of forest stands).
- to carry out prolonged monitoring of forest stands, to improve the forests protection from fires during a fire hazardous period;
- to conduct regular forest pathological monitoring for the presence and spread of diseases and insect pests and take timely measures to eliminate foci of damage;
- to allocate zones where visiting will be limited during certain time intervals in urban forests (for example, during nesting of birds or during primroses flowering). This will reduce the disturbance factor for animals and will preserve the species diversity of plants;
- to structure the road and path network and in areas of intensive recreational impact, to lay decks raised above the ground. This will significantly reduce trampling and compaction of the soil layer.
- to impose severe penalties for violation of the rules of stay in forested areas of cities.

It is necessary to continue studies of the species composition of dendroflora, herbaceous plants growing in the park and to determine the species that are advisable to plant to create urban forest ecosystems that have a rich species composition and are able to withstand intense anthropogenic impact.

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## PROTECTION OF THE CITIZENS' RIGHT TO SOCIAL SECURITY: THEORY AND PRACTICE

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### **ABSTRACT**

*In accordance with the Constitution, the policy of the Russian state must ensure free development and decent living standards for every citizen. On January 15, 2020, addressing the Federal Assembly of the Russian Federation, the President of the Russian Federation suggested specific measures to increase the level of social security for Russian citizens, measures of social support for Russian families with children. Based on this, the establishment of social support measures must be enhanced by efficient measures to protect the citizens' rights to social security.*

**Keywords:** *citizens' rights, social security, protection of the citizens' right to social security, prosecution agencies, state labor inspectorate, judicial conciliators*

### **1. INTRODUCTION**

#### **1.1. Introduction of the Problem**

According to the Universal Declaration of Human Rights, everyone is entitled to all the rights and freedoms set forth in the Declaration, without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Everyone has the right to work, to free choice of employment, to just and favorable conditions of work and to protection against unemployment (Universal Declaration of Human Rights adopted by the UN General Assembly on December 10, 1948). Article 7 of the Constitution of the Russian Federation establishes the provision that the Russian Federation is a social state, which implies a statutory obligation to create conditions that would ensure decent living standards and free development of a person. This postulate largely affects the interests of certain segments of the population, primarily pensioners, the unemployed, persons with disabilities, and low-income citizens. Today, there is no unambiguous concept of a social state. For the purposes of this article, it seems sufficient to proceed from the fact that this is a state in which all spheres of public life are based on moral universal principles of social justice, equality and social solidarity; both the basic economic and social rights and freedoms of a person, and the social obligations of the state to society and people are not only constitutionally enshrined and guaranteed, but also realistically ensured and observed (Ivanenko, 2003). The ideology and policy of the social state proceed from the interests of society, not state power (Fainberg, 2008). One of the aspects of the domestic policy of the Russian Federation is the social security of citizens in the event of certain social risks. The social policy of the state is usually understood as a system of specific governmental measures and actions aimed at the support of the population. Through social policy, the state provides a minimum level of social guarantees, creating favorable conditions for the life of people. Social policy can be considered both in the narrow and in the broad sense of the word. Often, social policy is understood only as state support for socially unprotected groups of the population, or it is reduced to social protection and social security of the population. We believe that such approach leads to a narrowing of the content of social policy, allowing the Russian state to evade fulfilling the constitutional duty of

the social state, i.e. to create conditions that ensure decent living standards and free development of a person (Skachkova, 2017). A broader view of social policy suggests considering it as a system of targeted government measures and actions to regulate relations between various social groups of the population in order to increase social welfare, to improve the quality and standards of living, to use rationally labor potential and, based thereon, to increase the efficiency of the country's economy. (Tarent, 2014). As part of this activity, the Russian Federation ratified the Social Security (Minimum Standards) Convention. Social security standards are enshrined in the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), which is rightly considered a characteristic of any civilized state. Speaking in the second decade of the 21<sup>st</sup> century about the impracticability of the standards adopted in the middle of the previous century is strange, to say the least. Ratification of the said Convention, as well as three other basic ILO conventions in the field of social security — Equality of Treatment (Social Security) Convention, 1962 (No. 118), Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128), and Maintenance of Social Security Rights Convention, 1982 (No. 157) — will give even more reason to say that our country follows guidelines for the development of the social security system adopted throughout the world (Voronin, 2015). The example of many European countries recognized as social states in accordance with their constitutions shows that these countries develop their own socio-economic policy, one of the most important elements of which is state social standards, i.e. social norms and standards that ensure the implementation of guaranteed social rights of citizens and serve at the same time as guidelines in the implementation of such a policy. Currently, Russia has a number of state social standards in the field of labor relations. As such, we can give an example of the standards established by the Labor Code of the Russian Federation in the field of labor remuneration (the minimum wage — Articles 133 and 133.1), rest time (the duration of the main annual paid leave — Article 115), etc. Addressing the Federal Assembly of the Russian Federation on January 15, 2020, the President of the Russian Federation proposed "to solve social problems without delay" in order to ensure the achievement of decent standards of living of citizens, to solve the problems of demography in the country, and noted that it is the low income of families (mainly with children ) that poses a direct threat to the country's demographic future (Gusev, 2020). The main measures of social support today are the pension system, the system of benefits, allowances, and compensation payments. The head of state proposed specific measures of social support for Russian families with children: firstly, to increase monthly payments from January 2020 until the child reaches the age of three, to introduce monthly payments for children from three to seven years old for families whose income does not exceed subsistence level per person. Secondly, the most important novelty of such a measure of state support for families is maternity capital: the program will be extended until December 31, 2026. From 2020, even when the first child is born, the family will receive the right to maternity capital, and the amount of social benefits for the second child will increase. The amount of such capital will be adjusted annually (Latukhina, 2020).

## **1.2. Importance of the Problem**

Certain issues of the essence of the social state are considered in the articles by Volkova (2016), Kochetkov (2016), Machulskaya (2019), Kurova (2017), Azarova (2018), Latukhina (2020), Gusev (2020) and others.

## **2. METHOD**

During the research, the authors followed general scientific and special law-related methods of cognition; the most actively used were such general scientific methods as analysis and synthesis, generalization and analogy, as well as special methods of cognition: formal legal method and the method of legal analysis.



The combination of these approaches made it possible to analyze comprehensively and fully the studied phenomenon: identify problematic issues in the field of social security, analyze national legislation and international legal acts within the framework of the studied issue, as well as history of litigations and scientific literature.

### **3. RESULTS**

In accordance with the Constitution of the Russian Federation, the state guarantees the equality of human and civil rights and freedoms, regardless of gender, race, nationality, language, origin, property and official status, place of residence, attitude to religion, beliefs, participation in public associations, and other circumstances. The basic law proclaims the principle of state-guaranteed judicial protection of the rights and freedoms of citizens, consistent with the provision enshrined in Art. 8 of the Universal Declaration of Human Rights, according to which everyone has the right to an effective remedy by the competent national tribunals for acts violating the fundamental rights granted him by the constitution or by law. In the situation when the legislation on social security contains many contradictions and is quite difficult to understand, and the sphere of the executive authorities' rule-making activity has narrowed drastically, it is the judicial authorities that become critically important, since in their activities they are not connected with the problems of economic insecurity and the groundlessness of decisions taken by the legislative and the executive branches. It is the court resolving disputes and restoring the rights of citizens to social security that has to fill the gaps in the legislation on social security and thereby form a uniform law enforcement practice (Erofeeva, 2018). An analysis of modern Russian legislation shows that protection of the rights of citizens in various branches of Russian law is carried out, as a rule, by specially authorized bodies: guardianship and trusteeship bodies protecting family rights and the rights of children; housing legislation determines the bodies exercising state housing supervision, municipal housing control, and public housing control; the Labor Code of the Russian Federation establishes that the federal labor inspectorate is to carry out federal state supervision over compliance with labor laws and other regulatory legal acts containing labor law norms. The current legislation does not provide for a special authorized body for the protection of social security rights. Currently, the judicial authorities provide effective protection of the citizen's right to social security. At the same time, judicial protection is a universal way to resolve most of the disagreements arising in the field of civil, labor, housing and other relations, which explains the high workload on the judicial system, as well as the long time required to consider applications of citizens who applied for the protection of their rights (Gusev, 2019). It should be noted that in the modern world a system of out-of-court dispute settlement is actively developing. The main method used in addition to the possibility of contacting a judicial conciliator is mediation. Legal regulation of mediation in the Russian Federation is carried out pursuant to the Federal Law No. 193-FZ "On an Alternative Procedure for Resolving Disputes with the Participation of an Intermediary (Mediation Procedure)" dated July 27, 2010. In the field of labor law, mediation is an alternative procedure for the settlement of individual labor disputes with the participation of an independent person as an intermediary based on the voluntary consent of the parties in order to achieve a mutually acceptable solution. Achieving a compromise, ensuring the comfortable atmosphere of the collective work, trusting relationships with colleagues, on the one hand, and with employers on the other, social partnership in the broadest sense of the word, maintaining labor discipline by positive methods — all this can be achieved only with a peaceful settlement of disagreements. Such peculiarities of labor conflicts as emotionality, personal attitude, the inability to express negative feelings due to relations of subordination do not allow the parties to constructively conduct a dialogue, communicate, and find a way out of a crisis. Although very rarely, the parties turn to the mediation procedure in labor disputes; courts approve mediation agreements for such disputes.

Basically, these are disputes about reinstatement at work, remuneration, compensation for damage caused during the performance of labor duties, including the employers' claims (Leskina, 2019). By virtue of the law, the prosecution office is currently endowed with extensive powers in the field of the citizens' rights protection. The Public Prosecution Office of the Russian Federation is a single federal centralized system of bodies exercising, on behalf of the Russian Federation, supervision over the implementation of laws in force in the country. Prosecutors both themselves take measures of the prosecutor's response (statutory notice, warning, decision to initiate an administrative offense case, forwarding in accordance with Article 37 of the Code of Criminal Procedure of the Russian Federation a decision to the head of the investigative body to carry out criminal prosecution) and actively apply to courts in defense of citizens' rights ensuring such protection at a high professional level. Now, the Russian Federation Procurator General's Office is perceived in the country as a key department for the protection of citizens' rights. As the Prosecutor General of the Russian Federation has stated more than once, it is the protection of the citizens' rights that remains one of the main tasks of the public prosecution office (I. Egorov, N. Kozlova, 2020).

#### **4. DISCUSSION**

Social protection guarantees, including social security, apply to all citizens of Russia, and problems in the field of social security attract special attention and are discussed vividly in society. Particular attention should be paid here to the imperfections of the current pension legislation, low level of social benefits, especially for children, and toughening of the conditions for their provision; inconsistent development of legislation on social protection of disabled people and other subjects of social security law. The length of the insurance period required for the appointment of an old-age pension has been increased from 5 to 15 years. An additional condition to be entitled to this pension has been introduced – the individual pension coefficient should be at least 30 points. The mechanisms for pensions adjustment and their recalculation for working pensioners have been changed. As the authors note, the constant transformations of the pension system have led to the fact that the population does not know the requirements of the legislation, does not believe in its efficiency, and deliberately avoids insurance payments; hence, informal employment increases (Voronin, Safonov, 2015). Benefits for temporary incapacity to work, for pregnancy and childbirth, for childcare if a child is under the age of eighteen months are now calculated not from the income actually lost by the insured person, but from the earnings received during the two calendar years preceding the year of the insured event, which seriously reduces their size. When the compensation payment to employees on leave to care for a child under three years of age was introduced (1994), its size was 50% of the minimum wage, whereas now it is only 50 rubles. For the development of sectoral legislation, a theoretical and legal understanding of the social nature of the state is of fundamental importance. Article 7 of the Constitution of the Russian Federation is known to refer the recognition of Russia as a social state to the foundations of the constitutional system. This obliges the public authorities to properly implement state support for family, motherhood, fatherhood and childhood, establish state pensions, benefits and other guarantees of social protection based on the standards and humanitarian values generally accepted in the law-abiding social state (Gabov, 2015). The social nature of the state is manifested in the establishment of certain guarantees, which, in turn, determine the goals and objectives of state policy. In the most general form, such goals and objectives can be formulated as follows: maintain the minimum level of material prosperity necessary to meet the vital needs of a person; mitigate the negative consequences of economic decisions; guarantee the provision of state aid to persons who find themselves in a difficult situation; protect the weak side in legal relations. A clear idea of the constitutional requirements for the social state is provided by the detailed Concept for the formation of legal foundations and mechanisms for the implementation of the

social state in the CIS countries (Machulskaya, 2010). It refers to the social state as a legal democratic state that proclaims a person the highest value and creates conditions for ensuring a decent life, free development and self-realization of the creative (labor) potential of the individual. A decent life of a person according to the Concept is their material security at the level of the standards of a modern developed society, access to cultural values, guaranteed personal security rights, and free development is physical, mental and moral improvement. The main criterion for the social development of society is human well-being. The social side of people's life is a combination of necessary and sufficient conditions for the living of an individual as a biological and social being. These conditions include health, housing, clothing, food, income, the availability of educational opportunities, upbringing and development. The Concept also names the criteria for assessing the degree of social protection in the state. These include, in particular: ensuring standards of a decent life for the majority of citizens; targeted support of the most vulnerable strata and groups of the population, reduction and elimination of poverty; social justice and social solidarity of society; rights and guarantees aimed at the family strengthening (Voronin, 2015). The global community first announced its commitment to extend social security to all members of society back in the 1940s. This universal paradigm was reflected by ILO in the Income Security Recommendation, 1944 (No. 67) and the Medical Care Recommendation, 1944 (No. 69), which paved the way for the recognition of the right to social security as a fundamental right in the Universal Declaration of Human Rights (Article 22), 1948; ILO Social Security (Minimum Standards) Convention, 1952 (No. 102); and the International Covenant on Economic, Social and Cultural Rights (Article 9) , 1966. The principle of public responsibility for the social well-being of people was confirmed by the 1995 World Summit for Social Development, the proclamation of the Millennium Development Goals by the UN in 2000, and the 2005 UN World Summit. According to Art. 39.1 of the Constitution of the Russian Federation, everyone is guaranteed social security at the expense of the State in old age, in case of an illness, disability, loss of the bread-winner, for upbringing of children and in other cases established by law. The Constitutional Court of the Russian Federation notes that although social security may cover various types of assistance and support of citizens, however, according to the essence of constitutional norms, its main idea is material support, providing a person with a livelihood. The security provided to a person by society and the state, in cases where they, due to various circumstances, need support, is designed to guarantee a certain social comfort, restore and maintain the status of a full-fledged member of society. The method by which social protection and social security of citizens are ensured testifies to the qualitative status of the state and society. The essence of the constitutional right to social security is manifested precisely in the obligation of the state to provide the necessary benefits to every person in the cases specified by the Constitution, which is directly and repeatedly stated in the decisions of the Constitutional Court of the Russian Federation. The provision of the Constitution of the Russian Federation (Art. 39) on the guarantee of the right to social security obliges the state to perform the corresponding function in all possible ways, including legal regulation. Since the implementation of social rights depends on the activities of the state, state bodies, and institutions, the legislator should set forth in details and strengthen responsibility for non-fulfillment or improper fulfillment of obligations corresponding to these rights. In this regard, the study of S. Maslov should be noted, during which it was concluded that "the legal responsibility in the social security law is the actual suffering by the offender of property deprivation, provided for by the sanction, as a result of violations of the provisions of social security law, in order to recover the violated right. It is generally recognized that there are no repressive sanctions in social security law, while there are those restoring and restricting rights (Maslov, 2007). Currently, the legislation on social security (both in relation to compulsory social insurance and in relation to state social security) formulates a rule, by virtue of which the amounts of pensions, benefits and other social security payments overpaid as a

result of the dishonesty of citizens are to be repaid to the body, by the decision of which they were provided. This provision ensures unity in the establishment of remedial sanctions, which nevertheless differ from each other in the order of their implementation. The legislation establishes liability for those entities that are directly entrusted with various duties aimed at realizing the rights of citizens in the field of social security. As noted by M. Zakharov and E. Tuchkova, "as for the sanctions applied to another entity — the body providing security — then in this case it is more likely not about sanctions, but about the obligation of this body to restore the violated right of the citizen, if through its fault a citizen was unable to fully exercise their right" (Zakharov, Tuchkova, 2004).

## 5. CONCLUSION

According to the Constitution of the Russian Federation, the provisions that a person, their rights and freedoms are the highest value, and the policy of Russia as a social state is aimed at creating conditions that ensure a decent life and the free development of a person, belong to the foundations of the constitutional system. Every person is guaranteed social protection by age, in case of illness, disability, loss of a breadwinner, for raising children and in other cases established by law. Russian legislation on social protection is marred by inconsistency, disunity, instability, and conflicts of law. This results in lack of uniformity in law enforcement practice and often its inconsistency, which, in turn, entails a stream of complaints from citizens who believe their constitutional right to social security is violated (A.Yu. Gusev, 2019). The main ways of protecting violated rights in the social security system, in addition to the judicial method, is the possibility of contacting the judicial conciliator, the prosecutor's office, the state labor inspectorate, and use the mediator's assistance.

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## **RATING OF POPULARITY AND RELEVANCE OF TYPES OF PHYSICAL ACTIVITIES AT THE POPULATION**

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### **ABSTRACT**

*The research was carried out under the contract No. 0373100110420000008 for the performance of research work on the topic: “Development of modern forms and methods of physical activity for involving the population in systematic physical culture and sports, taking into account the range of permissible physical loads for persons engaged in physical culture and sports, depending on age and gender”, concluded between the Federal state budgetary institution “Federal research center for physical culture and sports” and the Federal state budgetary educational institution of higher education “Russian state social University”. The purpose of the study is to identify the popularity rating and demand rating of types of physical activity among the population living on the territory of the Russian Federation, to determine the reasons that encourage and prevent systematic physical activity. The study was conducted in the summer of 2020 in three stages. At the first – preparatory stage – a questionnaire was developed and a survey was conducted. The questionnaire consisted of a block of General questions about the Respondent's age, gender, place of residence, and type of locality. Two subsequent blocks of the questionnaire were aimed at identifying popular and unpopular types of motor activity in the population, taking into account the gender and age of the respondents. A total of 846 respondents were surveyed. At the second stage, the diagnostic stage, data was collected and grouped. At the final stage, methods of analysis and generalization were used. The resulting classification of physical activity according to the criterion of popularity among different categories of the population, according to which the hierarchy of popular physical activity is walking, running, Cycling, next, fitness, swimming, volleyball, dancing, athletic gymnastics, basketball, yoga, outdoor games and fun, workout, ski training, table tennis, aerobics, ice skating / rollerblading, martial arts, Nordic skiing, hockey. In different age groups and taking into account gender, the significance of types of motor activity varies. At the same time, the most popular types should be considered walking, running and Cycling. The most significant reasons that encourage systematic training in various types of motor activity are: maintaining or improving health, the desire to get in good physical shape, and regulating body weight. The main reasons that prevent systematic physical activity, respondents call: lack of time, their own disorganization, a busy work schedule. The obtained classifications of types of motor activity according to the criterion of popularity and the criterion of their demand among*

*the population can be used in designing training programs with different gender and age groups and involving the population in systematic physical education.*

**Keywords:** *physical activity, popular types of physical activity, popular types of physical activity, systematic physical exercises and sports*

## **1. INTRODUCTION**

Systematic physical activity throughout a person's life is an important component of maintaining and promoting health. It is customary to understand physical activity as such a type of human body activity, in which activation of metabolic processes in skeletal muscles ensures their contraction and movement of the human body or its parts in space [4, 6, 9]. Physical activity is inherent in any person; it is a means of increasing labor productivity, stress resistance. This type of physical activity, such as mass sports, performs several important socially significant functions, including cultivation of socially valuable forms of leisure, compensation for unsatisfactory achievements in other areas of life, deepening of intragroup and intergroup integration, socialization, education of a healthy generation, and ideological function [5, 10, 11]. A kind of physical activity is physical education and sports activity, which leads to the improvement of the biosocial nature of a person using physical culture and sports, is characterized by systematicity, duration of classes, motivation, and interest in the exercises performed [1, 3, 7, 8]. Physical activity in foreign studies is understood as "... any work performed by skeletal muscles, as a result of energy expenditure, added to the state of rest" [13]. The study of physical activity is carried out in two directions - physiological and behavioral. In the physiological sense, these are energy expenditure, rest metabolism, the thermal effect of nutrition, body and muscle growth, and in the behavioral sense, it is considered within the characteristics of understanding behavior [12, 14, 15]. The USA, Great Britain, Germany, China are considered to be the leading sports powers. Much attention is paid to the development of mass sports and the involvement of the population in physical activity [2]. At the same time, these countries use various approaches to the development of mechanisms for involving the population in physical activity and sports, which is determined by the national specifics of the regulation of the sports industry in each country [16-21]. To involve the population in systematic physical exercises and sports, we conducted a study aimed at identifying the hierarchy of different types of physical activity according to the criterion of popularity and the criterion of the demand for types of physical activity among the population living on the territory of the Russian Federation, determining the reasons that encourage and hinder systematic physical activity.

## **2. RESEARCH METHODS AND ORGANIZATION**

The study was conducted from June to September 2020 and was organized in three stages: preparatory, diagnostic, and final. As part of the preparatory stage, a questionnaire was developed and posted in the online environment. The diagnostic stage included the collection of primary data and their processing by mathematical and mathematical-statistical methods, the analysis of the results obtained, and their graphic presentation. The final stage - the final one - involved the generalization of the information received and the formulation of conclusions.

## **3. RESEARCH RESULTS AND DISCUSSION**

### **3.1. General information about the respondents**

A total of 846 respondents were interviewed, of which 307 were men (36.3%) and 539 were women (63.7%). This shift towards the number of women interviewed is explained by their high social activity, interest in this kind of interview, and in taking part in programs to increase their physical activity.

The maximum number of respondents is between the ages of 22-34 - 256 people, slightly less - 248 people aged 18-21, 220 people - 35-59 years old (Figure 1). A total of 724 people were interviewed between the ages of 18 and 59, which is 86.6% of the respondents, and this is the most active part of the population. The remaining 13.4% of respondents are grouped into the following age groups: 74 people aged 16 to 17 years, 22 - from 12 to 15 years old, 14 - under 12 years old, 10 - from 60 to 75 years old, and over 76 years old - 2 people ( Figure 2).

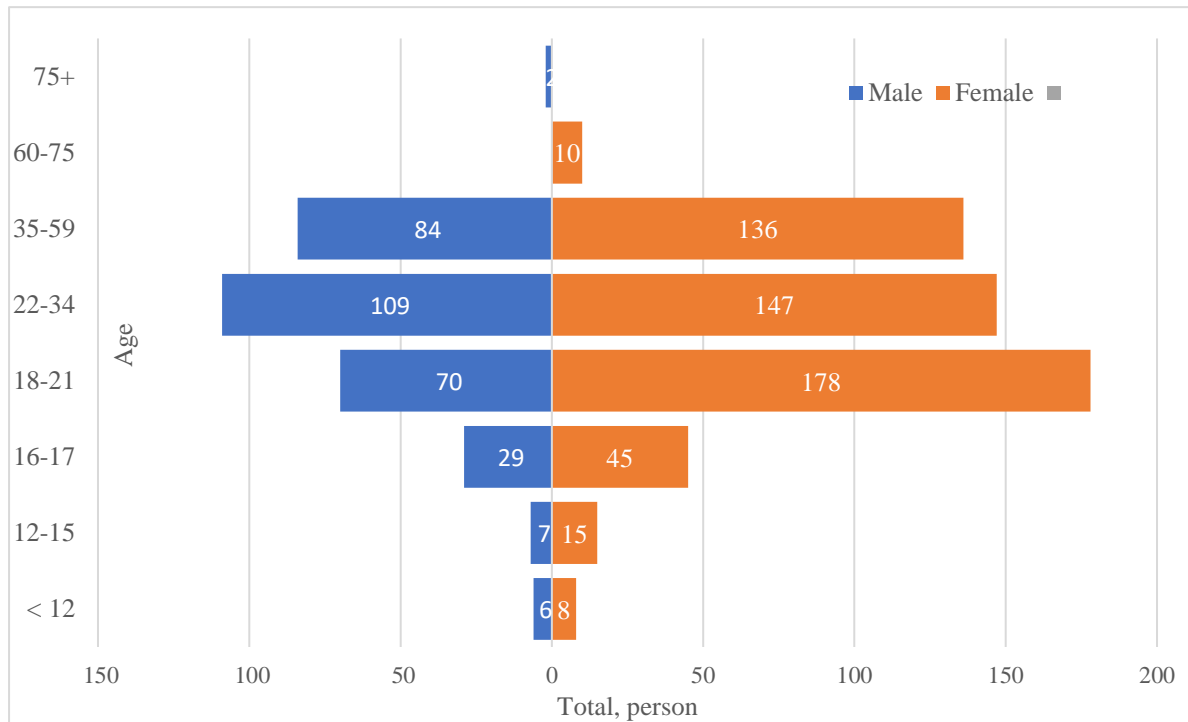


Figure 1: Age and sex structure of respondents, people

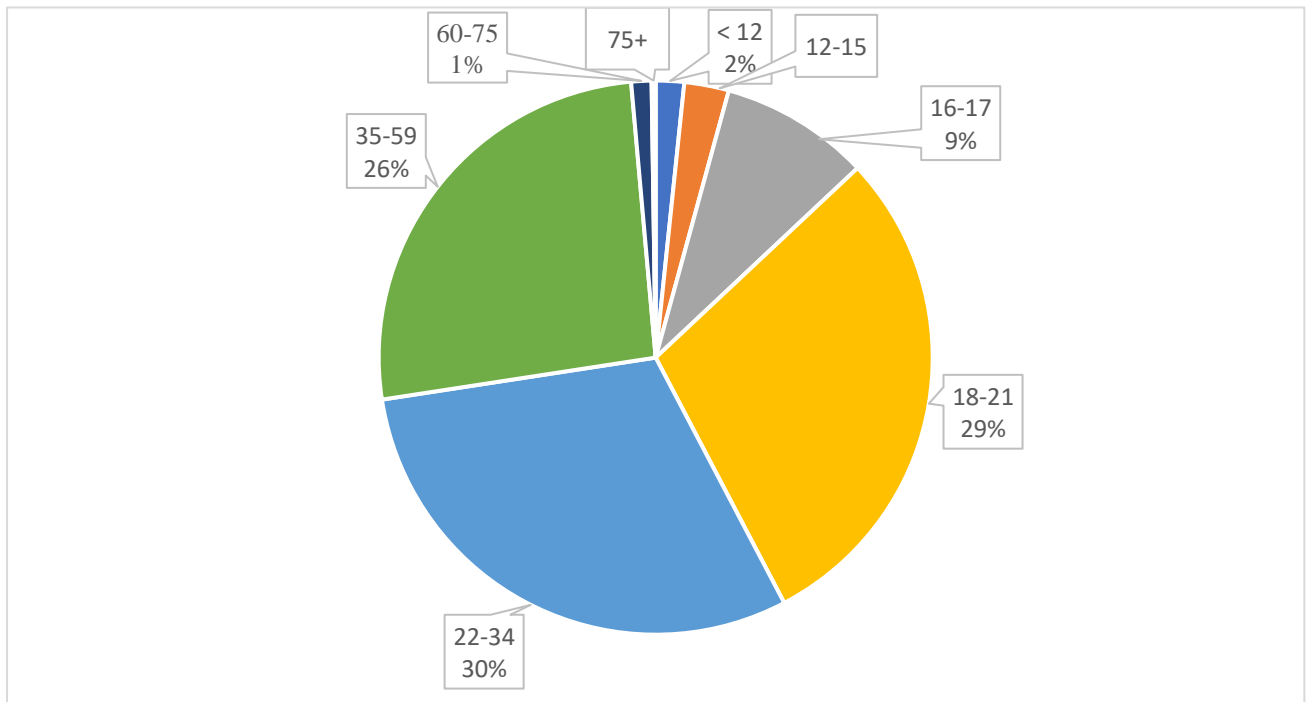


Figure 2: Age structure of respondents, years



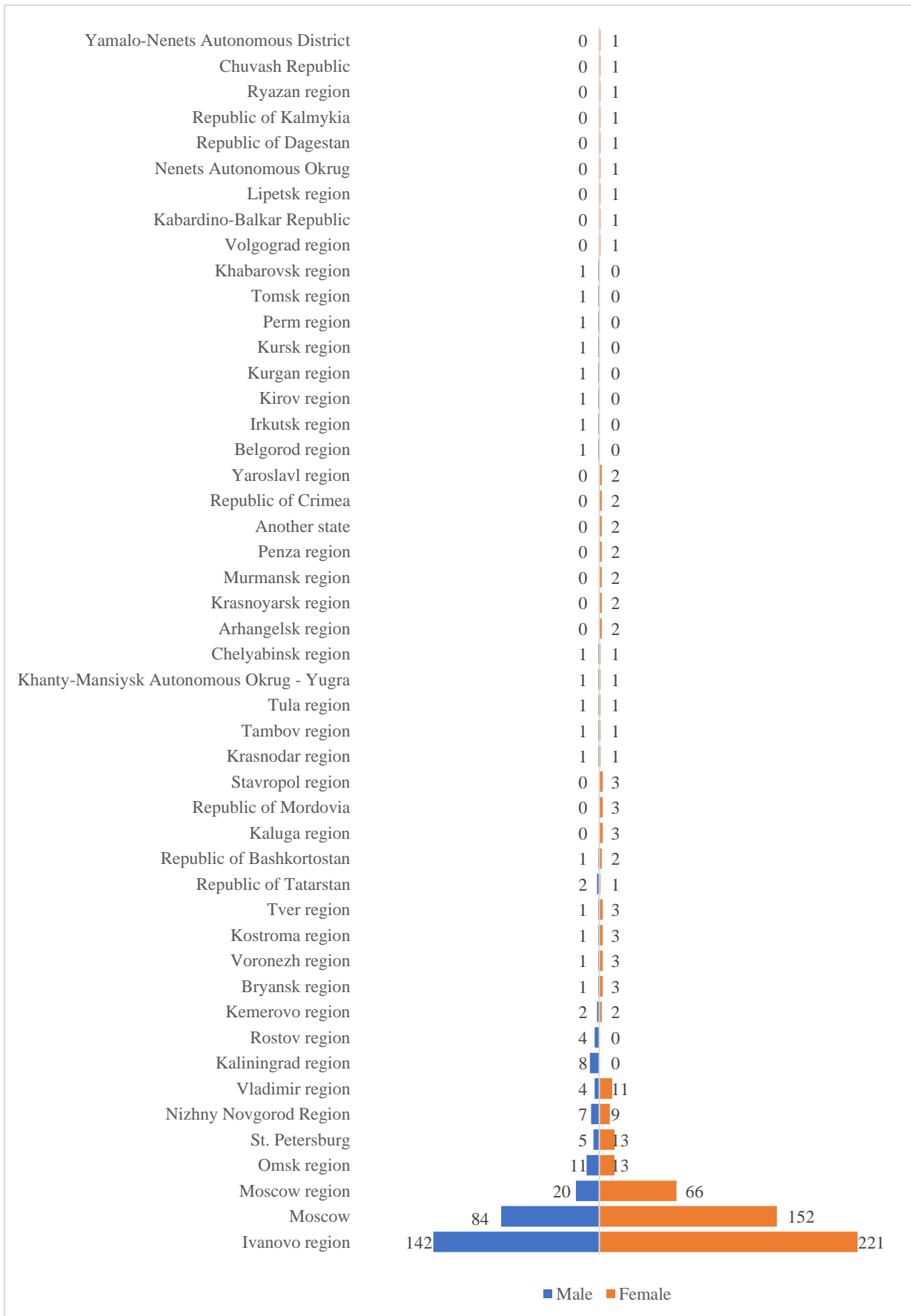


Figure 3: Distribution of the number of respondents by region, taking into account gender, people

The survey participants live in 48 regions, of which two women are representatives of other states (Figure 3). 766 (90.5%) of respondents live in eight regions. These are Ivanovo region (363 people), Moscow (236 people), Moscow region (86 people), Omsk region (24 people), St. Petersburg (18 people), Nizhny Novgorod (16 people), Vladimir region (15 people) and Kaliningrad region (8 people), of which 281 are males and 485 are females or 36.7% and 63.3%, respectively. The remaining forty regions are home to 80 people. Four people each in six regions (Rostov, Kemerovo, Bryansk, Voronezh, Kostroma and Tver regions), three each in five (Republics of Tatarstan, Bashkortostan and Mordovia, Stavropol Territory and Kaluga regions), two people each in 12 (one man and one woman each in Krasnodar Territory, Tambov, Tula and Chelyabinsk Regions, Khanty-Mansi Autonomous District; two women each in seven administrative units, namely in Arkhangelsk, Murmansk, Penza and Yaroslavl Regions, the Republic of Crimea, Krasnoyarsk Territory and in another state). One male person in eight regions (Belgorod, Irkutsk, Kirov, Kurgan, Kursk, and Tomsk regions, Perm and Khabarovsk territories) and one female person in nine (Republics of Kabardino-Balkaria, Dagestan, Kalmykia, and the Chuvash Republic, Yamalo- Nenets and Nenets Autonomous Districts, Volgograd, Lipetsk and Ryazan Regions). Among the survey participants, the urban population is represented by 729 people or 86.2%, 79 people or 9.3% are people living in urban-type settlements, and 38 people (4.5%) are rural population (Figure 4).

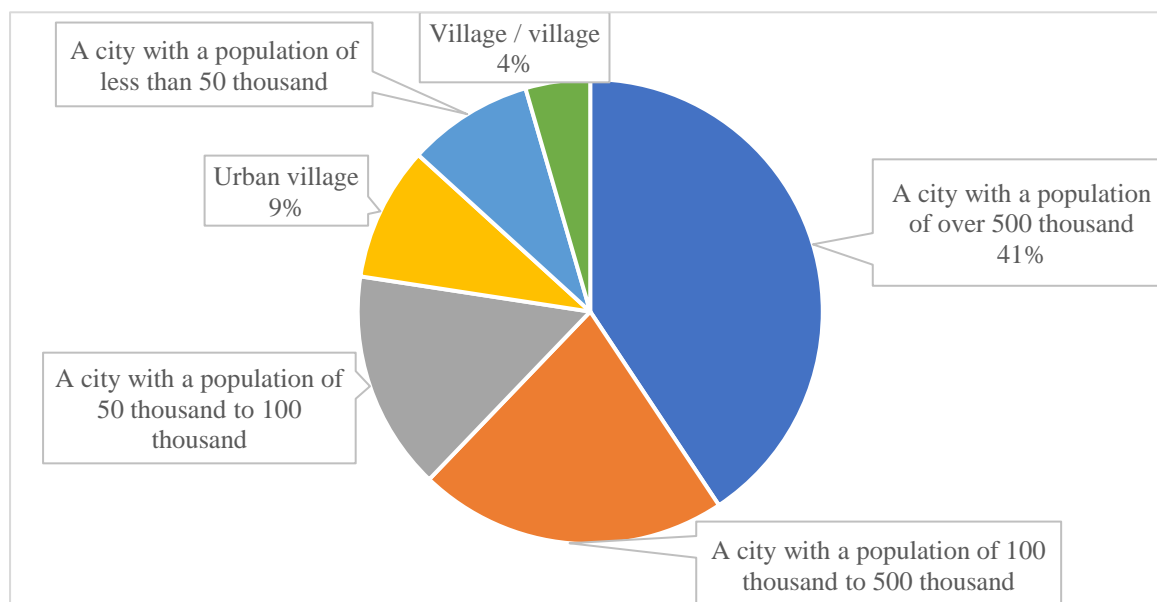


Figure 4: Structure of respondents by the criterion of residence in different types of settlements

### 3.2. Classification of types of physical activity according to the criterion of popularity among various categories of the population

The respondents, indicating several types of motor activity that they consider popular, mentioned 51 types of motor activity, giving a total of 2411 responses. The hierarchy of popularity of types of physical activity is reflected in Figure 5. Generalized data on 20 types of physical activity according to the criterion of popularity is presented in Figure 6, from which it follows that walking is in the first place (21.5% of respondents named this type of physical activity), in the second - running (13.5%), in the third – cycling (12.9%), then fitness (8.6%), swimming (6.2%), volleyball (5.6%), football (4.3%), dancing (4.0%), athletic gymnastics (3.1%), basketball (2.5%), yoga (2.4%), outdoor games and entertainment (2.4%), workout (2.3%), ski training (2.3%), table tennis (2.0%), aerobics (1.8%), ice skating / rollerblading (1.7%), single combats (1.6%), Nordic walking (0.7%) and ice hockey (0.6%).

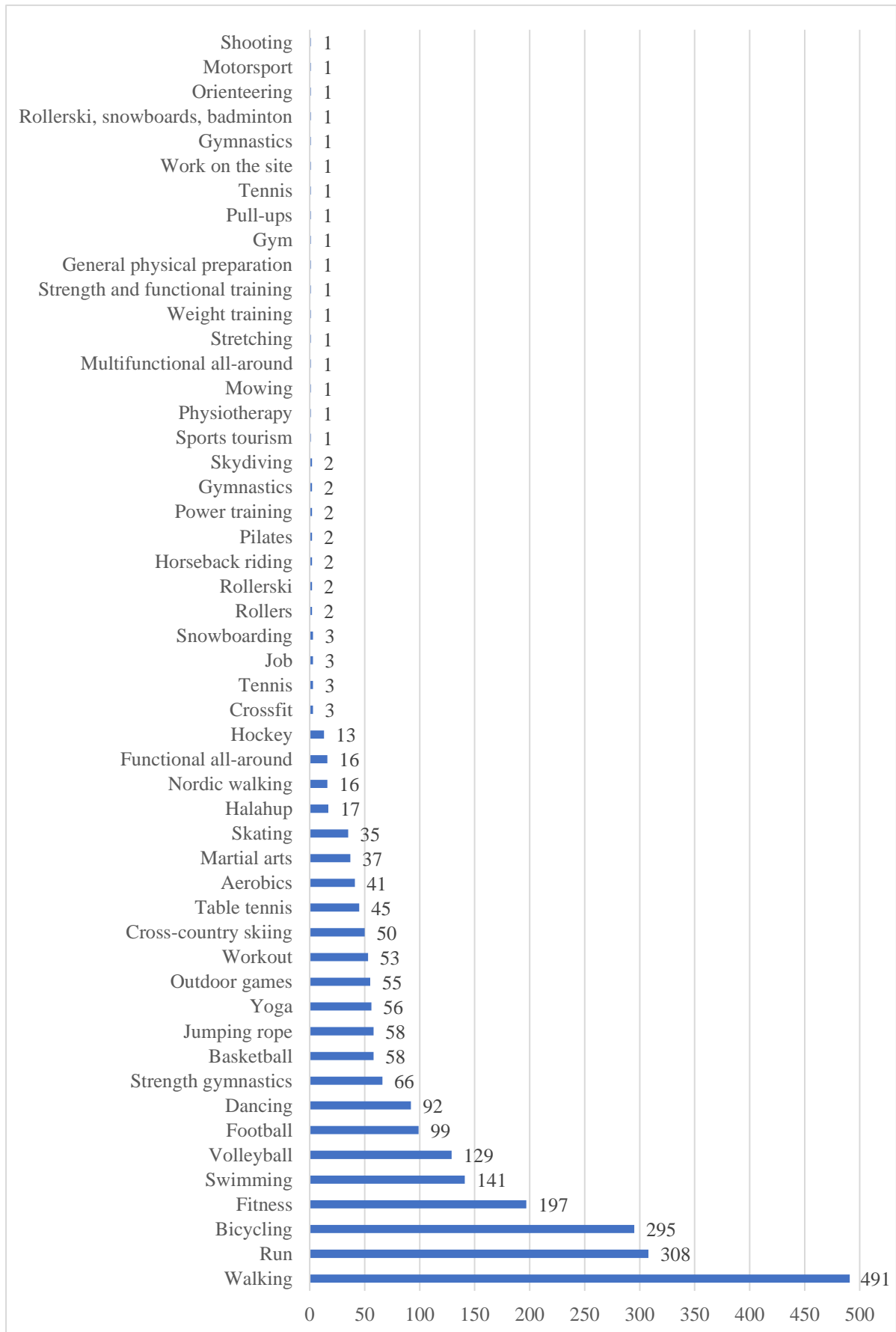


Figure 5: Popularity of types of physical activity, people

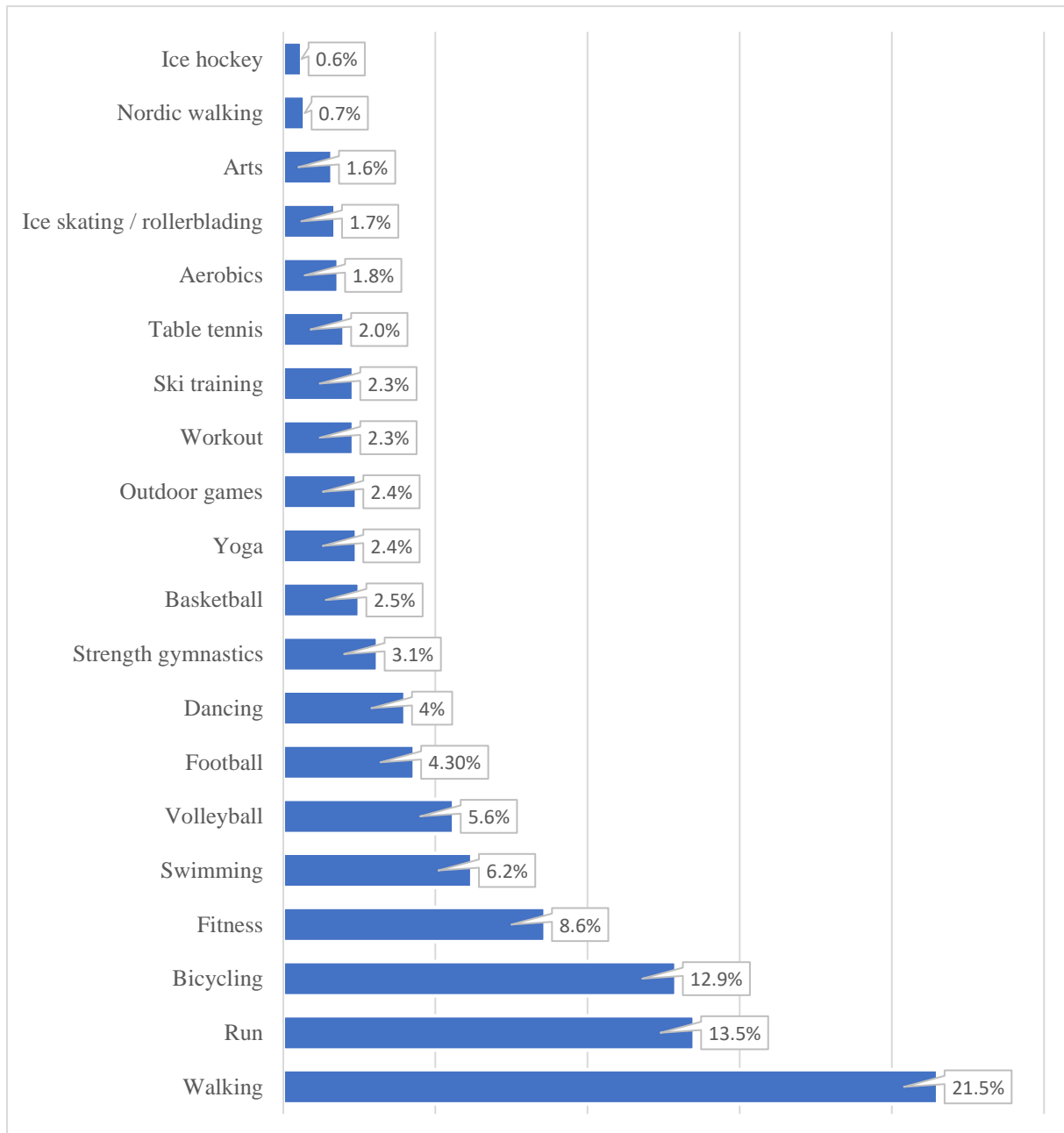


Figure 6: Basic types of physical activity, popular among the population

### 3.3. Classification of types of physical activity according to the criterion of the demand for types of physical activity for systematic training of various categories of the population, taking into account gender and age characteristics

A little more than 20% of the respondents are systematically ready to engage in types of physical activity (Figures 5 and 6), a little more than a quarter of the respondents will systematically engage in depending on their state of health, 9 people or 1.1% said that they are not ready for systematic exercises, 2, 4% of the interviewed found it difficult to give an unambiguous answer (Figure 7). Taking into account gender, the respondents' answers were distributed as follows: 75.6% of men and 68.8% of women are ready for systematic classes; 1.0% of men and 1.1% of women are not ready for such activities; 21.5% of men and 27.5% of women are ready to systematically engage in various types of physical activity for health reasons; 1.9% of men and 2.6% of women found it difficult to answer. The distribution of respondents' answers by gender is shown in Figure 8.

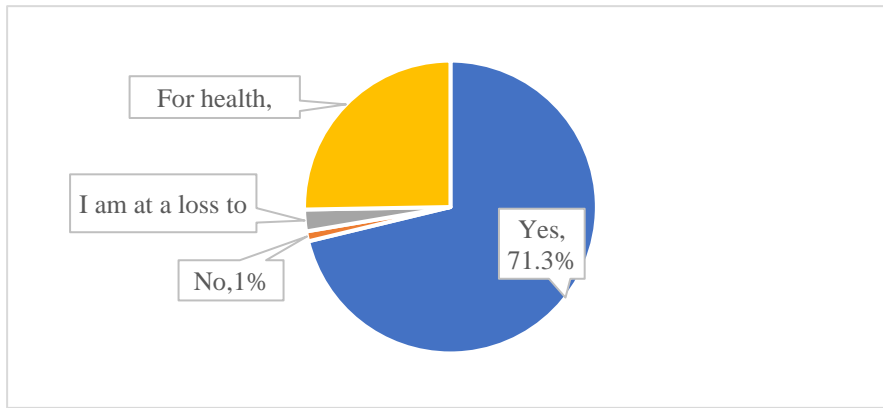


Figure 7: The readiness of respondents to systematic training in various types of physical activity

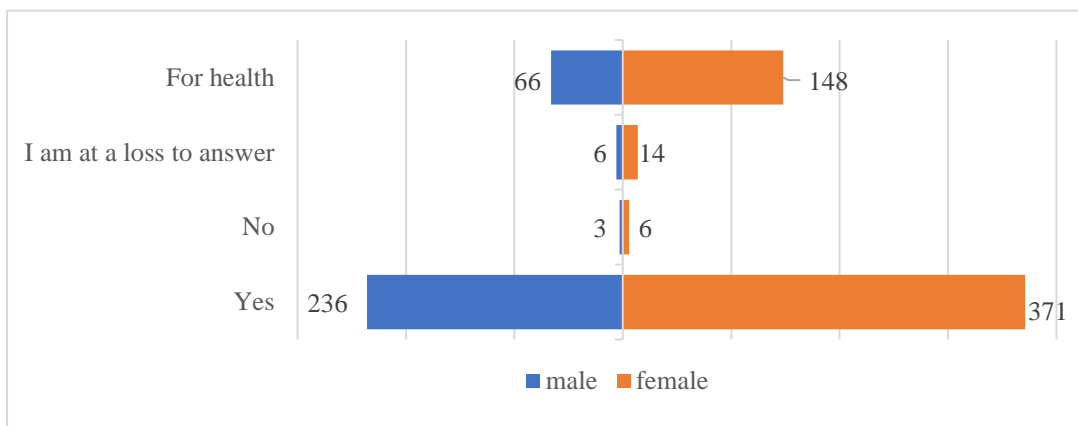
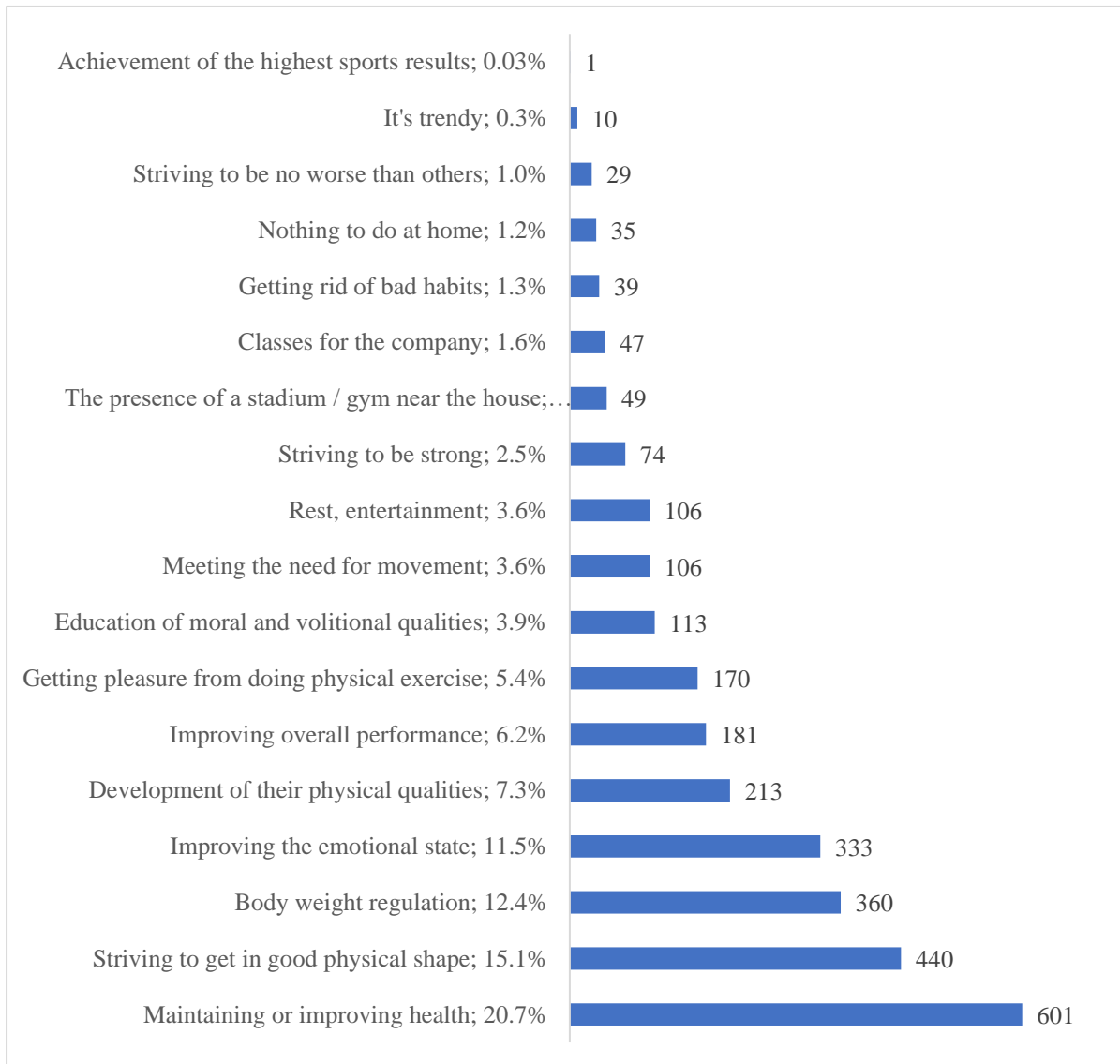


Figure 8: The readiness of respondents to systematically engage in various types of physical activity, taking into account gender, people

The respondents indicated 18 reasons that contribute to regular engagement in various types of physical activity. A total of 2907 responses were received. The main reason was the preservation or improvement of health (20.7%), then the reason - the desire to get in good physical shape (15.1%), in third place - the regulation of body weight (12.4%) (Figure 9).

Figure following on the next page



*Figure 9: Reasons for systematic exercise various types of physical activity*

The respondents named 13 reasons that prevent systematic physical activity. They indicated the lack of time as the main reason (22.9%), in second place in the hierarchy of reasons was their disorganization (16.1%), the third position was taken by the reason for the tight work schedule (13.0%) (Figure 10).

*Figure following on the next page*

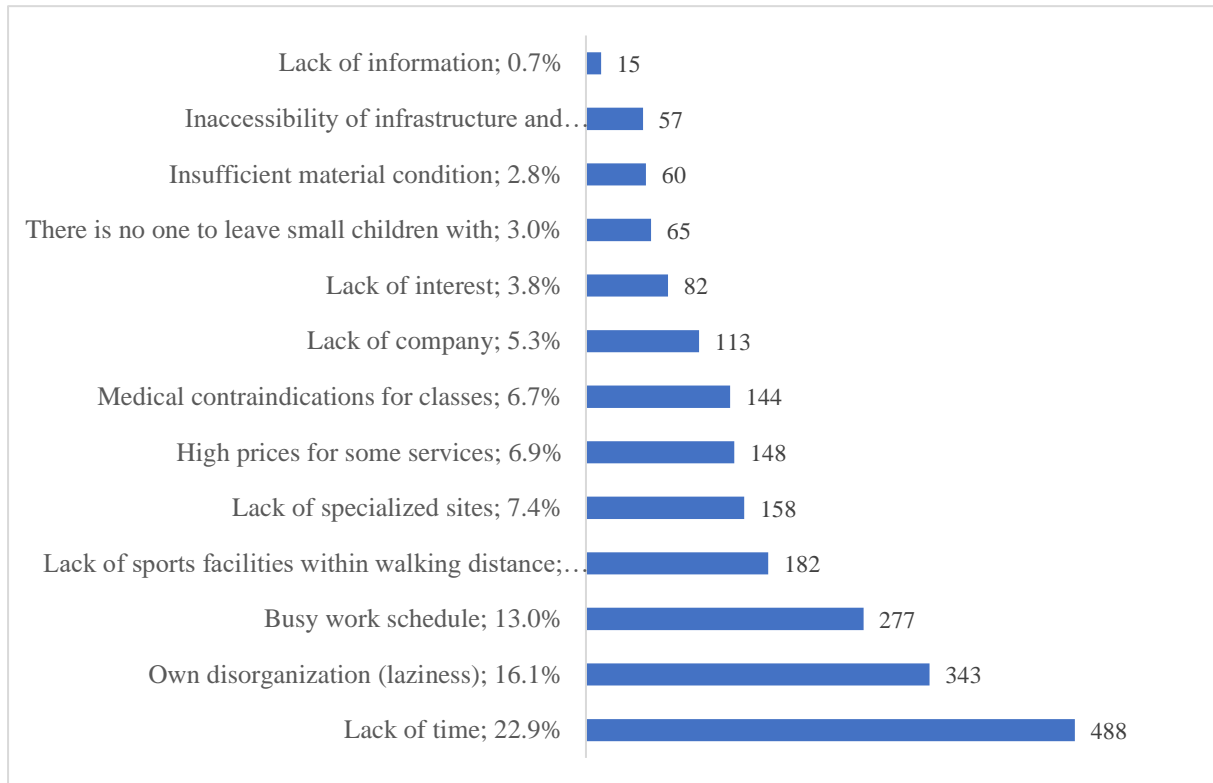


Figure 10: Reasons discouraging regular physical activity

Of the 603 respondents who are willing to systematically engage in physical exercise and sports, 232 are males and 371 are females, their sex and age structure is shown in Figure 11.

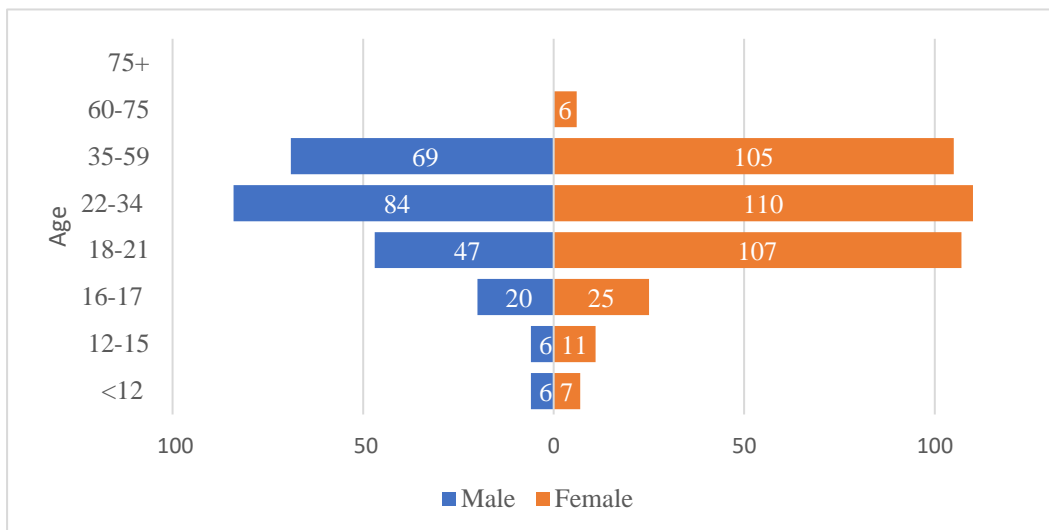


Figure 11: Sex and age structure of respondents who are ready for systematic training in different types of physical activity, people

Taking into account the answers - the number of references to the types of physical activity by persons who are willing to systematically engage in, a classification of the types of physical activity was obtained according to the criterion of the demand for the types of physical activity for systematic exercises of various categories of the population, taking into account gender and age characteristics (Table 1). To visualize the hierarchy (significance) of the types of physical activity, the cells in the table are highlighted in color according to conditional triads.

*Table 1: Classification of types of physical activity according to the criterion of their relevance for systematic classes*

Age, gender Type of motor activity	Number of mentions of types of motor activity																	
	< 12		12-15		16-17		18-21		22-34		35-59		60-75		76 +		All ages	
	m	f	m	f	m	f	m	f	m	f	m	f	m	f	m	f	m	f
Walking	2	1	4	5	6	16	17	74	40	67	34	64	4			103	231	334
Running	3	5	2	6	12	15	22	48	35	31	25	28				99	133	232
Cycling	4	3	2	2	7	12	11	48	21	40	29	31				74	136	210
Fitness	1			1	1	6	13	40	18	32	7	23				40	102	142
Swimming	2	1	2	3		3	6	16	12	18	14	20	1			37	62	99
Volleyball				2	6	6	9	31	7	7	14	5				36	51	87
Football	2	1	3	1	5	1	17	3	24	3	8	1				59	10	69
Dancing						8	2	28		14		8				2	58	60
Aerobics		4	1	3	2	2	7	5	16	4	8	6				34	24	58
Athletic gymnastics			3		4	4	11	5	11	1	2	1				31	11	42
Basketball						2	1	11		18		19				1	50	51
Yoga		1	1	2		1	1	11	5	7		2				7	24	31
Outdoor games, entertainment				1	7	1	13	3	10	4	1	2				31	11	42
Workout						1	4	3	5	6	8	12				17	22	39
Ski training				2	2		3	12	4	5	9	3	1			18	23	41
Table tennis		3	2			4	1	6	2	6		7				5	26	31
Ice skating/ rollerblading						1	1	8	3	3	1	6				5	18	23
Single combat	3	1			2	1	6	2	11	1	3					25	5	30
Nordic walking		1						3	1	1	1	6	2			2	13	15
Ice hockey					2	2	1	3	4							7	5	12

*Note: cells of the first triad of popular types of physical activity are highlighted in orange, cells of the second triad of types of physical activity, taking into account their popularity among the population, are highlighted in blue, the third triad of types of physical activity is shown in green.*

The table shows that within age groups and taking into account the sex of the interviewees, the importance of types of physical activity changes. This is due, first of all, to the requests and needs of interested persons in systematic exercises with different types of physical activity.

#### 4. CONCLUSION

The obtained classifications of the types of physical activity according to the criterion of popularity and the criterion of their demand among the population can be used when designing training programs for different age and gender groups and involving the population in systematic physical exercises and sports. The hierarchy of popular types of physical activity is as follows: walking, running, cycling, then fitness, swimming, volleyball, dancing, athletic gymnastics, basketball, yoga, outdoor games and entertainment, workout, ski training, table tennis, aerobics, ice skating / rollerblading, martial arts, nordic walking, hockey. In different age groups and taking into account gender, the importance of types of physical activity varies. The most popular types should be considered walking, running, and cycling. The most significant reasons for systematic engagement in various types of physical activity are: maintaining or improving health, striving to acquire good physical shape, and body weight regulation. The main reasons that prevent systematic physical activity, the respondents call lack of time, own disorganization, busy work schedule.



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# IMAGE PROFILE OF WOMEN'S BOXING IN FEMALE STUDENTS' PERCEPTION

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## **ABSTRACT**

*The aim of the research is to develop a statistical model of the women's boxing image. During the research 140 female students aged 18-25 years were interviewed. The girls were asked to express their associations, thoughts, or value judgments related to women's boxing. The obtained data were processed by the method of qualitative and quantitative content analysis. The obtained data were subjected to mathematical and statistical processing. The result of qualitative and quantitative content analysis was the image profile of women's boxing. The image profile of women's boxing consists of the following categories: positive impact on the female body; statements that are gender-based; the impact of boxing on the personality and psyche of women; skills and abilities given by boxing; emotional perception of women's boxing; desire to engage in women's boxing. The research results can be used to develop a program for correcting the image of women's boxing, as well as to formulate arguments for the advantageous positioning purpose of boxing in the potential participants' opinion.*

**Keywords:** *female students, women's boxing, image, image profile of women's boxing*

## **1. INTRODUCTION**

One of the key trends in the development of the modern Olympic movement is the tendency of the International Olympic Committee (IOC) to gender equality in sports [6]. In this regard, disciplines in the mixed format (mixed teams) are introduced into the program of the Olympic Games, sports range and individual sports disciplines with women participation is expanding [10, 11]. Despite this tendency of the International Olympic Committee, 286 athletes (among of which 186 men and only 100 women) will take part in the boxing competitions at the Tokyo Summer Olympics. This fact poses the risk to the IOC tendency to the gender equality balance and holds back the development of the modern Olympic movement. All the above mentioned requires more active work on sports reserve preparation for the female part of the Russian boxing national team [2; 11]. A successful solution to this problem can only be possible through the full-fledged "subs' bench" formation, which totally depends on a large-scale involvement to women's boxing. At the same time, a large-scale involvement to a sport (or a sports discipline) is obviously depends on the sport's image, primarily among children, youngsters, and students [1; 2; 8; 19]. However, as evidenced in practice, women's boxing belongs to the class of the least popular sports disciplines in our country, which creates serious obstacles for the sports reserve preparation. All the above mentioned indicates the significance of the problem of correcting the existing image of women's boxing. In order to start solving the problem, firstly, it is necessary to establish the current image profile of women's boxing in the target audience perception (our study examines college-aged girls, as potential practitioners of this sport on the one hand, and as future parents of girls - representatives of female boxing on the other hand). Thus, the aim of our research is to develop an image profile of women's boxing in perception of female students aged 18 to 25 years.

## **2. RESEARCH METHODS**

To achieve this goal, the following research methods were used:

1) a questioning in the essay form. The girls were asked to briefly express (in no more than 30 words, phrases, or sentences) their associations, thoughts, or value judgments related to

women's boxing. The questioning involved 140 female students from the Russian State Social University;

2) qualitative and quantitative content analysis. The categories of content analysis were the respondents' statements about women's boxing positive and negative reviews about this sport were considered as the semantic analysis units, and the occurrence frequency and the proportion (on a percentage basis) of the content analysis in the respondents' statements were considered as the score units. The obtained data were subjected to mathematical processing.

### 3. RESEARCH RESULTS AND THEIR DISCUSSION

Tables 1 and 2 show typical (the most common) positive and negative female students' statements about women's boxing.

*Table 1: Positive female students' judgments about women's boxing (n = 140)*

Feature groups	Features (characteristics, statements, judgments)	Quantity, %
Positive effect on the female body (26 features; 101 statements)	endurance (26); strength (21); good physical training (10); helps to maintain physical shape (7); agility (5); speed (5); develops coordination (2); speed of reaction (2); health (2); good load (2); cardio exercise (2); muscle strength (1); forms a muscle corset (1); beautiful body (1); strong constitution (1); develops muscles (1); helps to keep yourself in shape (1); body tone (1); reaction (1); whole body development (1); improves appearance (1); develops a sense of space (1); athletic build (1); toned body (1); feminine figure (1); body beauty (1)	31,3
Training influence on the women's personality and psyche (40 features; 71 statements)	fosters willpower (6); durability (5); confidence (5); helps to get rid of negative emotions (energy) (5); fosters character (5); relieving stress (4); willpower (4); strength of mind (will) (3); purposefulness (2); perseverance (2); work on yourself (1); helps calm down (1); responsibility (1); exposure (1); audacity (1); active life position (1); overcoming oneself (1); overcoming your weakness (1); courage (1); overcoming difficulties (1); independence (1); teaches to control oneself (1); girls become more self-possessed (1); increases self-esteem (1); patience (1); fearlessness (1); will to win (1); independence (1); strong girls (1); builds character (1); career growth (1); helps to realize oneself (1); self-confidence (1); fighting character (1); go through life head to foot (1); not to be afraid of anything (1); self-affirmation (1); steel bar inside (1); leadership (1); win (1)	21,7
Gender boxing characteristics (12 features; 24 statements)	if the girl likes it, then let her do it (5); on a par with men (4); no one has the right to forbid a girl to train (3); women's boxing does not differ from the men's one (3); liberates a woman (2); the results of women's boxing are not inferior to the results of men's (1); I respect girls who are boxing (1); women's boxing should be on a par with men's (1); freedom from stereotypes (1); sports for women (1); suitable for both men and women (1); every year more and more women practice at a professional level (1)	7,4
Skills and abilities acquired in boxing training (13 features; 38 statements)	Self-defense (8); helps to stand up for yourself (7); the ability to stand up for oneself (6); self-protection (5); would only use boxing for self-defense (2); a girl should be able to stand up for herself (2); protect yourself (2); the ability to correctly distribute your forces (1); making money (1); a woman should be able to stand up for herself (2); ability to make quick decisions (1); achievements (1); protection method (1)	11,7
Emotional perception of women's boxing (44 features; 70 statements)	I am neutral (10); good (7); positive attitude (4); takes place to be (3); spectacular sport (3); any sport develops (2); sport is always good (2); I have a positive attitude towards girls who are engaged (2); might come in handy (2); relevant sport (1); gracefulness (1); excellent (1); personifies beauty (1); normal (1); sports for all (1); popular (1); useful (1); attracts (1); I am for any human development (1); effective (1); fashionable (1); not so bad (1); pleasure (1); required (1); developing sport (1); spectacular sport (1); evokes respect and admiration (1); gracefulness (1); at home we often discuss boxing (as father is a coach) (1); I watch with interest men's boxing (1); boxing is useful nowadays (1); the opportunity to find yourself (1); the opportunity to prove yourself (1); perfectly relaxes (1); Adriana Lima (1); Olympiad (1); a safe way to get rid of unnecessary aggression (1); fitness (1); activity (1); control (1); power (1); non-judgmental (1); does not cause any special emotions (1); I am proud of the success of a friend who is engaged in (1)	21,3
Desire to be engaged in women's boxing (6 features; 9 statements)	would go to train for general development (3); would become an amateur (2); would like to train (1); my girlfriend is happy to do it (1); would be engaged in for self-defense skills (1); personal choice of each woman (1)	2,7

*Table 2: Negative female students' judgments about women's boxing (n = 140)*

Feature groups	Features (characteristics, statements, judgments)	Quantity, %
Emotional perception of women's boxing (61 features; 128 statements)	Injuries (12); cruelty (10); hard sport (7); aggression (6); negative attitude (5); pain (5); cruel (5); I don't like women's boxing (4); traumatic (4); rough (3); aggressive sport (3); sport is not for everyone (3); dangerous (3); blows to the head (2); not beautiful (2); blood (2); does not attract (2); rudeness (2); unacceptable (2); severe (2); lesson not for everyone (2); not safe (2); fractures (2); disgusting (1); punches to the face (1); disgusting (1); dislike (1); I don't like wrestling (1); breaking the pattern (1); not interesting to watch (1); a woman beats a woman (1); blows (1); I am against this sport (1); would not look (1); not attractive (1); I do not recognize violence (1); I don't like fighting sports (1); unnatural (1); rivalry (1); not serious (1); awkward (1); causes rejection (1); courageous (1); I don't understand this sport (1); extremely negative attitude (1); I cannot imagine that boxing brings pleasure to a woman (1); I am against the manifestation of force (1); I do not recognize this sport (1); afraid of pain (1); saw only men's boxing (1); not a pretty sight (1); a terrible sight (1); hard sport (1); requires special physical data (1); dangerous sport (1); demanding sport (1); looks rough (1); does not cause interest (1); women tolerate injuries worse (1); unacceptable sport (1); negative associations (1)	49,7
Gender stereotypes (prejudices) (28 features; 68 statements)	men's sport (19); non-feminine sports (10); non-female sport (8); not suitable for girls (6); women should cook in the kitchen (2); boxing develops the strength needed only by a man (2); boxing is for men only (1); only men should fight and wrestle (1); boxing must remain a men's sport (1); non-female occupation (1); a girl should not boxing train (1); a girl should not be involved in boxing at a professional level (1); women should take care of children (1); women should work normally (1); historically male sport (1); a woman should not box in the ring (1); a woman has no place in boxing (1); public stereotypes (1); men's surrounding (1); girls should not learn to beat each other from childhood (1); not suitable for women (1); a girl should not fight (1); girls have no place in boxing (1); a girl must be a girl (1); women should do something lighter and more feminine (1); I am against the fact that there are no only male or female activities left (1); a woman should not fight and wrestle (1)	26,4
Effect of boxing on the female body (21 features; 25 statements)	adversely affects the beauty of women (3); scars do not adorn a girl (2); you can make your face ugly (2); increased body weight (1); the figure takes on an awkward appearance (1); the woman becomes unattractive (1); unusual appearance (1); masculine figure (1); excessive increase in muscle mass (1); girls break the most precious thing they have - a face (1); the girl takes on a masculine appearance (1); too much muscle mass for a woman (1); a woman becomes like a man (1); a woman loses her femininity (1); too much load for a woman (1); spoils the figure (1); heavy loads on a woman's body (1); damaged beauty (1); a woman does not look like a woman (1); not beautiful (1); scars (1)	9,9
Training influence on the women's personality and psyche (14 features; 18 statements)	does not develop the qualities that a woman needs (3); lack of femininity (2); negative impact on the mental health of women (2); a woman should remain a woman both externally and internally (1); the woman becomes rude (1); female masculinity (1); brings aggression into society from women (1); boxing is hateful (1); boxing causes anger (1); not everyone can stand in the ring to the end (1); requires special personal qualities (1); male behavior (1); women are ruthless and cruel (1); develops a tough character (1)	7,1
Desire to be engaged in women's boxing (8 features; 20 statements)	would not train (9); would not recommend boxing (2); would not let my daughter train (2); I don't like professional women's boxing (2); do not support this sport (2); I'm not sure if I would let my daughter train (1); would not train at a professional level (1); would not train (1)	7,8

Tables 1 and 2 show that the total number of positive statements is 319, and negative ones is 262. This situation indicates a significant predominance of positive statements over negative ones, which indicates a rather positive (tolerant) attitude of female students towards women's boxing than negative one. We divided the received respondents' positive statements about women's boxing into six groups: the positive effect of practicing this kind of sport on the female body; boxing gender characteristics; the boxing impact on the women's personality and psyche; skills and abilities acquired during boxing; emotional perception of women's boxing; desire to be engaged in women's boxing. Let us take a closer look at each of these judgment groups. The most significant feature of female boxing for the respondents (based on the number of judgments made) is its "positive effect on the female body" (31.7%): development of physical qualities (endurance, strength, agility, speed), good physical training, a positive effect on figure, creating a beautiful body, forming a muscular corset, keeping oneself in good shape.

In the second place there is the group of features characterizing “the impact of boxing on the women’s personality and psyche” (21.7%): it fosters willpower, resilience, confidence, helps to get rid of negative emotions (energy), fosters character, relieves stress, forms purposefulness, etc. The third place is taken by a group of features reflecting the “emotional perception of female boxing” (21.3%): I am neutral, good, positive, it can take place, personifies beauty, popular, arouses respect and admiration, the opportunity to express oneself, etc. In the fourth place there are “skills and abilities acquired in the boxing training” (11.7%): self-defense, the ability to stand up for oneself, protect oneself, the ability to properly distribute one's strength, earn money, the ability to make quick decisions, etc. In the fifth place there are statements with a positive gender connotation (7.4%): on a par with men, no one has the right to forbid a girl to train, women's boxing does not differ from men's one, it liberates a woman, the results of women's boxing are not inferior to the results of men's one, I respect girls, who are engaged in boxing, women's boxing should be on a par with men's one, more and more women every year are engaged in a professional level, etc. In the sixth place there is the group of statements reflecting the desire to be engaged in boxing (2.7%): I would train for general development, I would be engaged at an amateur level, I would like to train, I would be engaged in for self-defense skills, etc. This is the meaning of the female students’ positive judgments about women's boxing. As for negative statements, the respondents gave 262 negative comments, which were divided into 5 conventional groups: emotional perception of women's boxing; gender stereotypes (prejudices); the impact of boxing on the female body; the impact of training on the women’s personality and psyche; desire to be engaged in women's boxing. In the first place (in terms of occurrence frequency) there is a group of statements reflecting the negative emotional perception of women's boxing (49.7%) by female students: injuries, a hard sport, not attractive, ugly, not safe, not interesting to watch, I do not like combat sports, I am against this sport, I have an extremely negative attitude, unnatural, requires special physical data, a dangerous sport, an unacceptable sport, etc. In the second place there is a group of gender stereotypes (prejudices) (26.4% of the total volume of negative reviews): a male sport, a non-feminine sport, not suitable for girls, a non-feminine sport, women should cook in the kitchen, boxing develops strength that only a man needs, boxing is intended only for men, boxing should remain a male sport, girls should not learn to beat each other from childhood, women should do something lighter and more feminine, I am against the fact that there are no more male or female activities, etc. In the third place there is a group of features describing the negative impact of boxing on the female body (9.9%): adversely affects the beauty of women, increased body weight, a woman becomes unattractive, girls break the most precious thing they have - a face, heavy loads on a woman's body, a woman becomes like a man, etc. In the fourth place there is the unwillingness to be engaged in women's boxing (7.8%): I would not train, would not recommend doing boxing, would not let my daughter to train, would not train at a professional level, etc. In the fifth (last) place there is a group of features characterizing the influence of boxing on the women’s personality and psyche (7.1%): does not develop the qualities that a woman needs, a negative effect on the mental health of a woman, a woman should remain a woman both externally and internally, brings aggression from women to society, boxing arouses anger, boxing evokes hatred, male behavior, develops a tough character, etc.

#### **4. CONCLUSION**

The results of the research can be used to develop a program for correcting the image of women's boxing, as well as to formulate arguments for the advantageous positioning of this sport in the potential trainees’ opinion.

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## **FAMILY POLICY STRATEGY IN THE EU COUNTRIES AS A FACTOR OF SUSTAINABLE DEVELOPMENT OF SOCIETY**

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### **ABSTRACT**

*The article examines social innovations in the family policy of the European Union countries as a factor in the sustainable development of society. The current problems of the formation of family policy in the countries of the European Union in the context of international socio-economic integration are analyzed. On the example of the leading countries implementing effective family policy, its current trends, problems and mechanisms for their solution are revealed. Provides innovative models in the field of family partnership, as well as measures to create conditions conducive to strengthening family ties and social life of the family.*

**Keywords:** *European Union, social innovation, family policy, demography, family partnership, state support, principles of family policy*

### **1. INTRODUCTION**

The formation of strategies in the field of family policy is currently one of the most important problems, both in the Russian Federation and in the countries of the European Union. The need to develop and implement such strategies is due to various factors. The main ones are the social transformation of society, the formation of new social relations and adaptation to the new paradigm of family policy of young families, changes in family models, etc. The development of civilization led to a change in the traditional family model. The modern family has little to do with the old way of organizing life, since most human needs can be met outside the family circle. The changes brought about by industrialization and urbanization have influenced complex modifications of the economic and social role of the family. Socio-economic humanistic foundations resulting from the increase in the composition of the family have now degraded. The family, as a key unit of society, has practically been reduced to two generations. The modern digital transformation of society radically transforms the content and methodology of state regulatory impact on all aspects of the state's socio-economic policy, on the transformation and improvement of the socio-class structure, the formation of new social groups and strata (Stepanov A., 2012). Also, the tools, methods and areas of government interventions, designed to provide support for families, are changing. Such support can be carried out through various mechanisms of family policy, including various social benefits. The ongoing changes in the legal and regulatory framework, as well as the transformation of the demographic model of the modern family, have significantly influenced the lives of many families, both in Russia, Poland and a number of other countries of the European Union.

Today, the social policy in the field of family in the countries of the European Union is focused on:

- creating objective prerequisites and factors conducive to the conclusion of marriages, increase in the number of families and the birth of children;
- the formation of modern models of the so-called family partnership; such model assumes two parents working and bearing the same mutual responsibility for solving various intra-family problems; responsibility for obligations and their fulfillment;
- providing favorable preconditions and factors for the younger generation in a family environment;
- provision of active assistance to the poor, large and single-parent families;
- ensuring an atmosphere of tolerance and social support for families in the society.

Family policy is based on the fundamental principles of respect for the identity and sovereignty of the family, custody and guardianship, equal opportunities (for the young generation, men and women), partnership in interaction with the family and a wide range of stakeholders. Circumstances that induce future parents not to have new children or postpone having children are conditionally divided into two groups: financial and non-financial circumstances (which is manifested in changes in the social roles of spouses, cultural and evolutionary factors). The solution to these and many other problems requires in-depth scientific research.

## **2. MATERIALS AND METHODS**

The induction method was used as the main research method. Its application includes making general conclusions and determining accuracy based on empirically observed phenomena and processes. Inductive methods include various types of analyses, reports, statistics, and scientific papers used in social research. The synthetic method involves the compilation and recognition of tools and forms of family policy in a comprehensive, effective target model of family policy. This method assumes reality (family politics) as a set of characteristics. It is based on the combination of a concept (model, form, tools) into one, and separate parts into a single whole (i.e. target model of family policy). Therefore, its implementation is based on the search for common features of various phenomena and events, and then combining them into a single whole. Thus, the synthetic method considers and defines the entire object of research. Using an integrated (hybrid) research approach, they also use the so-called triangulation of data sources or comparison of the information about family policy from different periods, and theoretical triangulations - including the analysis of data obtained from the point of view of various theoretical concepts of social policy and family.

## **3. RESEARCH RESULTS**

Strategies in the field of the EU family policy are being implemented today in the conceptual understanding, both socio-cultural and legal, of the situation of families, the development of fundamentally new approaches and directions of the family policy in the European Union and the implementation of specific state programs. Families in the European countries are currently undergoing radical changes, associated with a decrease in the birth rate, a shift in the age of birth of the first child, an increase in the number of single-parent families, the number of divorces, as well as families without a permanent source of income; an increase in life expectancy, which caused a significant increasing the number of older people. It should be noted, however, that changes in the population of older age are observed throughout the European Union. Here we are talking about the Member States in terms of demographic situation, as well as topical issues of family policy. Population aging in the EU has a positive side, on the one hand, when it comes to increasing the average length of active and productive

life. On the other hand, it carries a negative aspect, which manifests itself in a decrease in the birth rate, which leads to a slow generational change and related economic and social problems. The so-called Total Fertility Rate (TFR) of 2.1 is assumed to provide a viable generational replacement. Currently, Poland has a TFR of 1.39. On average, this indicator for OECD countries is about 1.6. The birth rate in Poland is similar to countries such as Germany, the Czech Republic, although lower than in Denmark, France, Sweden, Ireland, Finland, Iceland, Great Britain. The fertility rate in the United States of America reaches this threshold, while in the EU countries it is lower by an average of 25%. Eighteen member states of the European Union have a positive birth rate, while ten EU member states have a negative natural increase (Portugal, Estonia, Italy, Latvia, Lithuania, Hungary, Romania, Bulgaria, Germany, and Czech Republic). The return of this trend mainly depends on an increase in the birth rate (Polityka ..., 2009). It should be noted that migration flows in a certain way can influence the events described above, however, it should be taken into account that an increase in migration flows creates the need to intensify integration policy in order to avoid serious difficulties in the issues of social adaptation of migrants. The problem of integration and adaptation of migrants is particularly important in host states with low demographic dynamics<sup>1</sup>. The systemic family policy in the EU countries includes, on the one hand, tax measures and various family allowances, on the other, measures to ensure professional equality of men and women in caring for children, dependents and opportunities to productively combine work with an active family life. Such family policy is carried out on the territory of the states of the European Union, even if individual states focus on its various aspects. Since the 70s of the 20th century in the states of northern Europe, the most serious attention is paid to the issue of gender equality in families and professional communities. For a number of years, there has been an active social policy in matters of vocational education and training. This approach provides an opportunity to very effectively regulate issues related to both professional and family life. Here, measures are being taken to develop and strengthen the employment opportunities for women and men after the end of their parental leaves. Sweden has carried out a so-called parental leave reform. As well as family law, taxation and childcare law. The modern family policy is based, as a rule, on three fundamental criteria:

- providing families with social assistance;
- supporting working parents in the form of paid leave;
- differentiating parenting duties during a paid leave.

The implementation of such a policy, as a rule, leads to a significant increase in the employment of women, as well as an increase in the participation of fathers in raising children. At the same time, a high birth rate was noted with a decrease in child poverty.

### **3.1. Netherlands**

In the Netherlands, the focus is on the employment of parents in part-time employment, which allows them to devote more attention and time to raising children. Part-time employment is increasingly used by fathers (about 74% of the country's male population and 46% of the female population are full-time; 19% of men are part-time workers. This is significantly higher than in other European Union countries). For mothers, this figure is about 41%<sup>2</sup>. This opportunity can be used until the child is eight years old. At the same time, this privilege is accompanied by a significant monthly tax cut: by about 780 euros, and the mother has the opportunity to go on maternity leave, which is a weekly number of working hours multiplied by 26. And in the case of a large family, it is possible to combine vacation and tax benefits.

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<sup>1</sup> Promowanie solidarności między pokoleniami. Dz.U. C 120 z 16.5.2008, s. 66, pkt 4.8.

<sup>2</sup> Promowanie solidarności między pokoleniami. Dz.U. C 120 z 16.5.2008, s. 66, pkt 4.8.

### **3.2. France**

Here, the family policy has a long history based on a combination of a range of financial incentives, a family tax system, paid leave, childcare for up to three years of age, and free kindergarten places. Family allowances in France are intended mainly for the expenses of families related to raising children. France is a European country with some of the highest female employment and fertility rates.

### **3.3. Great Britain**

In this country, the family policy is focused on the fight against family and child poverty. It is based on the principles of non-interference of the society and the state in the family, personal and family life, taking into account the interests of a flexible labour market. This allows mothers to quickly return to effective work, and a flexible market helps to meet high social expectations in the family. It should be noted that the fertility rate of female representatives focused on the family is two times higher than that of women who chose a career (Rogozińska-Mitrud I., 2016).

## **4. DISCUSSION**

Family policy is characterized by significant changes in the framework of the implemented models of social policy in the EU. Such changes are a consequence of the adopted new organizational and legal mechanisms, methods and tools. Such a policy is increasingly meeting modern requirements arising from the transformational changes in the family in modern conditions. Continuity and development of the family, respect for the rights of its members, including the rights of economic independence and independence in solving the problems of obtaining education for children, is one of the strategic goals of family policy. In Poland, for example, the Constitution proclaims the priority of law as a factor in the stable state of family politics. This is also evidenced by the provisions of various international covenants and conventions on the protection of marriage, women, children, family members (Universal Declaration of Human Rights, Convention on the Rights of the Child, European Social Charter, etc.). The international experience shows that strategic directions in the field of socio-economic development should be guided, first of all, by fundamental social values. One of these core values is the family. In this regard, it is obvious that the principles of family policy should be the most important component of the socio-economic policy of the state. Moreover, the family policy should be based on the principles of goal-setting, governance, and a long-term nature. It must be consistent and comprehensive. In addition, it should correlate, to a certain extent, with the trends in the rates and volumes of growth of national income, and also correspond with the possibilities of financial provisions of the state budget. The long-term goals of the state family policy should be the formation of objective prerequisites and conditions for the functioning and development of families. Achieving these goals will require the adoption of such government measures that can replace the current practice of social government guardianship with family assistance. Such assistance should be carried out on the principles of universal respect and acceptance of beliefs of family values and their perception by the family raising children as an investment that in the long term will provide society with noticeable socio-economic benefits. Experience shows that such an approach is capable of ensuring, on the one hand, high rates of sustainable economic growth and progressive development of the social sphere, and on the other hand, ensuring the financial position of families and the quality of social services provided. (Gejdosova Z., 2009). At the same time, the effective family policy of the state is called upon to solve a two-fold task: a) to correct demographic trends in a positive direction and, above all, to promote an increase in the number of new births; b) contribute to strengthening the socio-economic status of families, raising the level and quality of their life. Despite the fact that the family policy of the state is an integral part of the socio-economic policy of the state, it should be considered independently, in a broader context.

Such a policy should ensure the safety and the widest possible access of family members to various functions of the public service designed to provide active support for raising children in the family (kindergartens, primary schools, including with free hot meals, after school care, etc.). One of the most important component of the effective family policy of the state is the tax system. This system is designed to provide support for the process of childbearing and raising children, primarily through tax incentives, as well as the system of various social benefits (Kotowska I., Matysiak A /, 2008). Long-term forecasts of the socio-economic development of Poland until 2030, including the demographic forecast, predetermine significant transformations and changes that may occur in the structure and size of the Polish population in the coming decades. According to the forecasts, in the next decade, one can expect the tendency the birth rate decrease to continue, and by 2030, a slight increase in it (Dane Ministestwa ..., 2013). The strategic goal of the modern family policy in the EU should be to further improve the conditions and preconditions for the formation and functioning of families and increase the birth rate (fertility rate). Such a policy should focus not only on fertility, that is, the quantitative aspect, but also on the qualitative, humanitarian characteristics. It should also take into account the need to improve the quality of family functioning in all aspects, taking into account the need to meet the needs and interests of the older generation (Polityka ..., 2009)<sup>3</sup>. Family policy and the stimulation of the birth rate in the EU countries will continue to be the strategic directions of the Union's social policy. In this regard, in order to increase the effectiveness of family policy in the countries of the European Union, it is very important to further strengthen the relationship between the labor market policy, housing policy and the family policy instruments (Stepanov I., 2001;)<sup>4</sup>. Further strengthening of financial security, as well as the rights of young people who decide to start a family and have children, to own their own home, will contribute to solving demographic and social problems in the countries of the European Union.

## 5. CONCLUSION

In order to further increase the effectiveness of family policies pursued in the EU countries, to achieve the outlined strategic and tactical goals, the participating countries need to implement:

- organizational and economic mechanisms that ensure the combination of employment and family life (parental leave, public services for caring for young children, flexible work hours, special parental leave);
- measures to eliminate and prevent poverty in families (benefits, special rules on the labor market, social infrastructure, tax incentives, etc.);
- approaches to strengthen the stability and universality of decisions made by the family policy;
- laws emphasizing and recognizing the role of the family in ensuring the success of the family and the society as a whole. (Rogozinska-Mitrud I., 2016).

Unfortunately, success in modern society is understood as the success of one person. However, the aim of social policy should be to promote and create public awareness of the success in family life.

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## **CHAOS MANAGEMENT THEORY AND SOCIAL ENTERPRISE MANAGEMENT IN THE CONTEXT OF THE COVID-19 CRISIS**

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### **ABSTRACT**

*The article reveals the problems of the development and implementation of chaos management as a tool for strategic analysis of trends in the development of social entrepreneurship in the context of the uncertainty of the COVID-19 crisis. The urgency and expediency of introducing a new management methodology - chaos management - into the practice of social entrepreneurship management has been substantiated. The methodological features of the use of tools and methods of chaos management in overcoming the COVID-19 crisis by social entrepreneurship have been determined.*

**Keywords:** *chaos management, governance, crisis, COVID-19 pandemic, methods, tools, unknown reality, turbulence*

### **1. INTRODUCTION**

Social entrepreneurship is an innovative activity, a social brand of social interactions in various spheres of human activity, including educational, health care, etc. Its range of activities is aimed to solve or alleviate the social problems under self-sufficiency and sustainable development of the social sphere (Plotnikova, 2020). The sphere of social entrepreneurship involves many sectors, such as culture, education, physical culture, tourism, social services, employment-related activities, etc. (Gerashikova, 2019). Social entrepreneurship solves problems of society that the state and business structures fail to cope with. It integrates all the most progressive and the best of the public and private sectors, so it is the best way (relative to State or commercial approaches) to solve public problems. (Bujanova, 2015). In the Russian Federation, according to statistics, there are more than 71.3 million employees (Statistika, 2020). The others do not have some the physical or mental abilities. They need a developed network of social enterprises providing jobs, implementing business projects, etc., to be able to realize themselves and not feel overwhelmed. The world is currently experiencing a global crisis caused by COVID-19 pandemic. This «plague of the 21st century» has fundamentally changed the world. Fundamentally changed the place, role, and opportunities of social entrepreneurship. (Kramchenko, 2020). Social entrepreneurship, like all humankind, is facing a new unknown reality, chaos in which traditional models of enterprise organization fail, where inexorable progress is far from humanistic and sometimes very difficult to resist. Past managerial skills and technologies that have worked well in social entrepreneurship are not producing the desired results today.

Social entrepreneurship, like all business, lives in a situation of total uncertainty, and often in the expectation of collapse. No one is ready to say how and under what scenario? What are the consequences for business? How to minimize the risks? The time of the COVID-19 crisis convincingly demonstrated that modern classical management theory, based on the principles of predictability, does not correspond to the reality when chaos becomes a global phenomenon. The modern crisis has exacerbated the inadequacy of the institutional and managerial mechanisms adopted by science and practice to manage sustainable socio-economic development in the short, medium, and long term. Management models do not respond to new realities. This certainly requires a serious overhaul of the current management theory and methodology and the development of fundamentally new algorithms, technologies, and management methods in situations of chaos, including in social entrepreneurship. Chaos management and its management concept of non-standard behavioral strategies will allow businesses to overcome the COVID-19 crisis.

## 2. METHODOLOGY

In the development of social entrepreneurship, situations of chaos are constantly appearing that cannot be taken into account either in the initial phases of analysis or in their forecasts. However, traditional concepts and methods of research of control systems do not explain their turbulence in a state of chaos. Moreover, the application of known and widely used technologies, algorithms, and methods in modern management practice tends to backfire, virtually eliminating all efforts to achieve the goal. It should be noted that the existing formal tools for investigating the main signs of chaos have so far been practically underdeveloped. The proposed tool for analyzing trends in social entrepreneurship in the absence of the analog of global chaos (that caused by the COVID-19 pandemic) is not based so much on the imperative of the methodological postulates of chaos theory, how much on their intuitive understanding and adaptation. Chaos management is the concept of analyzing the state of chaos, the concept of transition to a new order, to a new model of construction and functioning of a system of social entrepreneurship under conditions of uncertainty. The methodological basis of the concept of managed chaos is system-creative analysis. This methodology is designed to develop non-standard management solutions in the face of uncertainty, including in social entrepreneurship, «... both for strategic development and for overcoming constantly emerging and crises, when it is necessary to find and implement fundamentally new ways of survival...». (Savina, A.A. Stepanov, I.A. Stepanov, etc., 2016). The system-creative analysis makes it possible to make efficient decisions in non-standard situations and to synchronize the state of the managed organization with the realities of unpredictability and chaos. This effect is achieved by using creative potential, (Savina, A.A. Stepanov, I.A. Stepanov, 2015). The methodology of systems and creative analysis ensures that effective systems of governance are in a state of chaos, including in social entrepreneurship.

It addresses the pressing issues of social entrepreneurship in the development of governance systems in a chaotic environment, such as:

- identification of the specific features of chaos processes inherent in a particular enterprise;
- identification of the problems and shortcomings of the established system of business process management in social entrepreneurship under conditions of chaos;
- the justification of goals, tasks, technologies, and methods of creation of the management model of chaos management about peculiarities of enterprises of social business (N.V. Morozova, A.A.A. Stepanov, I.A. Stepanov, 2016).

Heuristic (informal), mathematical (formal), and combined methods are used as research methods.



Priority is given to the heuristic methods most commonly used in chaos management in the development of non-standard management decisions, and in particular to methods such as the method of scripting, the morphological method, the method of collective generation of ideas, method of determining the degree of preference, etc. (Stepanov, Savina, Krasnyukov, etc., 2018).

### 3. RESULTS

In the conditions of the COVID-19 crisis it is very important to understand its true origins and socio-economic consequences not only from the positions of «what happened», but also «how», and most importantly, «why»? What is needed today is not just to analyze the available information, but, above all, to explain and understand through which socio-economic and organizational management mechanisms this has happened and what triggered the process. World governments are taking unprecedented measures to contain the spread of the COVID-19 pandemic. However, the vast majority of the measures taken have significantly changed the business environment and content of almost all business activities. Many businesses have either partially suspended their operations or continued to operate online. Today, the main problems of business, including social problems, are the shutdown of enterprises; the severing of socio-economic and technological ties; the breaking up of traditional business processes; the reduction of profits; rent payments, taxes; credit stagnation; the rise of unemployment; declining solvency; widespread sociopsychological problems, changing product preferences and demand, etc. (Sheremet, 2020). In the conditions of the COVID-19 global crisis, the management and owners of enterprises in the sphere of social entrepreneurship are faced with the task not only of retaining employees, but also of carrying out industrial and economic activities in these irregular situations, which should not only not yield to its socio-economic results, but also surpass them (Klochkov, 2016). What is it in practice? Neither modern management systems nor modern management workers, nor digitization, nor management science and education have been able to deal with global problems at a high level. Most enterprises and organizations see financial support in various forms as the main way out of the crisis (money to business; deferral of credits; distribution of «helicopter money»; introduction of tax holidays, etc.). These are important and necessary measures, but they are by no means the only ones, and perhaps not always the priority ones, in today's crisis. To benefit from the various forms of support from the state and society, each enterprise must determine for itself what would be an effective model for adapting it to the new unknown reality. New challenges require significant changes and the search for new strategies and ways of organizing social entrepreneurship. It is obvious that, in the conditions of a total social and economic crisis, the main strategic orientation of business should be one of self-reliance. Social entrepreneurs, therefore, have many questions:

- How to change strategy and tactics in the face of the chaos of COVID-19 on your own?
- What socio-psychological, intellectual, organizational, personnel, behavioral, and other internal organizational possibilities can usefully be used to save the business in a situation of the chaos of the COVID-19 crisis?
- What forms of rapid retraining and staff development should be provided in the situation of the crown crisis?
- What forms of rapid retraining and staff development should be provided in the context of the Crown Crisis?
- How to motivate and train staff? What are new and not obsolete knowledge and skills when the current competencies are counterproductive?
- How can state support measures for business be combined with a state's understanding and vision of the problems of its preservation and salvation?

The theory and practice of modern chaos management and strategic analysis tools will help to answer these and many other questions. Irreversible processes of transformation of modern social and economic systems resulting from the acceleration of the introduction of scientific and technological progress, the digitization and innovativeness, together with intensive processes of expansion of sanctions regimes by leading scientific organizations and industrial powers, and now the total isolation of the world economy as a consequence of the coronary virus crisis has led to the present stage of socio-economic development as a period of the chaos, uncertainty, and unpredictability of development. The first task of analyzing the situation of chaos is to define its main characteristics and the tools for studying them. The main characteristics of chaos are turbulence, temporality, locality, and desynchronization. The *turbulence* of the socio-economic system is referred to as the disconnect between the elements of its system and the pace of their change, which leads to critical imbalances and is one of its main signs (Kormanovskaya, 2015). Turbulence manifests itself in the «disordered» state of the socio-economic system, characterized by erratic and unstable fluctuations, changes in the behavior of the system and processes, a rapid change in trends, with a sharp increase or decrease in their speed, and large variations in economic characteristics. As a result, the sustainability of socio-economic systems is compromised. Chaos and its state of turbulence characterize the transformation of the socio-economic system from an evolutionary to a revolutionary model of development, the transition to a revolutionary change of all elements and relations of the socio-economic system. As a result of the diagnosis of turbulence as a key sign of chaos, the contours of a new, unrecognized structure and content of fundamentally different relationships between social entrepreneurs as an objective prerequisite for maintaining its manageability through the formation of an innovative management system. The other key characteristics of the chaos of social entrepreneurship:

- *temporality* is a sharp change in the speed dynamics of the turbulence process;
- *localism* is the blurring of the topos, place and space of operating system in which their previous locality ceases to matter
- *desynchronization* is disconnecting between the rhythms of the system and the rhythms of its elements, the connections, and the environment in time, and space.

We offer a tool for analyzing the key characteristics of chaos in social entrepreneurship.

Based on the above, it is obvious that the basic precepts of managed chaos from system-creative analysis:

- chaos is one of the most important life cycles of transformation in social entrepreneurship, characterized by their qualitative transition from one state to another;
- chaos is not the absence of order (disorder, «Brownian motion»), but a new reality, unknown to us; the unexplained new order existing in our heads due to the limitations of our possibilities to decipher it today;
- knowledge of the behavioral patterns of chaos can be used as an effective management tool in an unpredictable and uncertain environment;
- to manage social and economic systems in a situation of chaos, it is necessary to use the management tool - chaos management as the management of the state of chaos, the state of transition to the new order, to the new model of construction and functioning of the socio-economic system.

#### **4. CONCLUSION**

Research has shown that chaos management is the management of a state of chaos, a state of transition to a new order, a new model of building and operating social entrepreneurship under uncertain conditions. Chaos management as «destructive technology» can be used as an

effective control tool in conditions of unpredictability and total uncertainty. The management concepts of chaos management are aimed at meeting fundamentally new challenges and developing management solutions capable of ensuring that social entrepreneurship can emerge from the state of chaos and, in the future, achieve a rapid pace of its development. Chaos management is the management of an organization to overcome the chaos in its socio-economic development. In form and substance, chaos management is a set of specialized tools and methods by which a state of chaos is seen not as a lack of order, disorder or confusion, but as a potential opportunity that opens up new prospects for effective social-economic development through a transition to a new model of organization construction and functioning. (Academic, 2020). The main objectives of chaos management:

- establishment of an effective project management system in social enterprises to deal with sudden-onset situations;
- regular monitoring and preparation of preventive measures to prevent situations of chaos;
- the development of scenarios for the possible development of the situation and the implementation of operational measures for the establishment of anti-chaos management systems based on of an analysis and assessment of the reliability of information and the regular monitoring of the progress of anti-chaos activities;
- preparation and implementation of a comprehensive program to overcome the negative consequences of chaos. (Stepanov A.A., Stepanov I.A., Savina, 2015).

Analysis of chaos in social entrepreneurship using chaos management tools should be carried out in stages:

- *the first stage*, defining a model of the state of chaos in an organization. The analysis identifies the most characteristic indicators of the enterprise, which make it possible to assess the state of the chaotic processes;
- *the second stage*, identification of transformations of key parameters of the enterprise's work in a state of chaos. Identification of negative and positive trends, as well as parameters of chaotic processes. This assessment is carried out using the rapid state-of-the-art method. Indicators are used to show signs of chaotic processes;
- *the third stage*, identification of productive capacities in the process of developing an innovative enterprise development strategy;
- *the fourth stage*, expert assessment of possible trends in the development of an enterprise in the crisis phase of its development cycle;
- *the fifth stage*, defining the patterns of business strategies in crisis;
- *the sixth stage*, comparative analysis of possible parameters of enterprise development when comparing situations before and after chaos;
- *the seventh stage*, development of parameters of the model of efficiency of the enterprise chaos management, its criteria, and indicators.

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## CAPITALIZATION OF THE EDUCATION SECTOR: PROBLEMS AND PROSPECTS

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### **ABSTRACT**

*Since education is a way and means of transmitting certain information from those who have it to those who need it, that is, in fact, the educational process can be represented as a classical form of commodity-money exchange; today this sphere is actively included in market relations. The process of capitalization of education in modern Russia is only a few decades old, which implies that there is a number of issues and problems of "growth" in this area of life that is extremely important for society.*

**Keywords:** *capitalization, competition, educational services, educational service system, knowledge monetization*

### **1. INTRODUCTION**

N. G. Chernyshevsky wrote: "It is not necessary to prove that education is the greatest boon for a person. Without education, people are rude, and poor, and unhappy." Progress is moving rapidly, and today, to quote the saying of a famous Russian intellectual of the XIX century means to knock an open door: education has become a mandatory and necessary pass to active life with all its options – socialization of the individual, realization of one's own potential, fulfillment of aspirations, financial independence, etc. One of the important consequences of political, economic and social changes in modern Russia is the capitalization of education in the country. In the era of radical transformation of Russian society in the direction of the capitalist way of management, education, being in the classical version as an epistemological phenomenon, takes the form of a commodity, which implies certain socio-economic relations. In this situation, educational institutions and students studying in them become subjects of market relations, in which one party sells an educational product, and the other acquires it and intends in the spirit of capitalization to "monetize" the acquired knowledge, skills and abilities effectively in the labor market upon completion of their training. The education market holds a specific place in the country's economy, since the future of our society depends largely on its effectiveness. Therefore, the support from the state in the form of budget funding for education of certain groups of the population is considerable, but this circumstance does not, of course, remove the market circumstances for the educational sphere today. In other words, it is also a necessary competition with a brand's formation, advertising campaigns, striving to meet the needs of the time, and improvement of their educational programs. Statistical assessments of the education market today show a steady growth in the provision of educational services and the development of educational service system. Deciphering these two important concepts for subsequent discussions, we note that "educational services" is something that is transmitted in the form of knowledge, skills, and competencies, and "educational service system" is a form of

providing these services. Improvement of educational service system in the form of introducing the latest educational technologies increases not only the quality of educational services, but also the price, which contributes to increasing the capitalization of an educational institution, whether it is an academy, a university, an institute, a school, or a college. Actually, the capitalization of the institution consists mainly of its material base facilities, such as equipment of classrooms, laboratories, etc., and the intellectual component, the value of which depends on the level of teaching staff, availability of new training programs, moreover, increasingly important indicator of the level of the educational service system becomes its technical equipment and training standard of the staff as for distance learning. An important element in getting a higher position in the market of educational services is the branding of an educational institution, which includes long-term and diverse efforts to improve the quality of educational activities, increasing investments, which affects the growth of capitalization. At the same time, it is necessary to invest money not only in the educational process, but also in scientific research. Teaching always corresponds to the level of scientific development of a subject of study [1], combination of the educational process with research activities has an exceptionally beneficial effect on the entire educational complex, creating its scientific potential, prestige and, ultimately, increasing its capitalization. Therefore, today it is the norm for higher education institutions to invite worthy scientists to work, to include regular publications of scientific articles in the duties of the current teaching staff, to hold scientific conferences. All such actions increase assets of the educational institution and form a brand that, in turn, works for its capitalization. A review of the literature related to this problem revealed trends in the development of the education system, and above all, the important structure of higher education specialties. In this vein, the following works were interesting: Verbitsky A. A. [2], Ulyanina O. A. [3] on the study of a new educational paradigm in Russian education; Sudhoff M., Prinz H., Kulenketter B. [4]; A. Beissenova, D. Shormanbayeva, D. Sundetbayev [5], Shormanbayeva D., Abdigaliyeva G., Karassartova M., Sivodedova A., Balshikeyev S. [6], Shatskaya, I.V. [7], Kaufman N. Yu. [8]; Gambeeva, Yu.N., & Sorokina, E.I. [9] on the introduction of e-learning; Koudahl P. D.[10] on possibilities of transition of the education system to practice-oriented learning. A review of foreign literature has shown that this topic is relevant for Western society. In this vein, the following works were interesting: Wiesner S. & Horizonte B. [11], Rosa Li [12], Ana del Carmen & etc. [13], Paul-Emmanuel Ankkert & etc. [14], B. Schulruf & R. Turner, Hattie J.[15], Beddevel E. [16]. All the works of the Western colleagues describe problems of ecology and safety in the transition to a practice-oriented learning system, which does not reflect our request for research on the adaptation of education of the youth in the period of digitalization of society.

## **2. METHODS OF RESEARCH**

This study was based on a significant amount of empirical material obtained by the authors both in Mongolia and the Russian Federation. In addition, a significant amount of background information has been collected this year, also in a changing society as it experiences the COVID-19 pandemic and digitalization. To collect the data, a questionnaire was developed, with the help of which the authors received answers to such questions as: How will the current situation (self-isolation, pandemic, transition to distance learning) affect the development of the professional community? What will change in society and in people? etc. The authors made a comparative analysis of the opinions of students and teachers in Russia and Mongolia.

## **3. RESULTS**

In the course of the survey, we got the following views of respondents on value orientations presented in Diagram #1. Respondents answered the questionnaire: What values will prevail in the current situation (digitalization and self-isolation of society).

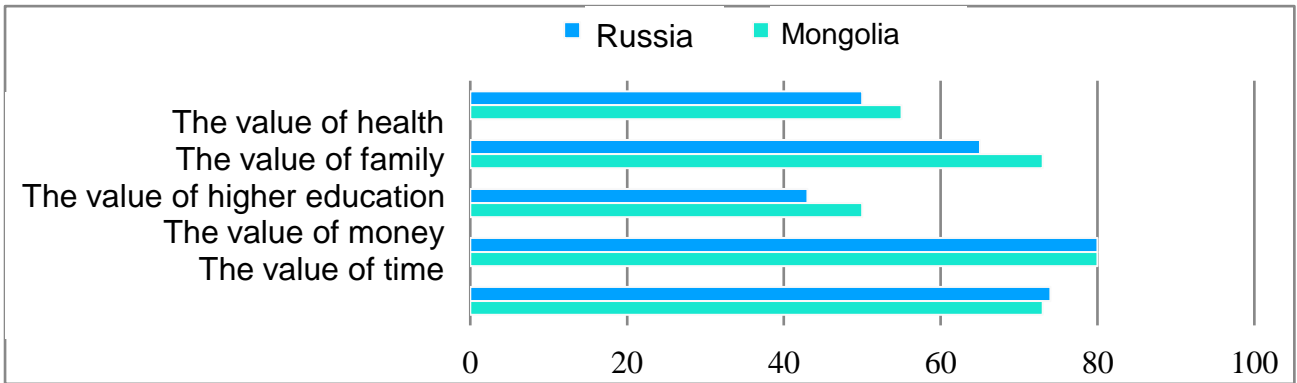


Figure 1: Value orientations of Mongolian and Russian students

Time of self-isolation has focused the needs of youth toward value orientations such as "the value of money" (80%), "the value of time" (74%). These figures are roughly the same for Russian and Mongolian youth and point to the fear of being left without money in a situation of self-isolation and the understanding that if there is money, it is possible to provide them with the computer equipment they need during the digitalization process. Family values among Mongolian youth differ significantly (75%) compared to Russian youth (65%). In the culture of Mongolian families, the traditional way of multigenerational cohabitation and kinship support is preserved. The authors were surprised by the indicator "value of higher education" (+ 40-45%). Russian youth demonstrated a focus on getting a job and refusal to spend time on higher education, probably such a position is associated with an increase in paid education and inability of many families to afford it, perhaps due to loss of work by parents during the period of self-isolation, the emphasis is on making money anyway where the driving mechanism is fear of lack of money. On the question of the questionnaire, how the current situation will affect the development of the professional community, the following answer was given by Russian respondents, presented in Diagram 2.

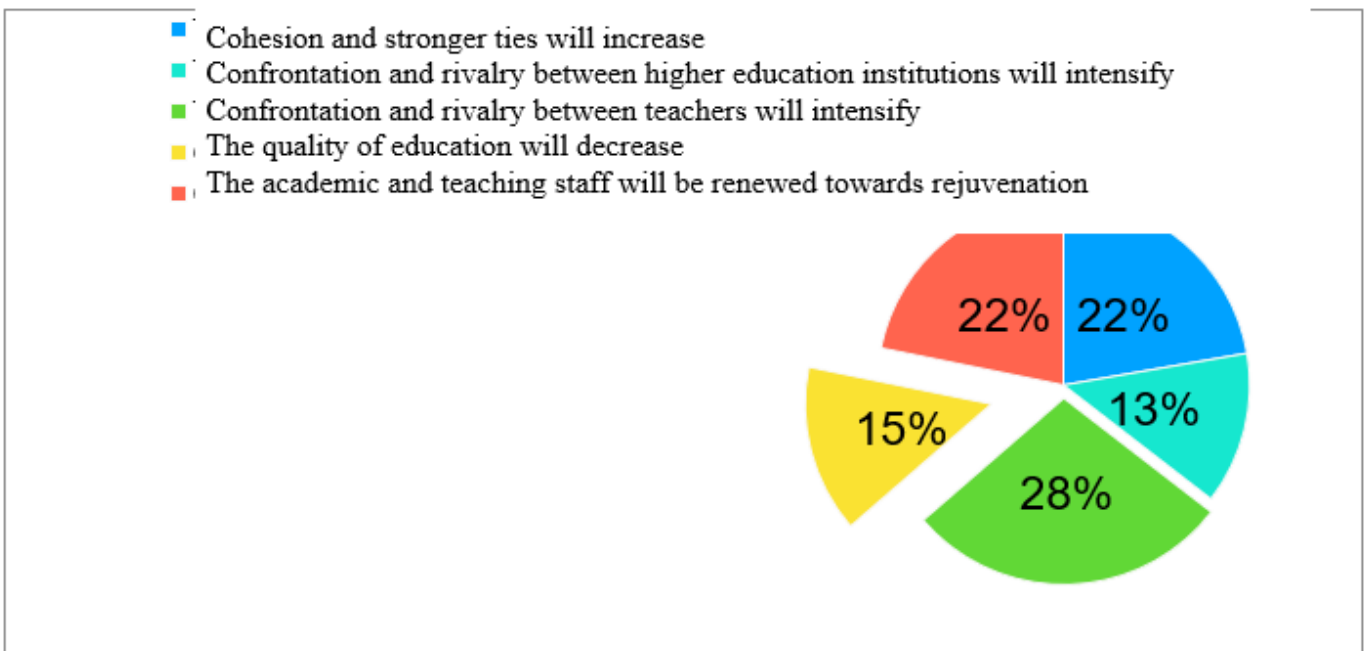
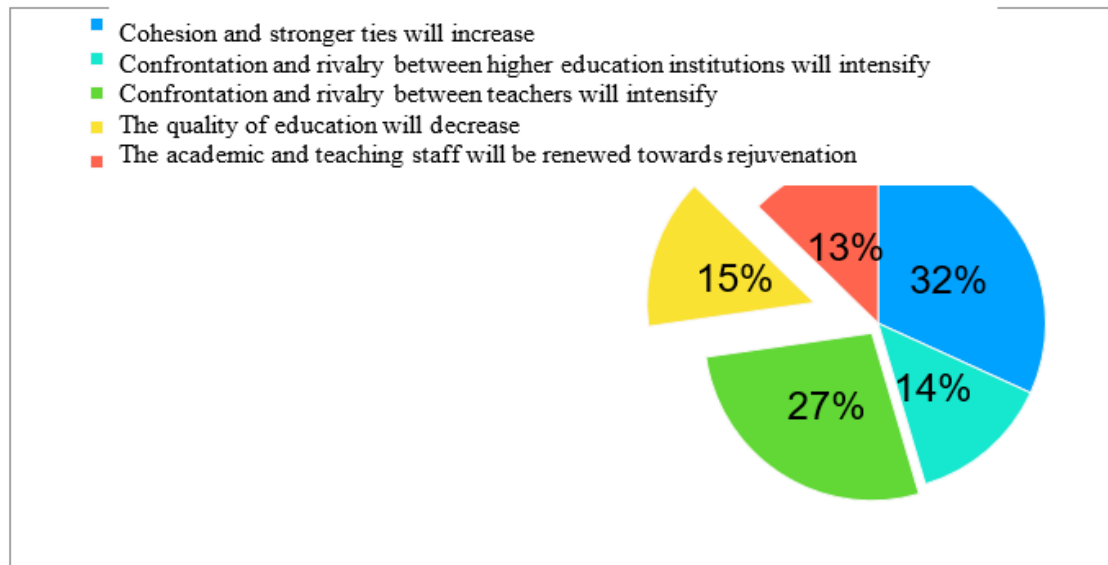


Figure 2: Social perceptions of Russian youth about the future in connection with the pandemic and digitalization



15% of the respondents believe that the quality of education will decline, since all universities are aimed at capitalizing of education. Many universities are switching to digital technologies and distance education, which was fairly recently discouraged by Rosobrnadzor, since distance education showed a low level of acquired professional and general cultural competencies among graduates. 28% of respondents believe that due to the introduction of digital technologies in the educational process, confrontation and rivalry between teachers will increase, thereby increasing their nervous stress, which will affect the educational process. On the question of the questionnaire, how the current situation will affect the development of the professional community, the following data were obtained by Mongolian respondents, presented in diagram No. 3.



*Figure 3: Social perceptions of Mongolian youth about the future due to pandemic and digitalization*

In connection with the experience of self-isolation of teachers, 32% indicated that cohesion among teachers will increase, since they value their team and a stable and calm atmosphere of work. The administration of Ulaanbaatar's universities believe that confrontation and competition among administrative positions will increase slightly (13%), as the personnel from the administration will have to "rejuvenate" themselves, as young teachers have a better understanding of modern digital technologies. The indicators of "confrontation and rivalry between teachers and the "quality of higher education" are almost the same for Mongolian and Russian students, since teachers are actively beginning to be engaged in self-supporting relations with universities and thus increasing the capitalization of education. A teacher cannot provide a quality service because he or she performs almost complete operational set of activities for the university: recruitment of an applicants, the educational process preparation, education of a student, fulfillment of scientific obligations to the university (writing scientific articles of the Higher Attestation Commission, Skopus, Vos), participation in regional and international conferences, preparation of monographs, textbooks, methodological guidelines, etc.

#### **4. DISCUSSION**

The combination of the above assets ensures the ability of an educational institution to create a cash flow, this is its capital, part of which must be invested in educational services in order to maintain their proper level that meets the requirements of the modern market.

Thus, modern educational service is characterized by:

- a constantly operating spirit of innovation in the course of education, since the main task of education today is movement at the pace of scientific and technological progress. Such a rhythm can only be maintained by such teachers-scientists who carry out research activities, are well-known authorities in the relevant sections of scientific knowledge, perhaps even those who have established their own scientific schools.
- investment from the state budget, donations from various organizations or individuals, if the educational process is characterized by a spirit of humanism, tolerance and creativity. Such spiritual capital, combined with intellectual savings, gives a synergetic effect and capitalization reaches the level of self-sustainability. At the same time, the accumulated competencies of human capital are not subject to the law of negative entropy; on the contrary, in a number of cases we can talk about positive entropy of this educational institution.

So, the general orientation for successful capitalization is in the effective selection of personnel for the university, formation of research activities, initiation of teachers to obtain scientific degrees and titles. At the same time, one more important indicator for the capitalization of the educational process should not be overlooked: the evaluation of the quality of work on the final result, i.e., the quality of graduates. For example, it may be such a list of qualities of the produced “human staff”:

- professional competence of the graduate;
- communication;
- innovativeness of solutions and projects;
- creative approach to solving problems arising in the working process;
- vision of the prospects for the development of the area of application of their efforts;
- knowledge of modern methods of their work activities, constant mastering of new methods.

Obviously, these markers of graduates' business qualities are not easy to measure, but a qualitative assessment of the employer can serve as a basis for determining the level of capitalization of a particular educational service. In general, in the analogue determination of the level of competence of graduates of a particular university, the developed ability is taken into account, using the knowledge gained during training to find resources and technologies for their use for the professional solution of problems arising in the work process. It should also be noted that there is a specific difference in educational service technologies, effective use of one or another of them also affects capitalization:

- problem-activity learning, in which the core is formulation and solution of a problem by trainees, which is specific for their future profession;
- modular, where training is based on work according to an individual program, formed into a thematic module and is often used in distance education;
- contextual learning implies modeling the subject, social, ethical content of a given profession using interactive methods of cognizing an object, a situation;

Thus, the capitalization of educational services can be estimated in market dimensions of results of efforts of their managers, teachers and student audience. The level of capitalization is an indicator of economic success or inefficiency of an educational institution. Economic efficiency can also be designated in a philosophical interpretation as a value and, since it is the value component that determines the significance of a particular phenomenon in our life, we will consider modern educational services from this side. To comprehend the concept of “value”, we should just think about its dual meaning: the first is the value of the product during exchange, the second is the significance for someone, or for anything.

We examined the filling of the first meaning of the concept of “education” in the modern perspective above, while the second meaning, which is undoubtedly great for society and the country, will be investigated further. The axiology of education has been studied and is being studied today by many scientists, but in this article we are interested in the psychological and sociological side of the issue, namely: where the modern Russian society places the education in their ranking, and how people perceive the current situation of capitalization of education. Let's try to make the appropriate generalizations by reviewing the scientific literature. Conclusions on empirical studies of the values of modern Russian society were drawn from a number of publications by Levada Center. In addition, the data of the international project “World Values Survey” (which has been implemented for three decades in different countries of the world). The last research studied the correlation of a level of economic development and a country's democratization with values of the people in the country. So the inhabitants of Russia, in comparison with the population of the countries of Western Europe, raise material values to a higher rank, while Europeans assess the values of self-expression to a greater extent [17]. Sociological measurements in the youth environment register shifts in their values: the level of importance of personal orientations is increasing: for a significant part of young people, this is *recreation and entertainment*; also, many of them choose a financially secure and carefree existence, a considerable amount of the youth keep the traditional values as the main ones - home, family, children, favorite work, and money. Thus, there is a steady trend of society, and especially of its young segment, towards a multivariant choice of personal life, towards the desire to live in a multivariant society of wide opportunities. We can also say about the aspiration towards commerciality of modern youth, about the down-to-earthness of plans and desires. There is also a considerable part of young people who have not formed their value orientations; they do not declare their goals in any way. The data of a number of modern sociological studies also testify to materialistic aspirations when choosing the nature of education by young people: the majority when entering an educational institution is guided by the profitability of future professional activities, and since education is mostly paid today, they consider their costs as profitable investments that need to be recouped in future. The problem of such a narrow, pragmatic view of education is the loss of erudition and culture, that is, the situation when a person knows more than he/she should know in respect of their job's description for performing their professional operations. What does it give when a person knows “more”? Firstly, the subject of his/her activity can change, which, by the way, is typical for the first half of the XXI century, and for a narrow specialist it is fraught with loss of job, and secondly, for a person with a wide range of education in his/her specific profession, there are great creative opportunities, as his/her thinking is more variable. However, today's educational situation to a greater extent, starting with the final exams at school, when a student should put a cross in a correct cell while the USE, pushes not to a wide, but to a narrow type of education and thinking, respectively. About the reasons for such changes in value orientations in the educational sphere V.S. Grekhnev writes: “With all its positive aspects, the information society not only provokes, but also strengthens consumer attitude of people to the world, since it contributes to assessment of any phenomenon only from the point of view of utilitarian usefulness of its knowledge, and therefore generates danger of information dependence, it forms an information-one-dimensional person” [18].

## 5. CONCLUSION

Thus, we feel the consequences of a grandiose historical turning point: if in the 19th, and even in the 20th century, production was considered to be the subject of history (lets remember Marx), then by the 21st century, consumption becomes the subject. That is, if in the past the entire vitality of the world was determined by production, today this place is occupied by ever-increasing consumption.

Another reason for value changes in modern society is the loss of the true meaning of education, which leads to simulative learning and, in general, to imitation of education. It is worth citing the words of Thales, who in the 1st century BC said that a person's education is similar to growing grapes, that is, just as a person grows and builds a vine year after year, education raises a new person. The individual learner creates himself/herself, and how does this goal differ from the modern stamping of a specialist for a certain special niche? Finally, it is no longer a reason, but rather a way of changing social attitudes, it is influence of communications, that is, many information channels, not only surrounding, but also largely forming an individual. The Internet, television, cinema, the press are also subject to the laws of capitalization, and in accordance with the need to make a profit, they are engaged in what brings the right income - they entertain. The result is the media, which should broadly and objectively provide knowledge about the world around us, create a completely distorted picture of it, leading away from problems, provoking hedonistic behavior, forming a habit of entertainment, which is offered almost as a norm of life. About the upcoming consequences for the human consciousness of the information age V.G. Fedotova writes: "He has no connection either with the past or with the structures of the industrial era, an individual in a situation of loss of norms and values (anomie) and isolation, the end of the labor society, a change in the structure of labor, new professions are easily recognizable features of Russian life" [19]. If we think of such a person as a subject living in the real world, then it is obvious that he/she loses his/her subjectivity and turns into a communications agent living in a networked environment and largely replaces real communication, sensations, and impressions with their virtual images. It is obvious that the digital world is absorbing education today. Often now the teacher's word sounds from an electronic device, instead of real communication - communication through a messenger, live lectures are absent, they have been replaced by virtual lecturers. The period of the COVID-19 pandemic showed that distance learning is necessary in some situations however, the subsequent feedback from students speaks of fatigue from an education isolated from the learning environment, of the need for live communication. Consequently, in the future, humanity is unlikely to abandon traditional education with a real presence and will look for ways to combine it with virtual learning, which in certain cases is irreplaceable, and also has its advantages [20]. We have no doubt that the problems of depersonalization of the individual by the situation of the modern digital world, which are also results of narrowed education, will be solved. An indispensable factor in the further development of society will be return of the subject to education, and precisely as an integral personality, and not only as a narrowly focused "specialist". The subject of society, as we see him/her in the near future, is a widely educated person, while constantly expanding his/her education for his/her own development and for progress of society, which is now called "educational". This is a new and not yet precisely defined concept. Nevertheless, in the draft version of the educational society, we can list such main elements as the value of knowledge, the desire for self-education, and the continuity of education. The embodiment of these ideas will be another stage in the development and education of both society as a whole and the human personality of the XXI century. Speaking at the "Government Hour" in the State Duma of the Russian Federation, the Minister of Science and Higher Education of the Russian Federation V.N. Falkov noted that, despite the successful transfer of the educational process to a distance format, in the first half of this year, it is obvious that a number of competencies need to be mastered in classroom classes, in the format of a role-playing business game, which allows each student to develop adapted skills of personal participation in professional interaction. An effective solution to this problem will require not only restructuring of classes' schedule, but also development, adaptation and application of new methods of interdepartmental interaction, both with the aim of preparing for holding, and, which is especially important, in the process of supporting an operational period of a business game, notes A.V. Raichenko [21].

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## ASSESSMENT OF THE POTENTIAL OF SPECIALLY PROTECTED NATURAL AREAS OF THE RUSSIAN FEDERATION FOR THE DEVELOPMENT OF ECOLOGICAL TOURISM

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### **ABSTRACT**

*The tendency for the development of domestic tourism necessitates a detailed study of the tourist and recreational potential of the Russian Federation, its rational use and the involvement of new territories in the tourism sector. This fact determines the need to study the issues of rationing and distribution of anthropogenic load on natural territories, to streamline the development of various types of tourism in protected areas and to comply with the selected system of specially protected natural areas of the Russian Federation. The subject is the tourist and recreational potential of Russian PAs. Purpose: study of the tourist and recreational potential of the protected areas of the Russian Federation and the development of proposals for optimizing its use in the development of ecological tourism. The study used the following methodological approaches: analytical method, comparative method, cartographic method and geoinformation method of research, methodology of tourist and recreational zoning. To achieve this goal, the following tasks were solved: the conceptual apparatus was analyzed; a comparative analysis of foreign and domestic experience was carried out; an assessment of the tourist and recreational potential of specially protected natural areas is given; the development of draft proposals for the optimization and rational use of the tourist and recreational potential of protected areas for the development of ecological tourism was implemented.*

**Keywords:** *domestic tourism, specially protected natural areas, ecological tourism, tourist and recreational potential*

### **1. INTRODUCTION**

At the junction of the most important environmental, economic and social problems of our time, the concept of ecological tourism has emerged as one of the most important means of sustainable development of natural areas (Andros, 2017). The emergence of ecological tourism as a fundamentally new type of travel was facilitated by a number of prerequisites:

- The emergence of mass tourism and the manifold increase in tourist flows gave rise to a rapid increase in anthropogenic influence on natural systems.
- The presence of only prohibitive environmental protection measures affecting the local population has not been proven to be effective. It is more expedient to involve local residents in the conservation of natural complexes on partner and economically beneficial terms. Tourism in this case is the most suitable type of activity.
- The beginning of the change in the direction of tourism from the traditional beach and resort to active and educational.

Many scientists, ecologists and representatives of the tourism industry have proposed different interpretations of the term “ecological tourism” (Miller, 1987). Many of them present such characteristics as protection of ecology and the environment; study and observation of nature; preservation of traditional culture; improving the well-being of the local population; responsible

travel; sustainable development of territories. But at the moment there is no single term accepted by all countries (Dorofeev, Bogdanova & Khokhlova, 2017). Quite often in the literature, ecological tourism is called natural, but this is not entirely correct. Natural tourism unites quite a few types of tourism that depend on the use of any natural resources (landscapes, relief, hydrological resources, flora and fauna) in their relatively unchanged state. Unlike ecological tourism, nature tourism does not take into account the ecological, economic and cultural impact of such travel on the environment (Astaniin, 2019). According to the International Society for Ecotourism (TIES), ecotourism is “responsible travel to natural areas that preserves the environment, supports the well-being of the local population, and requires interpretation and education” (Stishov, 2012). To date, the most complete definitions of ecotourism, reflecting the specifics and characteristics of this type of travel, are presented by the International Union for Conservation of Nature and the World Wildlife Fund. The first definition emphasizes responsibility - a journey with responsibility towards the environment in relation to undisturbed natural areas in order to explore and enjoy nature and cultural attractions, which promotes nature conservation, has a "soft" impact on the environment, and ensures the active socio-economic participation of local residents and their benefits from this activity (Kruzhalin & Alexandrova, 2008, pp. 428–432). The interpretation of ecological tourism by the World Wildlife Fund is more laconic, but at the same time it does not lose its semantic component - these are travels to places with relatively untouched nature, which do not violate the integrity of ecosystems and create such economic conditions in which the protection of the environment and its resources becomes profitable for the population (Lapochkina, Kosareva & Adashova, 2016, pp. 100 - 105). Protected natural areas, the processes of their formation and history are associated, first of all, with the emergence and development of ideas for nature protection and, as a consequence, the creation of a system of protected areas. The Russian Federation has extensive specially protected natural areas located throughout the country (Kryukova, Kaurova, Khetagurova & Makeeva, 2018, pp. 438–447). Each of them has unique natural and cultural resources as well as recreational opportunities. It is necessary to analyze and assess the tourism potential of protected areas to: identify areas of protected areas where tourism can be developed; to select types of tourism that will not harm natural areas and objects; to calculate and standardize the anthropogenic load on PAs.

## **2. METHODS**

The sanitary and epidemiological situation in the world caused by the coronavirus pandemic has made its own adjustments to the development strategy of the domestic tourism industry. Reorientation to domestic tourism necessitates a detailed study of the tourist and recreational potential of the Russian Federation, its rational use and the involvement of new territories in the tourism sector. In addition, there is a need to study the issues of rationing and distribution of anthropogenic load on natural areas, to streamline the development of various types of tourism in protected areas and to comply with the basic environmental principles in organizing tourism. To achieve this goal: researching the tourist and recreational potential of the protected areas of the Russian Federation and developing proposals for optimizing its use in the development of ecological tourism, the following methodological approaches were used: analytical method, comparative method, cartographic method and geoinformation research method, method of tourist and recreational zoning. The information base in the theoretical part is represented by scientific articles and monographs, regulatory and legal sources, in the analytical part - by primary statistical data, fund and system sources, as well as extensive cartographic material. The theoretical basis of the research was made up of works in the field of nature management and protection of natural territories: Astanina D.M., Dadley N., Kruzhalina V.I., Ovcharova S.O., Preobrazhensky V.S., Miller K.; in the field of assessment of



anthropogenic load and tourist and recreational zoning: works by D.R. Abdullina, Yu.A. Vedenin, N.N. Maltseva, N.A. Masilevich, M.S. Stishov and others. (Stishov & Dudley, 2018).

### 3. RESULTS

A protected natural area is a clearly defined geographical space that has a recognized status, intended and managed by government authorities or in other effective ways to ensure the long-term preservation of natural complexes and objects with associated ecosystems and cultural values (Zorin, Kvartalnov, 2003, p. 351). This definition is currently used by the International Union for Conservation of Nature and reflects the main characteristics of the protected area: the presence of clear, isolated and approved boundaries; recognized status; the presence of state or other management; persistence of conservation; natural and cultural sites (Dudley, 2019). To date, according to the IUCN classification, there are 6 categories of protected natural areas, one of which has 2 subcategories (Table 1).

*Table 1: IUCN classification of protected natural areas*

Category	Name	Definition
Ia	Strict nature reserve	Strictly protected areas established to protect biodiversity and, possibly, geological and geomorphological sites where human visitation, use and impact are strictly controlled and strictly limited to ensure the conservation of protected natural values.
Ib	Wilderness area	Extensive undisturbed or weakly disturbed areas that retain their natural character, without a permanent or significant population, that are protected and managed to preserve their natural conditions.
II	National park	Large undisturbed or slightly disturbed territories organized for the conservation of large ecological processes with a combination of characteristic species and ecosystems, providing opportunities for visiting with spiritual, research, educational, recreational purposes compatible with the ecological and cultural environment.
III	Natural monument or feature	Territories established for the protection of certain natural monuments, which can be both inanimate (geological and geomorphological) and living (ancient groves, etc.) objects; as a rule, they are characterized by a rather limited area and are often highly attractive to visitors.
IV	Habitat/species management area	Areas created for the conservation of specific species and habitats and managed according to these priorities. Many of the territories of this category require constant management actions (biotechnical measures) aimed at maintaining populations of protected species or habitats, although this is not a mandatory feature of the category.
V	Protected landscape/Seascape	Protected areas, where the long-term interaction of nature and man has formed landscapes of a special nature, which have significant ecological, biological, cultural and aesthetic value, for which the preservation of such interactions is vital for the preservation and maintenance of territories and associated environmental and other values.
VI	Protected area with sustainable use of natural resources	Protected areas that conserve ecosystems and habitats together with associated cultural values and traditional natural resource management systems; As a rule, large areas, which are in a predominantly natural state, for which part of them with sustainable management of natural resources and their moderate non-industrial use, compatible with nature conservation, are seen as the main objects of conservation.

Each category differs from the others in its main task, conservation status, the possibility of anthropogenic activity, scale, role of the territory and other characteristics. The area of protected areas in Russia by the beginning of 2020 is 13% of the total area of the country.

The system of specially protected natural areas in Russia is represented by 248 federal territories (108 reserves, 63 national parks, 60 federal reserves, 17 federal natural monuments) and about 10,500 protected areas of regional significance of various categories. But the Russian Federation has not yet reached 10% of the protected areas of the total area of the country according to the world classification. This is due to different interpretations of the protected natural area and classification approaches. According to the Federal Law "On Specially Protected Natural Areas", there are 6 types of PAs in Russia: state nature reserves (including biosphere reserves), national parks, natural parks, state nature reserves, natural monuments, dendrological parks and botanical gardens. These categories of protected areas are distinguished by a protected regime, biological diversity, the presence of various landscapes (natural and cultural), the presence of objects of scientific and aesthetic value. To compile a more accurate picture in the analysis of approaches to the classification of protected areas, it is necessary to compare the characteristics of protected natural zones allocated by the IUCN and the Russian Federation (Table 2).

Table 2: Ratio of protected areas of the Russian Federation and IUCN

Compliance							
Full or nearly complete compliance							
Compliance under a number of specific conditions that do not significantly change the essence of protected areas and affect no more than 25% of the territory							
Possible compliance under a number of significant conditions affecting more than 25% of the territory							
Inconsistency by key features							
Names of specially protected natural areas of the Russian Federation	OPT categories according to the IUCN classification						
	Ia	Ib	II	III	IV	V	VI
State nature reserve	Yellow	Yellow	Green	Red	Orange	Red	Red
National park	Orange	Yellow	Green	Red	Red	Yellow	Red
Nature Park	Red	Orange	Green	Red	Red	Yellow	Orange
State nature reserve	Red	Orange	Red	Yellow	Orange	Red	Yellow
Natural monument	Red	Red	Red	Yellow	Yellow	Red	Red
Dendrological park and botanical garden	Red	Red	Yellow	Red	Red	Red	Red

Based on the comparative analysis, we can conclude that there is a relatively similar approach in the classification of PAs, developed by the International Union for Conservation of Nature, and the Russian classification presented in the Federal Law "On Specially Protected Natural Areas". Ecological tourism in PAs as one of the types of tourism attracts an increasing number of visitors to such territories every year, and the interest of tourists in these territories is only growing. In 2018, the number of tourists visiting protected areas in Russia approached 7 million, according to the Unified Interdepartmental Information and Statistical System (EMISS). In 2019, this figure reached 8.056 million visitors (Kryukova & Khetagurova, 2020). The system of protected areas also changes every year: new protected areas of various levels (federal, regional and local) appear, territories of some protected areas are enlarged and others are reduced, as well as their unification, some territories form clusters. The system of specially protected natural areas is heterogeneous across Russia. Below are the data on the number of protected areas of different significance levels by Federal Districts (Table 3).

*Table 3: The number of protected areas by Federal Districts and level for 2019 (but based on EMISS data)*

Federal district	Federal level	Regional level	Local level	Total
Central Federal District	38	3340	401	3779
Northwestern Federal District	49	1009	82	1140
Southern FD	31	766	41	838
North Caucasian Federal District	20	458	63	541
Volga Federal District	36	2373	199	2608
Ural Federal District	17	904	27	948
Siberian Federal District	55	762	106	923
Far Eastern Federal District	49	834	162	1045
<b>Russian Federation</b>	<b>295</b>	<b>10446</b>	<b>1081</b>	<b>11822</b>

Based on the data in the table, it can be concluded that regional PAs prevail in Russia. The smallest number of federal PAs (mainly state nature reserves and national parks), which is associated with a stricter protected status and the allocation of these zones to federal ownership. Such territories are almost completely withdrawn from economic circulation, and any activity, except for environmental and scientific activities, is limited. The largest number of PAs is located in the Central Federal District; it is also the leader in regional and local PAs. In addition, a large number of such territories are located in the Volga Federal District, where there are quite a few natural and cultural and natural objects. The smallest number of PAs belongs to the North Caucasus Federal District, which is due to its small area. In order to analyze the tourist potential of specially protected natural areas, it is important to understand which regions of our country have greater opportunities in comparison with other opportunities for the development of ecological tourism in this direction. For this purpose, the area of protected areas and the percentage of protected areas from the total area of the subject were correlated. All regions are grouped into 4 categories:

- regions in which the percentage of protected areas occupies more than 17% (world desirable level);
- regions where the share of protected areas is from 10 to 17% (high level);
- regions where the share of protected areas is from 5 to 10%;
- regions in which the percentage of protected areas is less than 5%.

These categories are indicated on the map (Fig. 1). 11 subjects are in the lead in the area of specially protected natural areas: most of them are located in the Caucasus (the Republic of Adygea, Karachay-Cherkessia, Kabardino-Balkaria, Ingushetia, Chechnya and North Ossetia), the Astrakhan region, the city of Sevastopol, the Republic of Altai, Yakutia and the Primorsky Territory. Most of these regions are characterized by a relatively small area, but among them the largest region of the Russian Federation stands out - Yakutia, almost 30% of the territory of which is occupied by protected areas. The second category (from 10 to 17% of the occupied territories) already includes 19 subjects, they are located in all Federal Districts, but their concentration is especially noticeable in the north of the European part of the Russian Federation. The largest number of entities are included in the third category (from 5 to 10% of protected areas in the region) - 35. These entities are different in size and location. The smallest relative area of the considered protected areas (less than 5%) is in 20 subjects of the Russian Federation. The main ones are concentrated in the European part of the country, several of them are also located in the Siberian and Far Eastern districts.

Figure 1: Percentage of protected areas by constituent entities of the Russian Federation



To consider the tourist potential, in addition to analyzing the subjects by the number and area of protected areas, it is necessary to assess the possibility of each type of protected areas for the development of tourism on their territory, taking into account their conservation status and limitations (Khetagurova et al, 2015, pp. 79–90). State nature reserves have the strictest protected status, which severely limits the possibilities of tourist activities. Since the main task of the reserves is to preserve natural natural complexes, their territories are almost completely prohibited for visiting. Only a small part can be used for ecological, scientific and educational tourism (Ryndach, 2017: 231–242). On the territory of national parks, there is a less strict security regime, which makes it possible to talk about regulated tourism. On the territories of such parks, a special regime of differentiated protection has been established, taking into account their natural, historical and cultural characteristics (Pyrkova, 2010). The zones permitted for tourism allow organizing environmental education and acquaintance with the sights of the park during excursions and providing information, cultural and consumer services for tourists, and are also intended for adventure, active, health and sports tourism (Tsyrenova, 2010). Natural parks are nature protection recreational institutions under the jurisdiction of the constituent entities of the Russian Federation. Such parks have significant ecological and aesthetic value and are intended for use in nature conservation, educational and recreational purposes (Mosalev, 2018). State nature reserves are territories (water areas) that are of particular importance for the preservation or restoration of natural complexes or their components and for maintaining the ecological balance. For this category of protected areas, it is possible to develop educational and ecological tourism (Khetagurova, 2018). Natural monuments are unique, irreplaceable, ecologically, scientifically, culturally and aesthetically valuable natural complexes, as well as objects of natural and artificial origin. Natural monuments can be included in the excursion tour as objects of display, but the anthropogenic load on the protected areas should be taken into account. Dendrological parks and botanical gardens can be called open-air museums, the purpose of which is to create special collections for the preservation of plant diversity. Scientific work is carried out on the territories of arboretums and botanical gardens, and excursions are also possible as a type of educational activity and educational tourism (Ovcharov & Makhov, 2017). We can talk about the high tourism potential of almost all types of protected areas, with the exception of state nature reserves, which are limited for many types of tourism. Generalized information on all types of protected areas and possible types of tourism activities is systematized in Table 4.

*Table 4: Possible types of tourism in protected areas*

SPNA name	Types of tourism	Tourist activities
State nature reserve	Ecological Informative Scientific	Routes along ecological paths, scientific and educational expeditions, ecological education
National parks	Ecological Informative Active	Excursions in the park (walking), adventure tours, hiking trips, sports activities (cycling, rafting, equestrian tourism)
State nature reserves	Ecological Informative	Ecological excursions, scientific and ecological education
Natural parks	Informative Active Ecological	Almost all types of mass tourism: recreational recreation, sports tourism, excursion activities
Natural Monuments	Informative Ecological Pilgrimage	Full-fledged excursions or individual objects of display, pilgrimage tours to sacred places
Arboretum and botanical gardens	Scientific Informative	Excursions around the exhibition part of the park, scientific education (lectures and master classes)

In specially protected natural areas, many types of tourism and tourist activities are possible, but there are certain problems for its comprehensive development. First of all, this is the absence of a unified system for calculating the throughput of protected areas and the anthropogenic load on them.

#### **4. DISCUSSION**

Based on the analysis of the anthropogenic load on the protected areas of Russia, it can be concluded that the unevenness of tourist visits and the recreational load on the protected areas. With the critical influence of the anthropogenic factor on some protected areas (Caucasus, Baikal, Altai, European part), other territories practically do not use the tourist potential. For a more uniform visit, employees of each protected area, regardless of the type and size, must analyze the load on natural complexes and calculate the maximum permissible load to preserve the naturalness and intactness of the protected area. Today, many protected areas keep statistics on the number of tourists and the approximate anthropogenic load on specially protected natural areas. Basically, these are large protected areas of federal significance with a stricter protected status (reserves and national parks). This is due to the use of small, relative to the total area of the territories used for economic, recreational and tourist purposes. Such territories occupy no more than 25% in reserves and 50% in national parks. Also, scientific work is carried out on the protected areas of these species, which also contributes to monitoring and control. Currently, in connection with the differentiation of protected areas and the corresponding modes of nature management and conservation status, there are various methods for calculating the anthropogenic load and its regulation. Many of them are based on quantitative and qualitative characteristics. The quantitative aspect is aimed at measuring specific indicators, for example, the number of visitors to the territory, the number of tourists per unit area, the number of tourists per unit of time and their derivatives. Qualitative indicators are not directly related to measurements, but help to assess protected areas as a single system. These include the value of the ecological potential of the ecosystem, its ability to self-purify, resistance to various types of recreational loads. Based on the sustainability of the ecosystem, norms can be established that ensure the stay of protected areas within the boundaries of normal states, and norms that ensure its return to these boundaries (Dyachenko et al, 2015, p. 1603-1613). Until now, a unified methodology for the regulation of recreational and tourist loads on protected areas has not been created, which would take into account the entire range of factors determining them.

Among the main methods used to assess the anthropogenic load on protected areas in Russia are the following:

- Templar method - counting the number of damaged indicators.
- Drawing up a scale of degradation according to a point system (0-5) and an assessment of the main indicators.
- Identification of tourist capacity, maximum recreational load, norms for visiting an ecological route.
- Calculation of permissible and optimal loads, taking into account correction factors.
- Allocation of the main functions of protected areas, development of a compliance scale and calculation of main indicators.

Having analyzed these techniques, we can talk about the features of each of them and their possibility of using them in practice. But given the different approaches to assessment, the set of different components of protected areas and the degree of their study, the natural result was the identification of weaknesses in the methods and the impossibility of applying to all types of protected areas. One of the recommendations for the competent use of the tourist potential of the protected areas of the Russian Federation and the prevention of uneven tourist visits is the creation of a unified system for monitoring and assessing the anthropogenic and recreational load on specially protected natural areas, taking into account their type and protected status. It is supposed to take the functional zoning of protected areas as a basis and set the maximum permissible load for each of the zones. All protected areas can be allocated 6 functional zones:

- reserved (preservation of the naturalness of natural complexes);
- specially protected (maintaining the safety of certain natural complexes and objects);
- historical and cultural (protection of significant historical and cultural sites and landscapes);
- tourist (territories accessible to tourists - route sites, information and visitor centers, tourist infrastructure);
- recreational (places for outdoor recreation);
- economic and administrative (territories for carrying out activities necessary for the functioning of protected areas).

After working out the possible internal indicators for all functional zones and types of protected areas, a unified table is created by blocks, the assessment of which is made up of the scores of the assessment tables assigned according to the indicators of this block. The assessment of each block is presented as a percentage of the received points to the maximum possible number. Based on such an assessment, it is possible to establish the weight of a particular factor and the degree of its influence on the state of a specially protected natural area. The complexity of the implementation of this technique lies in the development of zonal significance and the derivation of a point system of assessment tables. The percentage of functional areas should be obtained empirically and presented by experimental calculations based on data from a large number of Russian protected areas in order to achieve more accurate indicators. The difficulty in assigning points is associated with the variety and differentiation of assessment criteria, which can be facilitated by assigning additional coefficients to a block of indicators. The advantages of this technique are:

- 1) Complexity of the assessment of indicators related to various areas of regulation of the load on protected areas;
- 2) Conducting analysis of functional zones subject to different anthropogenic load;
- 3) Development of a unified framework for assessment indicators that allow comparing the results for all types of protected areas;
- 4) Inclusion in the assessment of the load of such a criterion as environmental significance, which shows the value of natural and cultural objects and complexes.

The creation of such a methodology will allow to unify the definition and calculation of anthropogenic and recreational load on specially protected natural areas and develop a unified system of indicators suitable for all types of protected areas.

## 5. CONCLUSION

In specially protected natural areas, many types of tourism and tourist activities are possible, but there are certain problems for its comprehensive development. One of the main problems is the lack of a unified system for calculating the throughput capacity of protected areas and the anthropogenic load on them. In this regard, the regulation of visits to protected areas is practically impossible, which can lead to the disruption and degradation of natural areas. The second problem is associated with low comfort or complete lack of infrastructure. In recent years, infrastructure has begun to be established in more popular protected areas (eco-hotels, visit centers, transport appear), but mainly in those where tourism opportunities and accessibility of the territory are higher, which does not cover the entire spectrum and volume of protected areas of the Russian Federation. The third problem is limited information on PAs and their tourism activities. This complicates the search and selection of places for recreation and tourism. Specially protected natural areas need a unified information base, which will contain data on a specific area, conservation status, possible places of visit, interesting sights and types of activity. Another difficulty is the narrow focus and specialization of tourism in protected areas, mostly focused on single travelers and researchers. This specialization is suitable for nature reserves, since mass visits can negatively affect the undisturbed nature; for other protected areas, it is possible to expand the tourist flow without negative consequences. It is necessary to popularize protected areas and environmental education as a method of attracting new groups of tourists. The last problem is related to the lack of the necessary training of personnel of protected areas for tourism activities, because the conduct of commercial activities has historically not been a function of these zones in Russia. Protected areas staff do not have the experience to provide quality services and pricing for tourism products. As a result, protected areas provide tourists with only basic services, which cannot meet tourist demand, and, accordingly, the income received at the moment is less than it could have been. When working out and solving these problems, PAs can become attractive tourist areas with unusual resources, the flagship of Russian ecological tourism and a significant sector of the domestic and inbound tourist market of Russia.

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## ON THE IMPACT OF THE ELECTROMAGNETIC FIELD OF INDUSTRIAL FREQUENCY ON THE HUMAN ORGANISM

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### **ABSTRACT**

*The article discusses the issue of the mechanism of the effect of the electromagnetic field of industrial frequency on the human body. The results of an experiment to study the effect of an electromagnetic field of industrial frequency on human mental processes are presented. The theoretical substantiation of the mechanisms of influence of electromagnetic radiation in the near zone is formulated, its main damaging factors are determined. Practical recommendations are proposed for reducing potential harm as a result of exposure to an electromagnetic field of industrial frequency, in particular at hazardous production facilities.*

**Keywords:** *electromagnetic field of industrial frequency, impact, consequences, human body, mental processes, disturbances, harm*

### **1. INTRODUCTION**

The rise of the information society is characterized, among other things, by an increase in the amount of electricity consumed. According to statistical studies, the growth in electricity consumption is stable and systematic [16, 10]. According to the data of the long-term forecast of the dynamics of electricity consumption, it follows that the world volumes of electricity consumption may double by 2050 [4]. The growth in electrical energy consumption is primarily due to the development of the microelectronics market [9]. The microelectronic industry provides not only the market for personal digital products like mobile gadgets, personal computers, home appliances, etc. Microelectronics is the basis for the implementation of the global trend of ubiquitous digitalization [3]. The emergence of the information society has turned modern cities into a whole web of power supply and telecommunication lines, where each individual house is filled with various electrical appliances and electronic communications [8]. As you know, the movement of charges generates electromagnetic oscillations in the medium, which are also called radiation. Along with the growth of power consumption, the level of electromagnetic radiation from conductors and consumers also increases. At present, the world community recognizes that electromagnetic radiation of artificial origin has high biological activity and is a serious environmental pollutant [11,1]. However, the opinions of scientists differ on the degree of its harmfulness and danger. Some believe that the electromagnetic effect is a powerful factor with catastrophic consequences for all living things [13], others say that the consequences for biological forms cannot be reliably estimated at the moment [12]. Despite the existing discrepancies, electromagnetic radiation is a factor subject to standardization. And if earlier it was believed that harmful effects take place only in relation to a small circle of people in connection with their profession, now we can talk about the need to standardize the impact of electromagnetic radiation for the entire population

[6]. Unfortunately, the old paradigm applies to the regulation of the maximum permissible levels of exposure to the electromagnetic field, according to which the physiological justification of the permissible level of exposure to a harmful factor should be based on physiological criteria [14]. In this regard, the approach to standardizing the maximum permissible level of exposure to electromagnetic radiation is based on the assessment of the charges arising on the body surface under the action of the electric component of the field and the force acting on the charges inside the body arising under the influence of the magnetic component of the field. Thus, according to modern concepts, the main danger for humans is the induction of an electric current to excitable structures (muscle and nervous tissue) [19]. The maximum permissible levels of electromagnetic radiation have different values depending on the nature of the radiation, it is primarily divided into constant and variable. Variable electromagnetic radiation is divided into frequencies. On this basis, the main share of electromagnetic pollution will be radiation at industrial frequency. With regard to electromagnetic radiation of industrial frequency (EMF IF) in the literature over the past 25 years, great importance is given to the possible carcinogenic nature of the effect [18]. However, the data of the conducted studies are of a controversial nature, and the question of the nature of the adverse effects of PMF on humans remains open [19]. Focusing on the above information, it should be noted that the problem of uncertainty in the mechanics and the consequences of the influence of the IF EMF on a person becomes more and more urgent over time. Existing approaches to the study and standardization of IF EMF are based on empirical statistics. In fact, the physiological state of a person is investigated before and after exposure. According to the authors, such an approach is certainly appropriate, but only in conjunction with attempts to provide a theoretical basis for the observed phenomena. Unfortunately, it is the theoretical component that is present in insufficient quantities in the conducted research. Thus, within the framework of this article, we present the results of a study devoted to the theoretical substantiation of the mechanisms of the influence of the IF EMF.

## **2. METHODS**

This paper presents the results of a study aimed at the theoretical substantiation of the mechanisms of action of the IF EMF. The study was carried out at the site of the laboratory of natural sciences of the Faculty of Ecology and Technosphere Safety of the Russian State Social University in Moscow in the period from 01.02.2020 to 15.09.2020. The study was carried out in two stages with the participation of subjects in the amount of 18 people. At the first stage of the study, an experiment was carried out on the presence or absence of the fact of the influence of the PMF EMF at normal tension on human mental processes. In fact, the question was raised - "Does the PMF EMF affect the psyche at the moment of exposure?" According to the authors, the answer to this question is extremely necessary, since it defines the framework for considering the consequences of the impact of the RF EMF on a person based on safety criteria, in particular, this is especially true for the category of people working in hazardous industries. The basis for the hypothesis of the study of the first stage was the fact that it is reliably known about the ability of the IF EMF to induce charges on the nervous system. Along with this, the nervous system is a means of interaction between human consciousness and the environment. Destabilization of the nervous system can lead to destabilization of the manifestation of basic mental processes. Sensations, speech, memory, logical thinking and attention were chosen as the studied processes. Since the study was an exploratory study, in which the logical question "yes" or "no" was posed, the sample consisted of only 15 people. The essence of the experiment methodology is to compare the indicators of the course of mental processes, expressed in relative units of measurement, under the influence of the PMF EMF and without it. Two groups of 5 people were exposed to this effect, the third group of 5 people was the control. For more details on this experiment, see [17].

At the second stage of the study, a lot of analytical work was carried out. Its purpose was to provide a theoretical substantiation of the mechanism of the effect of IF EMF on the human body on the basis of known physical laws. Mainly, to determine the main damaging factors of this impact. In addition to this, an approach has been developed for predicting the consequences of exposure to IF EMF on the human body under various conditions of such exposure.

### 3. RESULTS

In the course of the experiment at the first stage of the study, a sustained deterioration in memory performance was revealed, which was expressed in a weakening of the subjects' ability to fix information. On average, under the influence of the IF EMF, the subjects could fix in their memory 25% less information than in the absence of such exposure. In the course of the analytical work at the second stage of the study, it was possible to theoretically substantiate the processes and damaging factors of the effect of IF EMF on a person. The main calculations are presented below. It is known that the electromagnetic field has a different character depending on the area of action. The zones are divided into near (induction zone), middle (interference zone) and far (wave zone or Fraunhofer zone) [15]. The difference between it is the phase shift of the electric component of the field and the magnetic one relative to each other. In this regard, first of all, it is necessary to determine to which zone the IF EMF will belong.

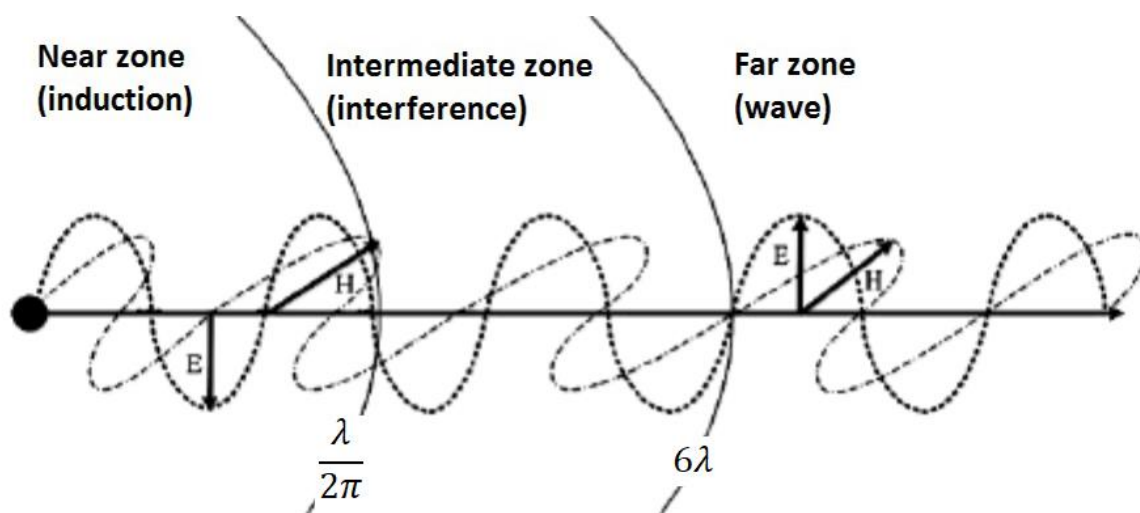


Figure 1: dependence of the area of action of the electromagnetic field on the wavelength

Figure 1 shows the distribution of electromagnetic radiation zones, determined from the wavelength of its oscillations. The industrial frequency in the Russian Federation is 50 Hz, in the USA it is 100 Hz. Using this data, you can calculate and size the zones for each case. The calculation of the wavelength is made according to the formula 1:

$$\lambda = \frac{c}{\nu} \quad (1)$$

$\lambda$  – wavelength, m;  
 $c$  – speed of light,  $s = 3 \times 10^8$  m / s;  
 $\nu$  – wave frequency, Hz.

After making calculations, the following sizes of zones for electromagnetic radiation at frequencies of 50 Hz and 100 Hz are obtained. The results are shown in Table 1.

Table 1: sizes of zones for electromagnetic radiation of industrial frequency.

Frequency	Wavelength $\lambda$	Near zone $\left(0; \frac{\lambda}{2\pi}\right)$	Intermediate zone $\left(\frac{\lambda}{2\pi}; 6\lambda\right)$	Far zone $(6\lambda; +\infty)$
50 Hz	$6 * 10^6\text{m}$	$(0; 0,95 * 10^6)$	$(0,95 * 10^6; 36 * 10^6)$	$(36 * 10^6; +\infty)$
100 Hz	$3 * 10^6\text{m}$	$(0; 4,75 * 10^5)$	$(4,75 * 10^5; 18 * 10^6)$	$(18 * 10^6; +\infty)$

Based on the calculations obtained, it can be seen that for a frequency of 50 Hz, the radius of the near field of EMF action is 950 km, while for 100 Hz the radius is 475 km. Thus, it is fair to say that the influence of the IF EMF will always be inductive. The main characteristic of the electromagnetic oscillation in the near-field zone is the phase shift of the magnetic and electrical components by 90° (Figure 2).

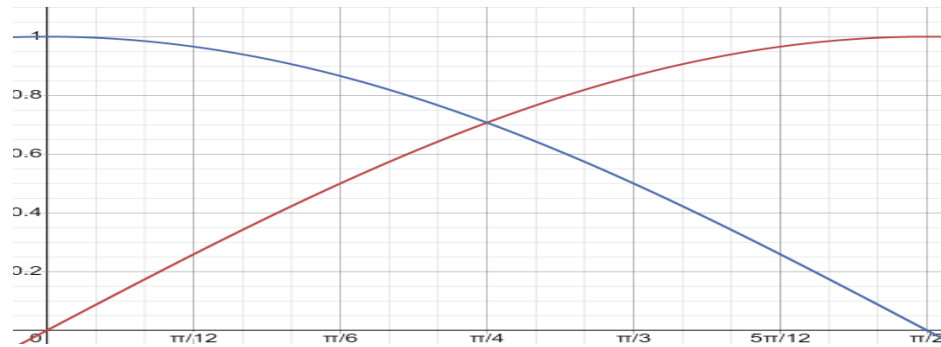


Figure 2: Phase shift of the electrical and magnetic components in the near field of action

The graph shown in Figure 2 indicates that at the moment of time, the effect of the IF EMF is characterized by only one field component, electric or magnetic. Accordingly, if we consider the process in time, then the action of the electrical and magnetic components will alternately replace each other. With such an impact, a kind of "buildup" of charges occurs in the object, as a result of which the object has its own electric potential, which creates an electromotive force. A similar phenomenon, only on the example of a permanent magnet and a conductor, was discovered and described by Mike Faraday, thereby formulating the law of electromagnetic induction (formula 2).

$$E_{\text{эдс}} = \frac{d\Phi}{dt} = \frac{\overline{BS}}{dt} \quad (2)$$

$E_{\text{эдс}}$  – electromotive force, in fact, speaks of the emerging potential difference in the object under the influence of the changing magnetic flux, w;  
 $d\Phi$  – change in magnetic flux, wb;  
 $dt$  – time during which the magnetic flux changes, s;  
 $B$  – the value of the magnetic induction, Tl;  
 $S$  – surface area of the object under consideration, which is in a changing magnetic flux, m<sup>2</sup>.

The phenomenon of electromagnetic induction is well studied in physics, and, therefore, its main processes can be transferred to the human body. Based on this, it is possible to distinguish two processes that take place in the human body under the action of the PMF. The first process occurs when the electric component of the field is exposed to the body surface. As a result of this effect, charges accumulate on the surface of the skin, which leads to polarization tending deep into the body.

Since the electric field is not constant, the rate of change of charge changes, and therefore a current appears. According to Faraday's law, the current creates the opposite electric potential to balance the charges. The alternating field leads to the fact that, in addition to the pulsation of the potential, currents begin to move in the body, which change their direction depending on the phase or antiphase of the electromagnetic wave. The second process begins when the magnetic component acts on the tissues of the body, in which currents are formed. The induced currents, when the electric component of the field reaches zero, have a maximum in phase. The action of the magnetic component of the field on the body tissue at this moment is similar to the action of the Ampere force on the conductor. The value of this force can be calculated using formula 3:

$$F_A = \bar{B} * \bar{I} * l * \sin\alpha \quad (3)$$

$F_A$  – the Ampere force acting on the body tissues through which the current flows, n;

$\bar{B}$  – vector of magnetic induction, Tl;

$\bar{I}$  – vector of current in body tissues, A;

$l$  – length of the conductive section of body tissues, m;

$\alpha$  – the angle between the vector of magnetic induction and the vector of current.

Based on the considered, it is possible to unambiguously distinguish three damaging factors of the action of PMF on the human body:

- 1) Electrical polarization of tissues, leading to the emergence of potentials at the cellular level. For different groups of cells, the consequences can be expressed in different ways. For example, potentials at the level of nerve cells can destabilize a person's mental activity. At the same time, the potentials are capable of changing the concentration of ions in biological fluids of the body, which can lead to a violation of humoral regulation;
- 2) Electric currents resulting from polarization. At low values, they do not have a harmful effect, however, when certain values are reached, they are capable of causing significant harm, expressed by the usual concept of "electric shock";
- 3) The action of the Ampere force on living tissues through which currents move. In this case, the Ampere force will tend to displace the micro conductors in the appropriate direction. This already "forceful" effect can lead to physical deformation of organic structures, which can manifest itself at the most elementary levels.

#### 4. DISCUSSION

In order to further substantiate the results obtained and the conclusions drawn, it is worth citing several calculations. First of all, the reflected patterns make it possible to check the reliability of the results obtained during the first part of the study. It is proposed to compare the average value of the action potential of a nerve cell  $E_1$ , and the value of the potentials that arise in the human body under the influence of an alternating electromagnetic field of industrial frequency in normal living conditions  $E_2$  (residential building). To carry out a comparison, it is possible to take some communication principles as a condition when assessing the noise immunity of an information transmission channel. The essence of the principle is reduced by comparing the level of the informative signal and the level of interference for the electrical or magnetic component. Depending on the type of signal coding, interference can be critical, even with a difference of several orders of magnitude. But since we do not know the principles of signal processing in the nervous system, we will take the following, very fair assumption as a condition. Let in our case, the induced electric potential can be a hindrance to the informative one, if the amplitude of the induced potential is in the same order with the amplitude of the informative one.

Mathematically, the condition is reflected in formula 4:

$$\begin{cases} E_1 = E_2, \text{ at } \frac{E_1}{E_2} < 10; \\ E_1 \neq E_2, \text{ at } \frac{E_1}{E_2} > 10; \end{cases} \quad (4)$$

As input data, the value of the magnetic field B, the surface area of the person S and the value of the action potential of the membrane of the nerve cell  $E_1$  are required. The B and  $E_1$  values are taken from the reference manual for monitoring electromagnetic fields [5]. There are many online resources for calculating S. In this case, the body surface area is taken for a person 195 cm tall and weighing 80 kg. The input data are presented in Table 2.

*Table 2: input data for the comparison of potentials.*

$E_1$	B	S
$70 * 10^{-3}$ w	$1 * 10^{-3}$ Tl	2,06 m <sup>2</sup>

To determine the value of  $E_2$ , you must use formula 2. After making calculations, we get that  $E_2 = 1 * 10^{-1}$ w. Let's check the condition given in formula 4:

$$\frac{70 * 10^{-3}}{1 * 10^{-1}} = \frac{0,07}{0,1} = 7,7 < 10 \Rightarrow E_1 = E_2 \quad (5)$$

The result obtained primarily indicates the imperfection of the modern paradigm in the approach to substantiating the maximum permissible levels of exposure to IF EMF. From a purely physiological point of view, the obtained value of the potential is quite low, and if we calculate the magnitude of the induced current by this potential, it will be at the level of microamperes. However, considering a person not only from the point of view of physiology, but taking into account his social and behavioral characteristics, such a characteristic of the impact can no longer be the norm. Suppose a situation when a person implements labor activity at a hazardous production facility and take into account that his nervous system is exposed to the negative impact of the PMF EMF, which destabilizes mental processes. In this analogy, it is very appropriate to mention such a concept as "human factor", but this is only an assumption that requires a separate study. It is also worth giving an approximate calculation regarding the action of the third damaging factor. It is proposed to calculate the Ampere force acting on one skin cell. The electrical resistivity of the skin R is a variable characteristic. The range of its values varies from 3,000 to 20,000 Om, it is proposed to take the value  $R = 6,000$  Om. The approximate number of skin cells n on the human body is about 12 billion. To make calculations, it is necessary to bring all the initial values to values equivalent to one cell. Let us take the sine alpha as one. The results of the input data reduction are attached in Table 3.

*Table 3: given input data for calculating the Ampere force acting on one skin cell.*

L, m	R, Om	S, mm <sup>2</sup>
$0,13 * 10^{-4}$	1	$1,5 * 10^{-3}$

To make calculations, it is necessary to combine formulas 2 and 3, with the integration of Ohm's law to find the current strength.

As a result, formula 5 will be applied for the calculation:

$$F_A = \bar{B} * \frac{\bar{B}SR}{dt} * l * \sin\alpha \quad (5)$$

Making calculations, we get that with magnetic induction  $\bar{B} = 1 * 10^{-3}$  Tl, Ampere force acting on one skin cell will be  $F_A = 1,26 * 10^{-23}$  H. The result obtained confirms the presence of a force effect on organic structures; deformation under such conditions is possible. However, to inflict physical damage in the form of tissue tears, the Ampere's strength will always be insufficient. For comparison, the characteristic of skin resistivity to rupture varies in the range from 1 to 3.5 kg / mm<sup>2</sup> [7]. It is also worth noting a certain assumption regarding the state of biological fluids of the body under the influence of PMF EMF. The movement of current in an electrolytic environment can theoretically lead to the release of free radicals, which can have an effect on DCR and RNA, causing extremely negative consequences, which actually confirms the assumptions made in the works [2,20,21,22].

## 5. CONCLUSION

Summing up the results of the work done, emphasis should be placed on the significance of the results obtained. Understanding the nature of the impact of any hazardous or harmful factor allows you to take measures to prevent or minimize the resulting harm. Speaking of IF EMF, it is worth considering the current level of development of the digital industry and microelectronics. Of course, in such conditions, a decrease in the level of electromagnetic influence is not only unlikely, it is rather impossible. In such conditions, the most rational would be to develop a set of engineering and technical measures aimed at minimizing the EMI of the inverter. These activities may include:

- 1) Shielding of power supply lines, both outside and inside buildings;
- 2) Development of portable personal protective equipment against the effects of IF EMF, which were applicable to citizens of large cities in everyday life.

We also consider it necessary to take into account, when standardizing the maximum permissible levels of exposure to IF EMF, its impact on mental processes, especially for workers at hazardous production facilities.

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## SOIL CONDITION ASSESSMENT IN THE TERRITORIES OF SOCIAALLY SIGNIFICANT OBJECTS IN MOSCOW

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### **ABSTRACT**

*The progressive impact of human economic activity on the natural environment has reached a level at which significant changes occur in the morphology of the soil cover and in the chemical composition of the soil. Many compounds entering the soil, due to chemical and microbiological transformations, can become more toxic than the original ones. As a result, it is necessary to regularly monitor soils in various districts of the city and region. An assessment of the ecological state of soils of preschool, school and medical institutions, as well as recreational zones of the Central Administrative District of Moscow for the content of mineral and organic pollutants was carried out on the basis of monitoring carried out by the FBUZ "Center for Hygiene and Epidemiology in Moscow". As a result of monitoring, the content of heavy metals, formaldehyde and oil products in the soils of the Central Administrative District of Moscow was determined. It was revealed that during the study period 2015-2019, the soil was heavily contaminated with chromium and lead. Based on the data obtained, an epidemiological assessment of soil quality was carried out.*

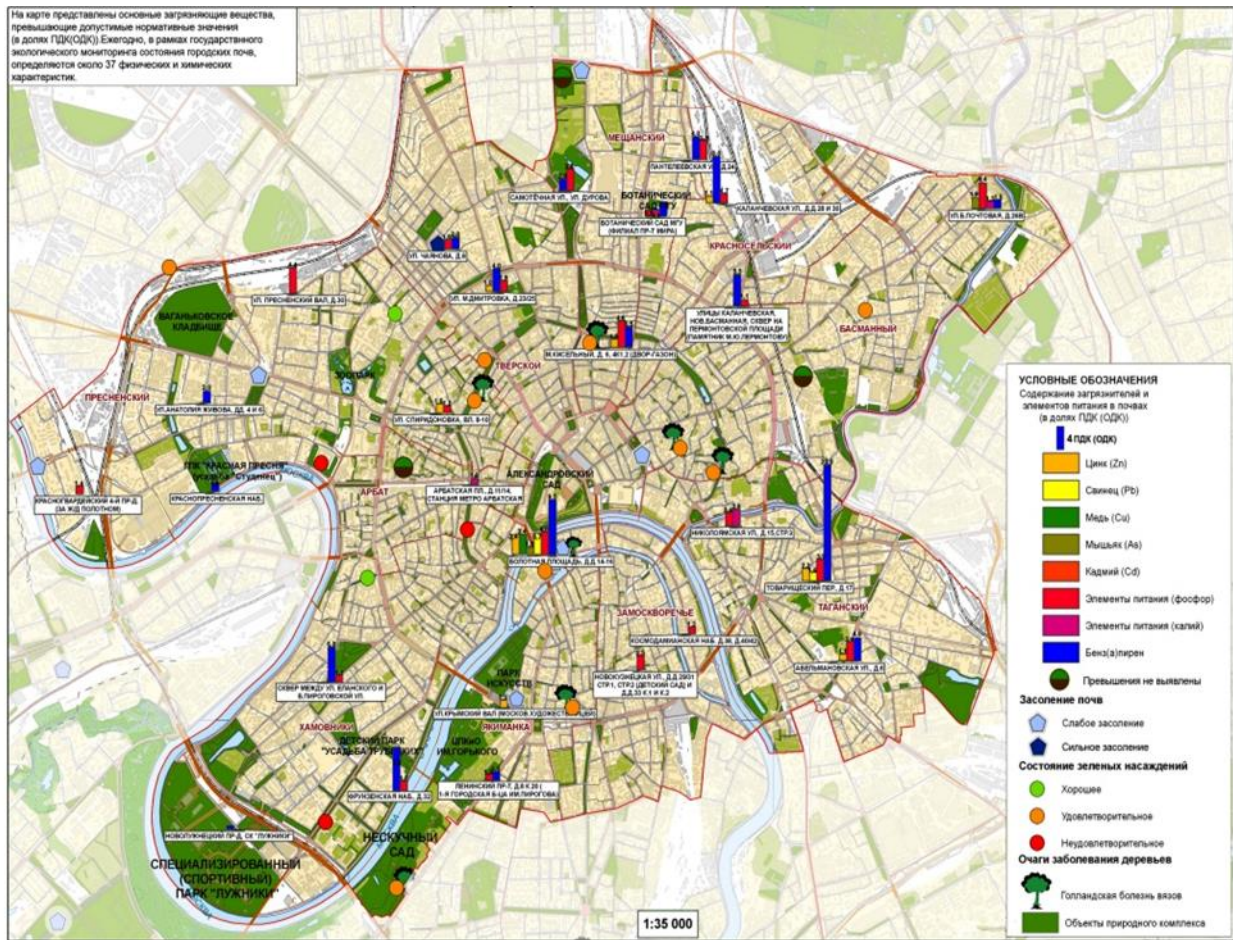
**Keywords:** *Moscow soil cover, heavy metals, recreational zones, soil monitoring, anthropogenic impact*

### **1. INTRODUCTION**

Soil is one of the elements of the biosphere that circulate chemicals in the environment - man. Moreover, this applies not only to endogenous chemicals, but also to exogenous ones that enter the soil with emissions from industrial enterprises, wastewater, emissions from cars and air transport, during the processing of agricultural land. Soils characterize the accumulation of toxicants over the entire period of exposure to pollutants, since they do not have the property of mobility, typical for other natural environments, and are most susceptible to pollution [3,5,14,20]. The danger of soil pollution is determined by the level of its possible negative impact on the contacting media (water, air), food products and directly or indirectly on humans, as well as on the biological activity of the soil and self-purification processes [4,10,12]. Below is a map of soil contamination in the Central Administrative District of Moscow.

*Figure following on the next page*

Figure 1: Contamination of the soil cover and the state of green spaces, Central Administrative District

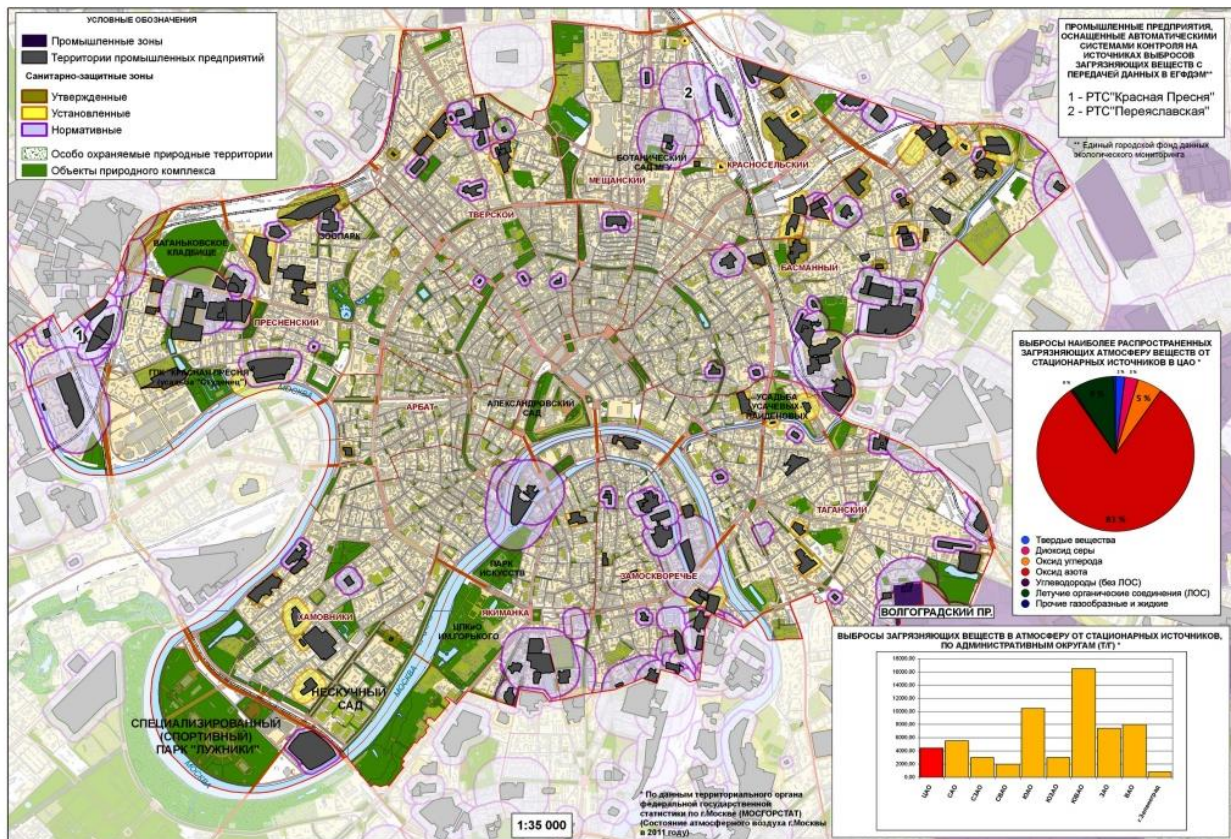


The main pollutants of the studied soils are: zinc (Zn), lead (Pb), copper (Cu), arsenic (As), cadmium (Cd), cobalt (Co) and chromium (Cr). Moscow is the largest transport hub in the country. The city is at the heart of a web of railways and federal highways. There are nine railway stations in the capital. The total length of railways within the city is 394.7 km. Moscow has a developed transport infrastructure - 6 transport rings: Sadovoe, Bul'varnoe, Third and Fourth transport rings, the Moscow Ring Road and the Central Ring Road (TsKAD) in the Moscow Region to unload the city from the transit traffic flow. Moscow is the largest engineering center in the country, a significant part of Russian products (especially aviation, space, nuclear and weapons) are designed here, technologies for their manufacture are developed, and materials are studied.

Figure following on the next page



Figure 2: Industrial zones and territories of enterprises, Central Administrative District



The consequences of urban genesis are soil pollution as a result of accumulation, mixing and filling of soils with pollutants of non-soil genesis. Contamination of urban soils is an excess content of chemicals in the soil, which disrupts the normal functioning of vegetation, animals and microorganisms, and changes soil processes [2,7,11]. The aim of the study was to analyze the content of pollutants in the soils of the Central Administrative District of Moscow and to identify the degree of epidemiological danger of their pollution.

## 2. METHODS

Soil monitoring was carried out in the Central Administrative District at 12 route posts: the site of the GBOU "School No. 2104 on Taganka" cor. No. 4; site GBOU "School number 1259" preschool department; Playground GBOU "School No. 345 named after A. Pushkin preschool department; Playground GBOU "School No. 1284 "; playground of the Khamovniki district;" Art Park "Central House of Artists; playground of the Arbat district; playground of the Presnensky district; playground of the Tver district; territory of GBUZ "Maternity hospital number 32"; territory of GBUZ "Children's city hospital № 9 named. Speransky "; site GBOU "School number 1284 "preschool department. These route posts were located in close proximity to the leading highways of the Central Administrative District of Moscow. Monitoring of soil pollution in the Central Administrative District of Moscow was carried out taking into account the functional zones of the city. Sampling sites were preliminarily marked on a schematic map reflecting the structure of the landscape. A description was made for the territory to be controlled, indicating the address, sampling point, location of sampling sites, vegetation cover, land use, groundwater level, soil type. To control the sanitary state of the soils of children's institutions, playgrounds and recreation areas, samples were taken twice a year - in spring and autumn. The size of the test site was 5x5 m. Samples were taken from the 0-10 cm layer [3.8].

At the enterprise FBUZ "Center for Hygiene and Epidemiology of the City of Moscow" in the Central Administrative District of Moscow, the main indicators that were assessed in the process of soil monitoring were the following: humidity, pH, nitrates, formaldehyde, oil pollution, heavy metals - such as mercury, copper, nickel, cadmium, lead, iron, manganese, cobalt, chromium, arsenic.

### 3. RESULTS

#### 3.1. Soil contamination with heavy metals and arsenic

Human use of chemicals in economic activities and their involvement in the cycle of anthropogenic transformations in the environment is constantly growing [9,17]. As shown by the results of studies carried out in the Central Administrative District of Moscow, for such heavy metals as: Co, Mn, Cu, Zn, Pb, Ni, Hg, Cd, the gross content in the soil as a whole fit within the acceptable values. However, it should be noted that in some years, the content of Co was exceeded at school sites (in 2015, at Sadovo-Spasskaya street, 8, Malaya Dmitrovka street, 29); In almost all years of research, the Zn content was exceeded at the sites of medical and recreational institutions along 3 Krasnogvardeyskaya Street (on average over 5 years by 2.1 times) and in 2018 at Shmitovsky Proezd (by 1.2 times). In the art park of the Central House of Artists, there was a sharp increase in the Zn content from 33.5-97.0 in previous years to 450.0 mg / kg in 2019.

*Table 1: Co content in soils of high-risk areas in the Central Administrative District of Moscow, mg / kg (MPC = 5.0)*

Sampling locations	Year					Average over 5 years
	2015	2016	2017	2018	2019	
School grounds						
Nikoloyamskaya lane, 3 "Tagansky"	3,00	2,50	2,40	1,90	3,30	2,62
Novokuznetskaya st., 40/42, district "Zamoskvarechye"	1,20	2,30	1,50	1,60	1,40	1,60
Khomutovsky tup., 6-5, district "Basmany"	1,90	1,20	1,80	1,50	2,50	1,78
Sadovaya-Spasskaya st., 8, Krasnoselsky district	6,00	0,00	3,10	1,20	4,00	2,86
Dayev per., D. 16, district "Meshchansky"	1,90	2,50	2,80	1,50	2,90	2,32
Playgrounds						
Zubovskiy blvd., 4, Khamovniki district	1,40	2,40	2,30	2,10	3,00	2,24
Novinsky blvd, 18, district "Arbat"	2,50	1,90	2,90	2,00	2,70	2,40
Ermolaevsky per. Square near the Patriarch's Ponds, Presnensky District	2,50	1,60	2,20	1,40	1,50	1,84
M. Dmitrovka st, 29, district "Tverskoy"	6,65	2,60	2,80	1,90	4,20	3,63
Health-improving institutions						
3rd Krasnogvardeyskaya st., 1-1, district "Presnensky"	1,80	1,80	3,00	1,30	3,10	2,20
Shmitovskiy pr-d, 29, district "Presnensky"	2,50	3,50	2,60	3,50	3,20	3,06
Art park Central House of Artists						
Krymsky Val, 10, district "Yakimanka"	2,20	3,50	4,30	0,98	3,00	2,80

*Table 2: Zn content in soils of high-risk areas in the Central Administrative District of Moscow, mg / kg (MPC = 220.0)*

Sampling locations	Year					Average over 5 years
	2015	2016	2017	2018	2019	
<b>School grounds</b>						
Nikoloyamskaya lane, 3, "Tagansky"	115,0	145,0	86,0	49,0	46,0	88,2
Novokuznetskaya st., 40/42, district "Zamoskvarechye"	25,0	129,0	87,0	101,0	47,0	77,8
Khomutovsky tup., 6-5, district "Basmanny"	119,0	98,0	103,0	103,0	39,0	92,4
Sadovaya-Spasskaya st., 8, Krasnoselsky district	173,0	108,0	86,0	44,0	69,0	96
Dayev per., D. 16, district "Meshchansky"	61,0	95,0	86,0	45,0	120,0	81,4
<b>Playgrounds</b>						
Zubovskiy blvd., 4, Khamovniki district	52,0	86,0	76,0	62,0	84,0	72
Novinsky blvd, 18, district "Arbat"	142,0	67,0	66,0	78,0	13,2,0	88,25
Ermolaevsky per. Square near the Patriarch's Ponds, Presnensky District	99,0	76,0	70,0	71,0	105,0	84,2
M. Dmitrovka st, 29, district "Tverskoy"	134,0	141,0	170,0	69,0	130,0	128,8
<b>Health-improving institutions</b>						
3rd Krasnogvardeyskaya st., 1-1, district "Presnensky"	420,0	615,0	471,0	212,0	600,0	463,6
Shmitovskiy pr-d, 29, district "Presnensky"	14,7	157,0	135,0	265,0	195,0	153,34
<b>Art park Central House of Artists</b>						
Krymsky Val, 10, district "Yakimanka"	33,5	73,0	97,0	70,0	450,0	144,7

The critical content of Pb was noted on the site of the school located in Khomutovsky deadlock, no. 6-5 in 2015 and 2017. (MPC was exceeded by 1.1 and 1.3 times, respectively); at the school site on Daev Lane, the maximum permissible concentration for Pb in 2019 was exceeded by 1.9 times. An unfavorable Pb situation developed at playgrounds located on Zubovsky Boulevard (2018); Ermolaevsky lane (2015 and 2019); Malaya Dmitrovka street (2018 - 2019), as well as on the sites of medical and health institutions in 2015, 2018, 2019. on Shmitovskiy proezd and in 2019 on Krasnogvardeyskaya Street, at the indicated sites, the MPCs were exceeded by 1.6 - 2.6 times.

*Table following on the next page*

*Table 3: Pb content in the soils of high-risk areas in the Central Administrative District of Moscow, mg / kg (MPC = 32.0)*

Sampling locations	Year					Average over 5 years
	2015	2016	2017	2018	2019	
School grounds						
Nikoloyamskaya lane, 3 "Tagansky"	11,0	15,0	9,90	10,0	8,50	10,88
Novokuznetskaya st., 40/42, district "Zamoskvarechye"	14,9	1,60	22,0	19,5	9,0	13,4
Khomutovsky tup., 6-5, district "Basmanny"	34,0	16,0	41,0	30,0	18,0	27,8
Sadovaya-Spasskaya st., 8, Krasnoselsky district	2,50	16,0	15,3	5,50	22,5	12,36
Dayev per., D. 16, district "Meshchansky"	21,0	20,5	15,0	20,5	60,0	27,4
Playgrounds						
Zubovskiy blvd., 4, Khamovniki district	7,80	11,5	14,1	70,0	30,2	26,72
Novinsky blvd, 18, district "Arbat"	29,0	22,0	11,2	14,5	20,8	19,5
Ermolaevsky per. Square near the Patriarch's Ponds, Presnensky District	41,0	20,0	14,9	6,0	97,0	35,78
M. Dmitrovka st, 29, district "Tverskoy"	18,0	14,0	18,7	34,7	44,0	25,88
Health-improving institutions						
3rd Krasnogvardeyskaya st., 1-1, district "Presnensky"	16,2	14,0	30,1	11,2	83,0	30,9
Shmitovskiy pr-d, 29, district "Presnensky"	17,0	68,0	22,9	69,0	50,0	45,38
Art park Central House of Artists						
Krymsky Val, 10, district "Yakimanka"	11,0	9,50	15,5	11,0	20,0	13,4

A special situation is developing with the content of Cr in the soil (Table 4). In almost all areas of the population health risk zone, its content exceeds the MPC. On average, over 5 years, the highest Cr content is characteristic of the soil of the playground located at 29 Malaya Dmitrovka Street (MPC was exceeded 4 times).

*Table following on the next page*

*Table 4: Cr content in soils of high-risk areas in the Central Administrative District of Moscow, mg / kg (MPC = 6.0)*

Sampling locations	Year					Average over 5 years
	2015	2016	2017	2018	2019	
School grounds						
Nikoloyamskaya lane, 3 "Tagansky"	8,50	12,50	34,0	5,0	5,10	13,02
Novokuznetskaya st., 40/42, district "Zamoskvarechye"	6,50	10,60	10,80	12,0	6,80	9,34
Khomutovsky tup., 6-5, district "Basmanny"	12,50	12,50	11,0	7,5	4,60	9,62
Sadovaya-Spasskaya st., 8, Krasnoselsky district	18,0	24,70	14,6	2,4	17,0	15,34
Dayev per., D. 16, district "Meshchansky"	6,0	3,80	8,70	13,0	16,5	9,6
Playgrounds						
Zubovskiy blvd., 4, Khamovniki district	19,0	27,0	20,8	15,9	16,8	19,9
Novinsky blvd, 18, district "Arbat"	17,0	12,30	11,6	14,0	13,5	13,68
Ermolaevsky per. Square near the Patriarch's Ponds, Presnensky District	7,50	1,40	18,30	6,5	6,40	8,02
M. Dmitrovka st, 29, district "Tverskoy"	24,0	29,0	30,10	11,2	24,3	23,72
Health-improving institutions						
3rd Krasnogvardeyskaya st., 1-1, district "Presnensky"	29,0	14,10	25,7	12,5	17,5	19,76
Shmitovskiy pr-d, 29, district "Presnensky"	8,0	16,0	10,0	17,0	38,0	17,8
Art park Central House of Artists						
Krymsky Val, 10, district "Yakimanka"	13,50	18,2	18,70	14,5	11,0	15,18

The soils of all the studied sites are free from As content, but it should be noted that its concentration increased on the school site located on Daev Lane, where, on average, over 5 years, the As content exceeded more than 0.5 MPC, and in 2016 the As content exceeded the permissible 1,6 times.

*Table following on the next page*

*Table 5: As content in the soils of high-risk areas in the Central Administrative District of Moscow, mg / kg (MPC = 10.0)*

Sampling locations	Year					Average over 5 years
	2015	2016	2017	2018	2019	
School grounds						
Nikoloyamskaya lane, 3 "Tagansky"	1,40	0,90	2,70	1,10	0,39	1,29
Novokuznetskaya st., 40/42, district "Zamoskvarechye"	0,55	1,0	1,40	1,90	0,16	1,0
Khomutovsky tup., 6-5, district "Basmanny"	1,35	0,43	0,80	0,70	0,23	0,70
Sadovaya-Spasskaya st., 8, Krasnoselsky district	2,50	1,70	1,40	1,90	0,50	1,6
Dayev per., D. 16, district "Meshchansky"	1,15	16,0	6,0	2,40	0,39	5,18
Playgrounds						
Zubovskiy blvd., 4, Khamovniki district	1,10	0,95	1,90	1,3	0,50	1,15
Novinsky blvd, 18, district "Arbat"	1,35	0,90	1,60	2,0	0,55	1,28
Ermolaevsky per. Square near the Patriarch's Ponds, Presnensky District	1,45	0,60	1,40	1,10	0,12	0,93
M. Dmitrovka st, 29, district "Tverskoy"	1,55	0,75	0,97	0,65	0,55	0,89
Health-improving institutions						
3rd Krasnogvardeyskaya st., 1-1, district "Presnensky"	0,81	0,48	1,40	1,50	0,47	0,93
Shmitovskiy pr-d, 29, district "Presnensky"	1,40	1,50	1,80	1,40	0,70	1,36
Art park Central House of Artists						
Krymsky Val, 10, district "Yakimanka"	1,65	2,10	1,20	1,40	0,55	1,38

For the ecological assessment of the territories under consideration, the coefficient of total pollution by heavy metals ( $Z_c$ ) was calculated, which is defined as the sum of the excess of the content of individual elements to their background content minus (n-1), where n is the number of studied elements [16, 18]. According to the value of the total pollution coefficient, the soil of most of the studied sites can be classified as permissible pollution, and therefore it can be assumed that this territory has the lowest incidence rate of children and the lowest incidence of functional deviations [18]. The soil of the route post No. 10 (3-ya Krasnogvardeyskaya street, 1-1) is classified as moderately hazardous, therefore, an increase in the overall morbidity may be observed in this area.

*Table following on the next page*

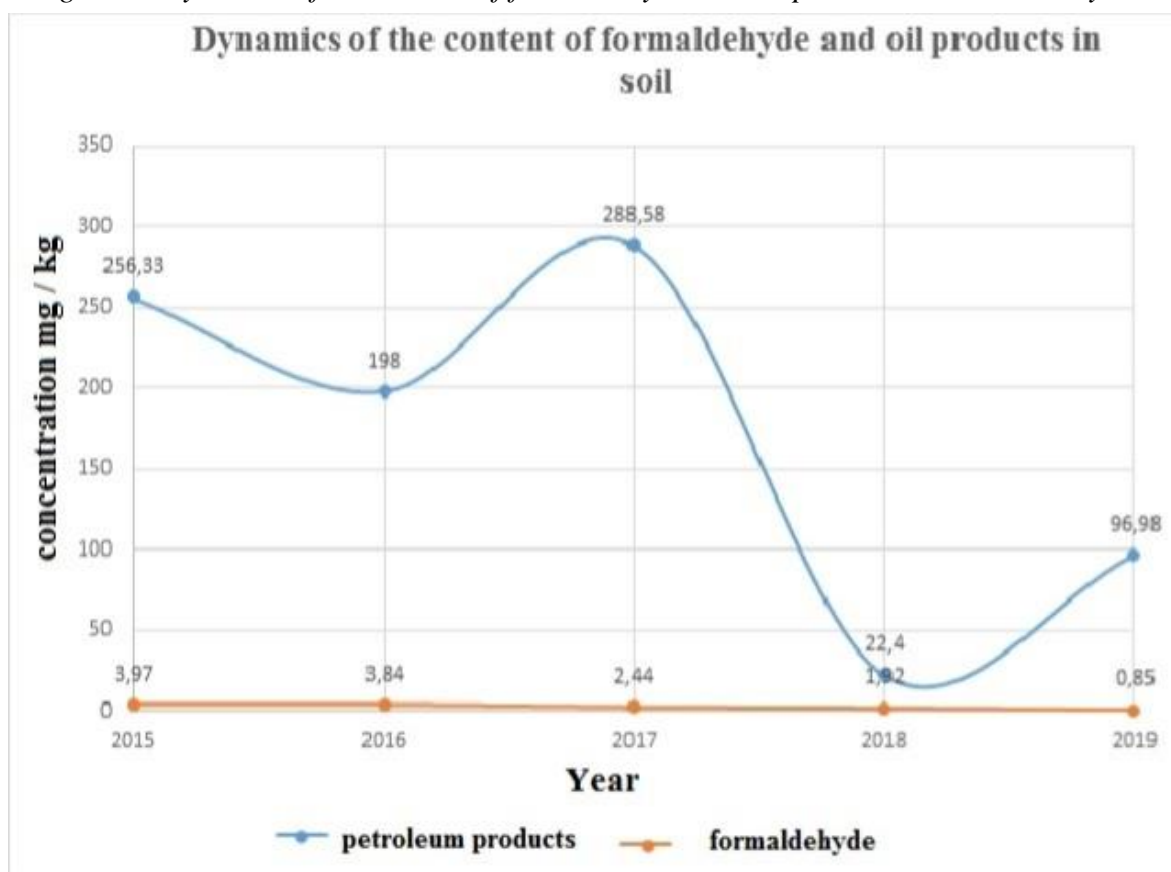


Table 6: The total coefficient of pollution of the territories of the risk zone for the population of the Central Administrative District of Moscow.

Post number	Kc <sub>i</sub>										Zc
	Co	Mn	Cu	Zn	Cd	Cr	Pb	Ni	Hg	As	
School grounds											
1	1,64	3,02	1,00	1,23	4,00	1,62	1,00	1,28	2,08	1,84	9,71
2	1,00	1,74	1,43	1,08	1,00	1,16	1,23	2,51	1,46	1,43	5,04
3	1,11	1,00	1,07	1,28	1,30	1,20	2,55	1,00	3,54	1,00	6,05
4	1,79	2,48	1,56	1,33	1,00	1,91	1,14	2,06	1,23	2,29	7,79
5	1,45	1,64	1,08	1,13	1,00	1,20	2,51	2,90	1,69	7,40	13,0
Playgrounds											
6	1,40	1,87	1,55	1,00	8,46	2,48	2,45	1,41	1,38	1,64	14,64
7	1,50	2,08	1,02	1,23	2,20	1,71	1,79	1,65	1,15	1,83	7,16
8	1,15	1,57	1,10	1,17	1,00	1,00	3,28	1,05	1,00	1,33	4,65
9	2,27	2,34	1,86	1,79	6,66	2,96	2,37	1,73	1,23	1,27	15,48
Health-improving institutions											
10	1,38	1,88	2,24	6,44	4,04	2,46	2,83	2,26	3,23	1,33	19,09
11	1,91	2,38	2,02	2,13	3,92	2,22	4,20	1,46	1,08	1,94	14,26
Art park Central House of Artists											
12	1,75	2,45	1,49	2,01	4,30	1,89	1,23	1,64	2,38	1,97	12,11

### 3.2. The content of formaldehyde and oil products in the soil

Figure 3: Dynamics of the content of formaldehyde and oil products in soil over 5 years



The conducted research on soil control at the monitoring points of the city established that for 2015-2019. the degree of soil pollution has decreased significantly. Other authors also note changes in soil properties over time [13, 15].

*Table 7: The content of formaldehyde in the soils of high-risk areas in the Central Administrative District of Moscow, mg / kg (MPC = 7.0)*

Sampling locations	Year					Average over 5 years
	2015	2016	2017	2018	2019	
<b>School grounds</b>						
Nikoloyamskaya lane, 3 "Tagansky"	5,2	4,0	3,0	4,10	1,8	3,62
Novokuznetskaya st., 40/42, district "Zamoskvarechye"	5,3	4,8	2,40	2,3	0,93	3,14
Khomutovsky tup., 6-5, district "Basmanny"	5,0	3,6	2,0	2,6	1,6	2,96
Sadovaya-Spasskaya st., 8, Krasnoselsky district	5,3	4,7	3,4	2,5	1,6	3,5
Dayev per., D. 16, district "Meshchansky"	5,3	5,8	2,10	3,3	1,2	3,54
<b>Playgrounds</b>						
Zubovskiy blvd., 4, Khamovniki district	4,7	4,9	7,10	1,70	0,61	3,80
Novinsky blvd, 18, district "Arbat"	4,5	5,8	2,6	2,0	0,79	3,13
Ermolaevsky per. Square near the Patriarch's Ponds, Presnensky District	4,6	5,5	2,0	2,10	1,60	3,16
M. Dmitrovka st, 29, district "Tverskoy"	4,4	4,6	2,30	2,50	1,70	3,1
<b>Health-improving institutions</b>						
3rd Krasnogvardeyskaya st., 1-1, district "Presnensky"	4,8	4,7	3,30	2,30	1,4	3,3
Shmitovskiy pr-d, 29, district "Presnensky"	4,5	4,4	2,70	1,50	1,09	2,83
<b>Art park Central House of Artists</b>						
Krymsky Val, 10, district "Yakimanka"	4,4	6,5	3,60	2,10	1,30	3,58

Exceeding the maximum permissible concentration for the content of formaldehyde in the soil was found in 2017 at a playground located on Zubovsky Boulevard. It should be noted a sharp increase in the content of petroleum products in the soil in 2019 compared to the previous year (3.6-12.5 times).

*Table following on the next page*

*Table 8: The content of oil products in the soils of high-risk areas of the Central Administrative District of Moscow, mg / kg (MPC is not standardized)*

Sampling locations	Year					Average over 5 years
	2015	2016	2017	2018	2019	
School grounds						
Nikoloyamskaya lane, 3 "Tagansky"	247,0	230,0	162,0	27,5	126,0	158,5
Novokuznetskaya st., 40/42, district "Zamoskvarechye"	323,0	245,0	120,0	21,0	163,0	174,4
Khomutovsky tup., 6-5, district "Basmanny"	201,0	225,0	295,0	17,30	128,0	173,26
Sadovaya-Spasskaya st., 8, Krasnoselsky district	446,0	279,0	1890,0	24,9	141,0	556,18
Dayev per., D. 16, district "Meshchansky"	331,0	178,0	512,0	50,3	180,0	250,26
Playgrounds						
Zubovskiy blvd., 4, Khamovniki district	189,0	130,0	525,0	24,1	300,0	233,62
Novinsky blvd, 18, district "Arbat"	159,0	182,0	221,0	38,9	260,0	172,18
Ermolaevsky per. Square near the Patriarch's Ponds, Presnensky District	413,0	144,0	173,0	25,5	150,0	181,1
M. Dmitrovka st, 29, district "Tverskoy"	479,0	173,0	116,0	45,0	174,0	197,4
Health-improving institutions						
3rd Krasnogvardeyskaya st., 1-1, district "Presnensky"	901,0	578,0	426,0	20,9	168,0	418,78
Shmitovskiy pr-d, 29, district "Presnensky"	154,0	315,0	499,0	23,4	162,0	230,68
Art park Central House of Artists						
Krymsky Val, 10, district "Yakimanka"	249,0	216,0	103,0	26,1	263,0	171,42

### 3.3. Assessment of the epidemiological hazard of soil pollution

Biological soil pollution is an integral part of organic pollution caused by the presence of pathogens of infectious and invasive diseases [7, 19]. The increase in the detection of pathogenic microorganisms and geohelminths in the soil is one of the reasons for the need to control the epidemiological safety of the soil in settlements. According to the BGPK index (bacteria of the Escherichia coli group), the soil of playgrounds, medical and recreational institutions and the park belongs to the category of dangerous (100-1000) and extremely dangerous (1000 and more).

*Table following on the next page*

*Table 9: Assessment of the degree of epidemiological danger of the soil*

Sampling locations	Indicator name					Cysts of pathogenic intestinal protozoa, copies in soil with an area 20 x 20 cm
	Nitrates	BGPK index	Enterococcus index	Pathogenic microorganisms, ind / kg	Helminth eggs, ind / kg	
School grounds						
Nikoloyamskaya lane, 3 "Tagansky"	40,7	1,0	10,0	н/о	н/о	н/о
Novokuznetskaya st., 40/42, district "Zamoskvarechye"	69,0	10	10	н/о	н/о	н/о
Khomutovsky tup., 6-5, district "Basmanny"	54,0	10	10	н/о	н/о	н/о
Sadovaya-Spasskaya st., 8, Krasnoselsky district	39,8	10	10	н/о	н/о	н/о
Dayev per., D. 16, district "Meshchansky"	87,0	10	10	н/о	н/о	н/о
Playgrounds						
Zubovskiy blvd., 4, Khamovniki district	47,0	100	10000,0	н/о	Eggs non-Toxocara method	н/о
Novinsky blvd, 18, district "Arbat"	14,8	1000	10	н/о	н/о	н/о
Ermolaevsky per. Square near the Patriarch's Ponds, Presnensky District	23,4	10000	100	н/о	н/о	н/о
M. Dmitrovka st, 29, district "Tverskoy"	43,6	10000	10	н/о	н/о	н/о
Health-improving institutions						
3rd Krasnogvardeyskaya st., 1-1, district "Presnensky"	19,10	1000	1000	н/о	н/о	н/о
Shmitovskiy pr-d, 29, district "Presnensky"	33,9	1000	100	н/о	н/о	н/о
Central House of Artists Park of Arts						
Krymsky Val, 10, district "Yakimanka"	38,0	10000	10	н/о	н/о	н/о

The territory of the playground of Zubovsky Boulevard and maternity hospital No. 32, located on the 3rd Krasnogvardeyskaya Street, according to the enterococcus index, can also be classified as extremely dangerous. According to the results of analyzes within the framework of the SHM, it was revealed that for the period 2015-2019, the soil is heavily contaminated with chromium (69.1%) and lead (9.2%). Based on these data, an epidemiological assessment of soil quality was carried out.

#### 4. CONCLUSION

The soils of the Central Administrative District of Moscow are mainly characterized by medium, high, and very high levels of HM. According to the total coefficient of HM pollution, the permissible and moderately hazardous categories of soil pollution were identified. Sharp fluctuations in the content of formaldehyde and oil over time indicate that the soil has a significant ability to restore its properties naturally. The results of the work make it possible to predict the development of the ecological situation, which is especially important for effective planning and making rational management decisions when conducting environmental,

economic, social, health-improving and other activities. One of the important tasks is the introduction of compulsory compensatory rehabilitation of urban soils in socially significant areas of the city of Moscow.

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## CONCEPTUAL DEFINITIONS AND ANTECEDENTS OF ORGANIZATIONAL INNOVATIVENESS – A LITERATURE REVIEW

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### **ABSTRACT**

*Organizational innovativeness is one of the key capabilities organizations need to develop in order to successfully compete on the global market. Being one of the key factors for organizational success, it has received a lot of attention in business research over the past decades. However, the conceptual definitions of organizational innovativeness as well as findings regarding the key antecedents of organizational innovativeness in different organizations are still ambiguous. In order to systematize recent findings, we conducted a literature review in which we included relevant research papers in the field. We detected two dominant research streams that use either dynamic capabilities or knowledge management as the theoretical lenses through which they observe organizational innovativeness. This paper helps identify key research areas and avenues for future research of organizational innovativeness. Our literature review also offers important insights for the conceptual definition of organizational innovativeness and analyses most common methods used in organizational innovativeness research.*

**Keywords:** *Organizational Innovativeness, Dynamic Capabilities, Knowledge Management*

### **1. INTRODUCTION**

The speed of new product entrance on the market has increased drastically over the past couple of decades. Determinants of this phenomenon were the processes of digitalization and globalization. One of the prerequisites for successful market entry is the degree of novelty a product brings to its users, i.e. how innovative it is. The importance of innovation is reflected in the large body of existing innovation literature. Organizations that are able to continuously create new innovations and bring them to the market have a high level of organizational innovativeness. Therefore, organizational innovativeness can be explained as an organizational capability, while innovation is the outcome of this ability. Some organizations have a high level of organizational innovativeness, while others do not. There are a number of possible reasons for this. It is reasonable to assume that organizations competing in the low technology industries will not be as innovative as organizations competing in the high technology industries. Multinational organizations from developed countries will likely have a higher organizational innovativeness than their counterparts from less developed countries. Therefore, external factors certainly play an important role when it comes to achieving organizational innovativeness. Internal factors are perhaps even more important in cultivating organizational innovativeness. However, the literature on this topic is still quite scattered, and there are a number of approaches to antecedents of organizational innovativeness that tend to overlap or contradict each other.

Some authors view organizational innovativeness as a subset of other organizational capabilities (Wang & Dass, 2017), others equate it with creativity (Amabile, 2012), while a number of authors theorizes that organizational innovativeness should be viewed as an important organizational capability that is unique for each organization (Lawson & Samson, 2001). In this paper we explain why organizational innovativeness should be viewed and analyzed as a higher order organizational capability. Another aim of this study is to contribute to the literature on organizational innovativeness by systematizing the findings on antecedents of organizational innovativeness. In order to do so we will first explain the theoretical foundation of organizational innovativeness through the theoretical lens of dynamic capabilities. In the second part of our literature review we will analyze the most commonly mentioned antecedents of organizational innovativeness through the knowledge management perspective.

## **2. METHODS**

In order to analyze the conceptual definition and antecedents of organizational innovativeness we conducted a bibliography analysis using key words related to knowledge management, dynamic capabilities and organizational innovativeness. The aim of the search was to identify and analyze the most relevant research papers in the field. Therefore, we searched the Web of Science Social Sciences Citation Index without any limitations on the year range so that we make sure to include the seminal papers on antecedents of organizational innovativeness as well. After a number of search rounds our search produced a total of 235 relevant research papers. Since this number goes beyond the scope of this conference paper, we decided to include only the most relevant papers that help explain the theoretical foundations of viewing organizational innovativeness as an organizational capability and papers that analyze the antecedents of organizational innovativeness from the knowledge management perspective. After analyzing the results of our search we included a total of 56 papers in our literature review. Below are the findings of our literature review.

## **3. LITERATURE REVIEW**

Organizational innovativeness was first mentioned by Schumpeter (1942) who theorized that innovative ability is the key to organizational survival in uncertain environmental conditions. In a more recent work, Eisenhardt & Martin (2000) state that innovative capability enables an organization to be more efficient at reconfiguring its resource base in order to achieve better business results. In this paper we also view organizational innovativeness as an organizational capability. The concept of organizational capabilities is related to the resource theory. According to the resource theory, the key to achieving a sustainable competitive advantage for an organization are unique organizational resources and capabilities that are difficult to imitate (Barney, 1991). Resources can be defined as factors that the organization owns or controls, while capabilities are "the capacity of the organization to use and combine organizational resources through organizational processes in order to achieve a given goal" (Teece, 2007). The key premise of resource theory is that resources and capabilities are unique to each organization and that differences in the quality of these resources and capabilities can be maintained over time making some organizations more competitive than others. Barney (1991) theorizes that resources and capabilities should be valuable, scarce, hard to imitate, and irreplaceable in order to have value for an organization and enable it to create competitive advantage. Resource theory, however, can be viewed as an ideal model since it does not take into account changes that take place in the environment of an organization over time. In addition, Barney's (1991) definition of organizational resources implied that specific capabilities of an organization are also a part of its resources.



The dynamic capabilities theory can be seen as a key contribution to the resource theory since it added the much-needed component of market dynamic and change in the study of organizational resources and capabilities. Teece et al. (1997) explain the dynamic capabilities of an organization as “the ability of an organization to integrate, build, and reconfigure its internal and external competencies to be able to respond to changes in the environment”. According to this concept, dynamic capabilities can be seen as the capacity of an organization for certain activities through which it will achieve the desired outcomes. These capacities are dependent on existing routines, past knowledge and experience gathered in the organization. Dynamic capabilities are built over time, and their construction and evolution will depend on the organizational processes that shape the resources and past experiences of the company. There are a number of definitions of dynamic abilities that are used in the literature. Eisenhardt & Martin (2000) state that dynamic capabilities are processes that integrate, reconfigure, acquire, and use resources to track or create market change. Helfat et al. (2009) theorize that dynamic capabilities are the capacity of an organization to intentionally create, expand, or modify its existing resource base. Teece (2007) on the other hand states that dynamic capabilities consist of an organization’s capacity to sense and shape opportunities and threats and the capacity to seize opportunities while maintaining competitiveness by improving, combining, protecting and reconfiguring tangible and intangible assets. It can be seen that all definitions of dynamic capabilities contain the characteristic of change that is related either to organizational resources or the market. Wang & Ahmed (2007) propose that there exists a hierarchical model of capabilities in each organization. Organizational resources, abilities, and key abilities can be seen as lower-order factors, while dynamic capabilities are higher-order factors. Wang & Ahmed (2007) state that there are three key components of dynamic capabilities in an organization: adaptive capacity, absorptive capacity, and innovative capacity. Adaptive capacity is related to the ability of an organization to identify emerging market opportunities and capitalize on them. Absorptive capacity is the capability of an enterprise to recognize the value of external information, assimilate it and use it for commercial purposes, while innovative capability itself can be considered as the ability of an enterprise to develop new products and markets by aligning its strategic orientation with innovative behaviors and processes. Iddris (2016) concludes that organizational innovativeness is most often mentioned in the context of resource theory, dynamic capabilities theory, organizational capabilities, intellectual capital, systems theory, and organizational learning. In doing so, dynamic capabilities, which can include organizational innovativeness, help not only the organization's ability to recognize potential change in technology but also the organization's ability to adapt to change through innovation (Hill & Rothaermel, 2003). Based on everything that was written, organizational innovativeness can be strongly related to dynamic capabilities of an organization. Some scientists measure organizational innovativeness as the number of innovations an organization has produced (Salavou, 2004). However, there are certain key characteristics of organizational innovativeness that distinguish it from innovation. Rogers (2010) defines organizational innovativeness as a change in behavior. Avlonitis et al. (1994) argue that organizational innovativeness is a latent ability of an enterprise that is not related to the acceptance of a specific innovation and cannot in itself signify the acceptance or rejection of a specific innovation. Hurley et al. (2005) distinguish between organizational innovativeness as a part of organizational culture and innovative capacity that develops as an outcome of organizational innovation. Ruvio et al. (2014) emphasize that organizational innovativeness is a cultural feature of an organization and is related to its willingness to find new opportunities. Baer & Freese (2003) believe that organizational innovativeness is a reflection of organizational activities that produce visible innovation outcomes. Some scholars believe that innovativeness is the degree to which individuals accept new ideas earlier than the social system.

Following this argument, Buckler (1997) compares innovativeness to the organization's social system and explains that organizational innovativeness is an environment, a culture, almost like a spiritual force which initiates value creation in an organization. Some scholars, on the other hand, believe that organizational innovativeness is the ability to change the mental structure of the management and the business model of a company in order to cope with constant change (Martínez Lorente et al. 1999; Camisón & Villar-López 2014). Given the number and breadth of different definitions of organizational innovativeness, for the purpose of better conceptual definition of the construct, Table 1 lists some definitions of organizational innovativeness.

*Table 1: Definitions of organizational innovativeness*

Garcia & Calantone (2002)	Organizational innovativeness is an organization's propensity to develop new products or its propensity to embrace innovation.
Hult et al. (2004)	Organizational innovativeness is the capacity to implement new processes, products or ideas in an organization.
Wang & Ahmed (2004)	Organizational innovativeness is the overall ability of a company to introduce a new product to the market, or open a new market through a combination of strategic orientation with innovative behaviors and processes in the company.
Iddris (2016)	Organizational innovativeness is the organizational capability to create new innovations through continuous learning, knowledge transformation, creativity and the exploitation of internal and external resources available to the company.
Lumpkin & Dess (1996)	Organizational innovativeness is the tendency of an organization to accept and support new ideas, new experimental and creative processes that can result in new services or technological processes.
Ruvio et al. (2014)	Organizational innovativeness is a multidimensional construct that demonstrates the characteristics of an organizational climate that helps develop organizational capability to achieve continuous innovative outcomes over time.
Helfat et al. (2009)	Organizational innovativeness is the organization's tendency to innovate or accept innovation, and the type of dynamic capability that contributes to a company's competitive advantage.

*Source: Authors*

Definitions of organizational innovativeness and innovation sometimes overlap in the literature. Some of the reasons are faulty theoretical definitions of the two construct (Garcia & Calantone, 2002) or the lack of distinction between the constructs (Hurley et al., 2005). Another possible reason is that organizational innovativeness was often viewed as a unidimensional construct or an exogenous variable. To tackle this issue, a number of authors have tried to conceptually define different dimensions of organizational innovativeness.

Worren et al. (2002) theorize that organizational innovativeness consists of entrepreneurial intent and an innovation climate within an organization. Wang & Ahmed (2004) state that organizational innovativeness is a second-order reflective construct consisting of five dimensions: production, market, process, behavioral, and strategic innovation. Pallas et al. (2013), on the other hand, consider that organizational innovativeness consists of four dimensions: strategic innovative focus, openness in communication, extrinsic system for motivation and encouragement by management. Pallas et al. (2013) also state that organizational innovativeness can be viewed as part of an organizational culture that manifests itself in the innovative behavior of employees and managers of an organization. Ruvio et al. (2014) claim that the analysis of organizational innovativeness as a unidimensional construct is flawed and conceptualize it as a construct consisting of five dimensions: creativity, openness, future orientation, risk-taking and proactivity. Avlonitis et al. (1994) developed the concept of organizational innovativeness as a latent capability of an organization composed of two key parts: technological and behavioral. López-Mielgo et al. (2009), on the other hand, define the innovative capacity of an organization as a construct consisting of transformative and absorptive capacity and the technological level of the organization. In doing so, transformative capacity can be defined as the capability to generate new knowledge and profit from new innovations (Garud & Nayyar, 1994). The second part of the construct, absorptive capacity, is defined by Cohen & Levinthal (1990) as the ability to select and acquire valuable information outside the organization, assimilate that information, and use it in organizational products and commercial processes. The main source of absorptive capacity is research and development. The third component of innovative ability according to López-Mielgo et al. (2009) is the technological level at which an organization operates. The authors paraphrase Jaffe et al. (1993) who believe that employees who are accustomed to working at a higher technological level will be more inclined to use advanced technologies and easier to accept technological changes and be more proactive in terms of innovation. In accordance with all the above, in this paper, organizational innovativeness will be defined as a multidimensional capability of an organization whose higher level allows the company to achieve continuous innovative outcomes over time. The level of this capability in an organization will depend on a number of internal and external factors of the company that are analyzed below. A number of authors have tried to systematically analyze the determinants of organizational innovativeness (Iddris, 2016). Abdullah et al. (2014) state that the most frequently analyzed determinants of organizational innovativeness are knowledge management, learning orientation, leadership, and organizational and environmental factors. Market orientation, entrepreneurial orientation, and learning orientation are often mentioned in the literature as determinants of organizational innovativeness (Garcia & Calantone, 2002; Hult et al., 2004). On the other hand, some scholars believe that organizational culture is the key determinant of a company's innovation development (Ahmed, 1998; Wang & Ahmed, 2004). These determinants of organizational innovativeness are explained in more detail below. Learning orientation is commonly mentioned in the literature as a key determinant of organizational innovativeness. Huber (1991) defined learning orientation broadly as the development of new knowledge that has the potential to influence an organization's behaviors through its values and beliefs within the organization's culture. Garcia & Calantone (2002) state that the main feature of learning orientation is that organizations with a high level of learning orientation will anticipate changes in the market and in environmental factors. At the same time, learning orientation emphasizes the importance of gathering knowledge, and organizational innovativeness emphasizes the organizational willingness to change. Learning orientation can thus be seen as an antecedent to the development of organizational innovativeness in an organization. Market orientation is another determinant of organizational innovativeness. It can be viewed as an organizational value that effectively and efficiently creates behaviors that are necessary to create superior value for

customers and thus superior performance for the company (Narver & Slater 1990). Hult et al. (2004) state that market orientation as a determinant of organizational innovativeness can be defined as an aspect of organizational culture and a latent construct whose indicators are values, beliefs and symbols that demonstrate concern for the market. Jaworski & Kohli (1996) emphasize that market orientation is stronger when a firm is doing something new or different from existing market conditions. Entrepreneurial orientation as the third often mentioned determinant of organizational innovativeness consists of processes, practices and decisions that lead to new market entry (Slater & Narver, 1993). Entrepreneurial orientation is consisted of strategies and actions that a company can take to achieve corporate goals and is therefore different from organizational innovativeness. Pallas et al. (2013) emphasize that the difference between entrepreneurial orientation and organizational innovativeness is that entrepreneurial orientation is an attitude towards certain behaviors while organizational innovativeness is a construct based on outcome-oriented behavior, as a result of which entrepreneurial orientation is one of the determinants of an organizational innovativeness. Ruvio et al. (2014) also emphasize the difference between organizational innovativeness and entrepreneurial orientation, explaining that an organization characterized by a high level of innovativeness will not necessarily have a strong entrepreneurial orientation. A number of scholars find that learning orientation, as well as entrepreneurial and market orientation of an organization can be seen as values woven into the organizational culture of an organization (Lin et al., 2013; Büschgens et al., 2013). Organizational culture itself can be defined as a set of dominant values or assumptions that exist within a particular organization and help the organization to deal with problems of external adjustment and internal integration, i.e. defines the way all activities in an organization are implemented (Schein, 2010). It is comprehensive, historically determined, related to anthropological concepts, socially constructed, soft and difficult to change (Hofstede et al., 1990). Siguaw et al. (2006) emphasize that organizational culture is essential as an aspect of operational competence shaped by organizational innovation orientation. The main reason is that it can stimulate innovative behavior among members of an organization because it forces them to accept innovation as a core value of the organization and can influence a commitment to organizational innovativeness (Hartmann 2006). Hurley & Hult (1998) state that the level of organizational innovativeness is related to cultures that emphasize the development of organizational learning and participatory decision making. Zaltman et al. (1973) state that a key part of an organization's innovation is the cultural openness of innovation. Schein (1984) and Weick (1985) also suggest that culture is the key to driving innovation in organizations. According to O'Reilly & Tushman (2008), successful organizations have the capacity to absorb organizational innovativeness into organizational culture and managerial processes in organizations. Basic elements of organizational culture: values, beliefs, and expected behavior influence organizational innovativeness in two ways: through socialization (Chatman & Jehn 1994) and through basic values, assumptions, and beliefs that become guides to behaviors within the organization (Tesluk et al. 1997). Organizational culture has two functions, internal integration and coordination (Martins & Terblanche 2003) and can force members of the organization to accept innovation as the main value of the organization (Hartmann, 2006). Organizational culture that encourages innovation can be defined as the attitude of the company towards the exploration and implementation of ideas that help innovative thinking and activities of the company (Björkdahl & Börjesson, 2012). Jassawalla & Sashital (2002) define innovation culture as a culture that helps and provides guidelines for creativity, experimentation, and risk-taking. Dobni (2008) defines innovation culture as: "A multidimensional context that includes the intent of innovation, the infrastructure to support innovation, the behavior at the operational level necessary to influence the market and the orientation to create new value, and the environment for implementing innovation". Hogan & Coote (2014) also identified several values that should help create a culture oriented to innovation in an organization.

These values are: performance, openness and flexibility, internal communication, competencies and professionalism, cooperation between departments, employee responsibility, employee appreciation and risk taking. The mechanism by which these values influence the development of organizational innovativeness consists of a number of steps. In the first step, values that encourage innovation have a positive effect on innovative norms. Innovative norms then, on a somewhat more visible level, affect innovative behaviors and innovation artifacts, and ultimately innovation artifacts in an organization positively affect innovative behaviors within the organization, which in turn has an impact on organizational performance. Tellis et al. (2009) unlike other authors cite three values of organizational culture that they believe could influence organizational innovativeness. These are primarily the willingness to cannibalize something that brings profit to the organization, future orientation, and risk tolerance. In doing so, they conclude that attitudes toward innovation within organizations are very important, as opposed to behaviors and practices that are slightly less significant. Other factors influencing innovation include an educated workforce, capital, and organizational and national culture. From all of the above, it is clear that organizational culture is often mentioned as a key determinant of organizational innovativeness. Some scholars have analyzed its impact on organizational innovativeness separately while some authors consider it to be a key part of higher level constructs such as learning orientation and market and entrepreneurial orientation that are considered to have a significant impact on innovation development. The characteristics of organizational culture will affect how employees will accept innovation, whether they view it as a key value of the organization or reject it.

#### **4. CONCLUSION**

Organizational innovativeness is a key organizational capability that allows organizations to successfully compete on international markets. The conceptual definition of organizational innovativeness is still ambiguous and the literature is still scattered. In order to systematize the literature we conducted a bibliography search and analyzed some of the most cited papers that deal with organizational innovativeness. In our literature review we explain why organizational innovativeness should be viewed through the theoretical lens of dynamic capabilities and define it as a higher order organizational capability. We also emphasize the importance of differentiating between innovation and organizational innovativeness, since innovation can be seen as an outcome of organizational innovativeness. In order to provide a holistic overview of organizational innovativeness we also analyzed its most important antecedents. Learning orientation, market orientation and entrepreneurial orientation can be seen as the antecedents of organizational innovativeness that are most commonly found in the literature. These three constructs emphasize the importance of organizational orientation towards new knowledge and new market entry. Organizations that have stronger learning, market and entrepreneurial orientation should have a higher level of organizational innovativeness. However, it is also important for an organization to have a favorable organizational culture that emphasizes organizational innovativeness in its artefacts, norms and values. The key limitation of our study is the limited number of research papers that we included in our analysis. Future studies should try to include more research paper with different keywords that can relate to organizational innovativeness in order to gain more in-depth insights. Future research should also focus more on analyzing the effects of learning, market and entrepreneurial orientation on different levels in an organization. It would also be interesting to analyze the interrelationships between different antecedents of organizational innovativeness as well as their moderating effects or their potential roles as mediators of different organizational relationships related to innovativeness.

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## THE ANALYSIS OF THE RESTRUCTURING PROCESS WITHIN THE MANAGERIAL ECONOMICS

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### **ABSTRACT**

*The first part of this paper presents and explains the business of modern enterprises, that is what today's enterprises are facing and what they need to do to ensure success and survival on the market. Modern business is extremely dynamic. Its core features are uncertainty, unpredictability and change. If they want to run a successful business, today's enterprises need to adjust to these features quickly. For successful and rapid adaptation, enterprises need to be able to absorb complexity, which means the diversity of modern business. Enterprises at the same time needs to grow efficiency and effectiveness, to lower business costs and offer as much value and variety in their supply versus competition. Managers have the key role in the business of the enterprise and they use the tools and analysis of management economics in their decision making, management methods costs and take care of interest-influential enterprise groups. Unfortunately, some of the enterprises fail to adapt to market changes. Such businesses fall into crisis and the second part of this paper shows how the restructuring process and recovery can also save such enterprises. For the restructuring to be successful, it is necessary to act quickly, define goals, set a restructuring strategy and determine the measures that will lead to the business recovery. The purpose of restructuring is not only to solve consequences, but also to solve the causes of the problem because by not solving the cause there is a possibility that the problem will return. Therefore, it is necessary to carry out a complete restructuring process involving the concept of financial, operational and strategic corporate restructuring. At the end of the paper, it is presented, using financial analysis, enterprise Pevec d.d. which was recovered by the restructuring process and today is successful enterprise.*

**Keywords:** *modern enterprises, management, management economics, restructuring*

### **1. MANAGEMENT ASPECTS OF MODERN BUSINESS**

#### **1.1. Management economics in the function of business decision making**

Today's businesses operate in a market characterized by limited resources. Limited resources allow their use only by those companies that are most efficient in converting them into finished products. The task of management is to allocate scarce resources to meet the goals of the enterprise. To achieve this, it is necessary to know the economics of the company. According to Jelavic, business economics is a scientific discipline that studies the economic problems of companies, explores the factors of their success and understanding the legality of phenomena in their business.<sup>1</sup> For Karić, enterprise economics is one of the key microeconomic sciences that studies enterprise-level management as a fundamental unit of the national economy. The purpose of economics is to discover better ways to achieve the goals of companies, ie to improve the production and sale of their goods and services.<sup>2</sup> Management economics is used for the needs of modern business.

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<sup>1</sup> Jelavić, A. et. al. (1995) *Ekonomika poduzeća*. IV. izdanje. Zagreb: Ekonomski fakultet., str. 2.

<sup>2</sup> Karić, M. (2002) *Ekonomika poduzeća*. Osijek: Ekonomski fakultet., str. 2.

Management economics is the part of economics that studies how to direct scarce resources in such a way as to enable the most effective achievement of managerial goals. It deals with the application of economic theory, ie economic methods and techniques in order to determine how to most effectively achieve the goals of the organization in a given environment. Managerial or managerial economics can be defined as the application of economic analysis in solving business problems.<sup>3</sup> The basis of the operation of management economics, regardless of the object or environment, is the decision-making process. In order to achieve the goal of maximizing the wealth of companies and shareholders, the management of each company must make a series of decisions. The research and development department must develop products that customers will like and increase operational efficiency. The production department should produce the products in the most cost-effective way. The marketing department should identify customer needs and provide information about competitors that affect pricing, quality, and product features. Financial managers need to provide funds to finance development and production. The human resources department needs to attract, retain and motivate the most successful employees. All these decisions should be made in accordance with internal restrictions on resource allocation, but also legal provisions.<sup>4</sup> In order to make a decision, it is necessary to go through the phase of preparation of the decision, ie:

- 1) Identify the problem,
- 2) Define the task,
- 3) Record and analyze the existing situation,
- 4) Look for solutions to the problem,
- 5) Evaluate problem-solving versions.<sup>5</sup>

Problem identification is the initial stage in the decision-making process in which it is important to assess the problem and determine and understand its causes. Without a clear diagnosis of the problem, the other stages in the decision-making process would be unnecessary and useless. The goal of management is to discover the problem at the right time, and to determine the breadth and severity of the identified problem. After identifying the problem, the task is defined. It is necessary to clearly and unambiguously define the task, because the implementation of the remaining stages of the decision-making process depends on the clarity of defining the task and the real possibilities of its realization. The third phase in the preparation process the decision is to record and analyze the existing situation. In this phase, the current situation is analyzed in detail, ie an inventory of everything that can help solve the problem is carried out. Existing material resources, human resources, financial and other resources available to solve the problem are analyzed. In addition, the phase of analyzing and recording the situation presupposes the analysis of limitations in decision-making. In the next phase, the phase of searching for solutions to the problem, the process of developing ideas is carried out, ie possible solutions to the problem are defined. After the possible variants of solving the problem have been determined, the fifth and at the same time the last phase in the preparation of decisions follows, ie the one that precedes the decision-making. Management analyzes the versions and determines which is the most feasible and which will be the best decision. So management evaluates each version, and accepts or rejects it.<sup>6</sup> After the preparation of the decision, the decision-making phase follows. The decision-making phase marks the final choice of the solution to the problem. In the decision-making phase, management chooses the version that it believes will best solve the problem the company is facing. Making decisions is not an easy job and that is why the company needs managers who can adapt to different circumstances and

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<sup>3</sup> Rupčić, N. op.cit. str. 33.

<sup>4</sup> Ibid., str. 33.

<sup>5</sup> Sikavica, P. (2014) *Poslovno odlučivanje*. Zagreb: Školska knjiga, str. 163

<sup>6</sup> Ibid., str. 163-170.

achieve the maximum from each situation, or make the right decision for a successful business<sup>7</sup> Although after this phase there are still phases of implementation and control of decisions, it can be said that the decision-making phase is crucial in the process because after it decision makers face the consequences of their decisions, whether positive or negative, and based on the results whether the decision was the right one, whether it was appropriate and whether it will continue to make the same decision in the future. Management economics is based on the application of economic theory, which has its basis in microeconomics and macroeconomics. Macroeconomic analysis studies the total or aggregate level of production, income, employment, consumption, investment, and price for the economy of a country or region. Microeconomic analysis studies the way in which economic entities operate in such an environment, that is, it studies the economic behavior of independent units in decision-making. Knowledge of microeconomic analysis is a fundamental input of managerial or managerial economics. Management economics primarily builds on the theory of the company, although in the process of making business decisions it is necessary to include an understanding of the structure of the industry, ie the number of competing companies and the nature of competitiveness. In addition, it is important to know the features of the institutional environment of the company. Therefore, it is useful to include knowledge of other subdisciplines of microeconomic analysis when making important management decisions.<sup>8</sup> In the continuation of the paper, the subdisciplines of microeconomic analysis related to management economics will be listed, and it will be shown how the knowledge of different disciplines helps in the process of making management decisions. In financial economics, the concept of the present value of money is an important tool in making management decisions. The present value of the amount to be obtained in the future is equal to the amount invested today at the existing interest rate to generate the future amount. In addition, in order to make individual business decisions, it is necessary to know the general macroeconomic conditions such as inflation rate, interest rate and consumption. In doing so, economic models are often used on which the basic determinants of the functioning of the economic system are determined and predicted, and on that basis the decision-making process is approached.<sup>9</sup> The structure-behavior-result paradigm has long dominated the study of industrial economics. According to this approach, the subject of analysis was an industry, and the key question to be answered was what determines the average profitability of that industry. The general answer referred to the thesis that industrial profitability is determined by the behavior of firms operating in that industry, which is determined by the industrial structure. A more significant interaction and connection between research in management and industrial economics occurred in the 1980s with a paradigm shift in industrial economics. Instead of a structure-behavior-outcome approach, theoretical analyzes began to be dominated by game theory, with extensive case studies. Thus, the focus of the study of industrial economics has changed towards the study of the behavior of individual companies, ie the implications of their decisions as "players" in the market.<sup>10</sup> The management economy has a particularly strong connection with management. Management generally deals with methods and techniques to improve the decision-making process. Aspects of management include mathematical techniques such as linear programming and queues used in operational research. On the other hand, microeconomic research deals with determining the model of enterprise functioning. Management economics deals with the search for an optimal model that represents a solution to management problems, ie decision-making problems. Therefore, the connection between these two disciplines is more than obvious.<sup>11</sup>

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<sup>7</sup> Ibid., str. 173.

<sup>8</sup> Rupčić, N. op.cit., str. 35.

<sup>9</sup> Ibid., str. 35.

<sup>10</sup> Ibid., str. 37-38.

<sup>11</sup> Ibid., str. 38.

However, the difference in approach between economics and management refers to the difference between the normative and the positive approach. Positive theory deals with the explanation of what it is, and normative with what it should be, and each of them uses a different methodology. Economics deals with the testing of hypotheses about the way companies function and the development of a model that enables the prediction of their behavior and is therefore positive. Economic models assume that managers themselves find optimal solutions that will match the outcome, ie the behavior predicted by the model. Management deals with techniques to improve the decision-making process with the aim of setting guidelines for employee action in order to maximize the goal function and is therefore fundamentally normative in nature. The basic purpose of the model is to explain how firms behave, not to indicate how they should behave.<sup>12</sup> Based on the knowledge of all these disciplines, management economics seeks to suggest an optimal solution to the problem of business decision-making. It can be concluded that management economics is a synthesis of microeconomic theory and quantitative methods and management in order to find optimal solutions to business problems. In the following, on the example of Portere's model of five competing forces, concrete tools and analyzes of managerial economics in solving the problems that companies face in modern business will be presented.

*Table 1: Management economics tools in the analysis of five competitive forces*

Model of five competing forces	Management economics tools and analyzes
Danger from replacement products or services of other companies	<ul style="list-style-type: none"> <li>• elasticity of demand, customer preference, product differentiation and replacement costs.</li> </ul>
The bargaining power of customers and their influence on determining the price and quantity of a company's products	<ul style="list-style-type: none"> <li>• elasticity of demand, the ratio of concentration of customers and companies, government regulation, product differentiation, pricing strategy, the cost of replacing customers, the asymmetry of information on the customer side.</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>• market structure, concentration ratios, antitrust policy, game theory, product differentiation, economies of scale, investment in marketing, innovation and intellectual property.</li> </ul>

*Source: Made by the author according to Rupčić, N. (2016) Management economics: theory and practice. Rijeka: Faculty of Economics, p. 40*

There are many factors that affect the scope of business, quality, price, demand, and thus the company's profit and shareholder wealth. Many of these factors are related to the external environment and are beyond the control of the manager. In their actions, managers face limited information, but also uncertainty of outcomes. Therefore, for the needs of modern business, management is assisted by the knowledge of management economics, which uses economic analysis in solving business problems. The purpose of management economics is to make the right decision, and in order to make the decision that is in the best interest of the company, management economics uses models that include knowledge of financial economics, industrial economics and management theory. This model provides insight into how companies behave and reveals optimal ways to solve problems.

## **1.2. Cost management in modern business**

The success of a business entity is influenced by internal and external factors, the change of which leads to changes in costs. A change in costs can increase or decrease a company's competitive advantage. In order for a business entity to function at an optimal level, it is necessary to reconcile external and internal factors.

<sup>12</sup> Ibid., str. 38-39.

With cost accounting, management can determine where a company finds its benefits and where individual costs arise. After that, managers manage costs, ie analyze, reduce and allocate resources in order to reduce individual costs.<sup>13</sup> According to Špac, cost management is the management of a business entity in which the greatest attention is paid to cost optimization. So it's about cost optimization, not elimination. The best combination of costs will enable the highest and highest quality production of goods or services at the lowest possible cost.<sup>14</sup> For Cingula, cost management is a special way of managing a company and running a business that is of the utmost importance in achieving organizational goals donates to cost optimization.<sup>15</sup> From the above definitions, we can conclude that the main goal of cost management is their optimization. Cost management methods are used to achieve cost optimization. Cost management methods are:

- 1) Traditional production costs,
- 2) Process-based costs,
- 3) Activity-based costs,
- 4) Target costs,
- 5) Activity-based budgeting,
- 6) Balance of achievements,
- 7) "Kaizen" costs.<sup>16</sup>

Each of these methods will be presented and explained below. The traditional production cost method is a method that is over one hundred years old and is based on the division of costs into four basic groups: direct material costs, direct labor costs, production overhead costs, and administrative and sales overhead costs. Within this method, the greatest attention is paid to the costs of basic raw materials, ie the costs of direct materials and labor, for each product individually, while the costs of utilities are associated with direct costs according to a certain key. The goal of this method is to reduce inventory to a minimum and operate efficiently. The advantage of the method of traditional production costs is its simplicity, and the disadvantage is the possibility of misallocation of indirect costs, ie overhead costs. The method is usable when all products go through the same production processes and are not interconnected, ie interdependent in the production process.<sup>17</sup> The method of traditional production costs to management shows where the cost is incurred. The next cost management method, the process-based cost method, divides production costs according to the stages in which they are incurred. In this method, only the costs of direct labor and materials are monitored in stages, while the costs of overheads are added to the direct costs. With this method, it is necessary to define the entire production process for each product with the processes behind it. This method of cost tracking is typical of production diversification, where individual processes are performed for all or most products, while some processes are performed only for individual products. The goal of the model is to simplify production processes, improve the flow itself and shorten individual processes and process phases, and synchronize the processes themselves. The advantage of the process-based cost method is better cost tracking by stages of production, which reduces costs in the phase that is unprofitable, and the disadvantage is that only the processes through which the material passes from the input to the final product, not paying attention to activities and the required duration of each activity.<sup>18</sup>

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<sup>13</sup> Špac, D. (2011) Upravljanje troškovima i njihovo značenje za poslovnu uspješnost. Zagreb. RRiF. Broj 8. str. 97.

<sup>14</sup> Ibid., str. 97.

<sup>15</sup> Cingula, M. i Klačmer M. (2003) Pregled nekih metoda i postupaka upravljanja troškovima. Zagreb. RRiF. Broj 8. str. 20.

<sup>16</sup> Špac, D. Ibid., str. 98-102.

<sup>17</sup> Špac, D. Ibid., str. 99.

<sup>18</sup> Špac, D. Ibid., str. 99.

The process-based cost method of management shows where the causes of production overhead costs are. The activity-based cost method is an accounting procedure that enables an enterprise to detect and relate actual costs to each individual product or service that arises from the enterprise itself. With the activity-based cost method, it is necessary to carry out five activities in each cost analysis in the company, namely activity analysis, direct cost analysis, activity cost monitoring, establishment of output measurement and cost analysis.<sup>19</sup> In the analysis of activities, the primary goal is to find and reduce those activities that do not bring profit to the company, and also to systematically eliminate those activities that the company does not need. The second step is the analysis of direct costs arising from production activities in which the salaries of employees, equipment, and research and development costs are analyzed. The third activity arises from the first two activities, and refers to the costs arising from these activities as the total input cost for each individual activity, while in the fourth activity a cost calculation is established that arises from each individual activity. In the last step, it is possible to conduct a complete cost analysis, and identify those activities that contribute most to the implementation of the business plan.<sup>20</sup> As this method links activities and resource consumption within each activity, it has proven to be one of the best methods of tracking costs and maximizing profits, and is therefore often used by businesses. Within this method, in addition to the production process, the management monitors the duration of the process itself as well as the activities within the process itself. Thus, costs are differentiated between products that go through certain stages of production faster than those that go through it more slowly, and accordingly consume less resources. With this method, the entrepreneur analyzes the overall production process by controlling in order to identify the weak points of the process that need to be improved and thus increase production efficiency, and thus the efficiency of the business entity.<sup>21</sup> This method shows why the cost is incurred. Due to the increasing complexity of the market and increasing competition, to achieve the success of the business entity, it is not enough to monitor and analyze its internal capabilities, but it is necessary to explore market demands and find the optimum between market demands and production capabilities of the business entity. For this reason, a method of monitoring costs according to target costs has been developed.<sup>22</sup> The cost-targeted method is based on striking a balance between quality and functionality with an acceptable price level that aims to satisfy both the manufacturer and the customer. In this method, the company focuses on three elements, namely quality, functionality and design. The target cost determines which quality, functionality and design will be acceptable to the consumer at the estimated price. Using this method, the entrepreneur determines the lowest costs required for the production of products that will meet customer needs, and also plans, or targets the future costs that will be needed in the future to produce current, finished or new product.<sup>23</sup> The novelty of this method is that, in addition to the analysis of existing production, it has a view towards the future, adapts or redesigns the production process, and thus products according to market requirements. This method sets the assumptions that are the basis for the projection of potential costs and future revenues of the redesign of the existing product. An important role is played by controlling, which on the basis of information on market requirements and prices for a particular redesigned product from the sales and marketing sector compares and molds data with those from production, and based on that calculates potential profit. In doing so, it is up to the controlling to determine the reality of the planned quantities and possible prices set by sales and marketing, as well as the estimated costs by production.

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<sup>19</sup> Drljača, M. (2004) Metode upravljanja troškovima. Električka, Broj 4 Dostupno na:  
[http://kvaliteta.inet.hr/t\\_Metode\\_%20Drljaca.pdf](http://kvaliteta.inet.hr/t_Metode_%20Drljaca.pdf)

<sup>20</sup> Čingula, M. i Klačmer M. op. cit. str. 23.

<sup>21</sup> Špac, D. op.cit. str. 100.

<sup>22</sup> Ibid., str. 100.

<sup>23</sup> Ibid., str. 100.

In particular, it is a business case on the basis of which management makes a decision.<sup>24</sup> This method provides an answer to the question of how much the costs may be. The next method, the activity-based budgeting method, builds on the targeted cost method and does not start, as the previous ones, from determining the costs, but primarily focuses on customer requirements, as the person who decides on the success or failure of the business entity.<sup>25</sup> This method is interested in the capacity of the equipment used by the company, and the number of employees currently available to the company in order to easily define the company's capabilities. Only after the initial calculations are obtained, this method analyzes the costs arising from the use of material and human resources.<sup>26</sup> While other methods focus only on production costs, this method serves to explore the possibilities of the company to start new or larger production with the current capacity, or to analyze the growth potential of production, and thus the company. Controlling market and competition analysis investigates current market requirements and projects future requirements, and makes calculations that show the impact of increased production on the costs of the entire business entity and the impact on its profitability. In doing so, all activities that would be necessary for the change or growth of production are planned, paying attention to the financial and time component that significantly affect the success of the venture itself.<sup>27</sup> This method is used to investigate the production capacity of the company so that overproduction would not lead to its collapse, and it is used whenever it moves to a new or significantly increased production, because it analyzes current and future market requirements, or customers and the ability of the business entity to meet requirements. Although this is a large job that requires a lot of time, effort and costs, every business entity that wants to succeed in significant changes is forced to conduct such an analysis because it is always cheaper and more cost-effective than the risk of business failure.<sup>28</sup> It answers the question of how much capacity an organization needs for the required product or service. The balance of achievements is a model of a carefully selected set of indicators and measures derived from the company's strategies, which serve to plan and direct the company's activities and measure achievements from different perspectives, based on connecting and balancing the most important success factors. The prospects for the development of the company are:

- 1) Financial perspective of enterprise development (financial indicators, balance of financial and non-financial indicators);
- 2) Customer-oriented perspective (customer relations and recognition of his needs and interests);
- 3) Perspective of the internal business process (knowledge of the technological process of production);
- 4) Development of the company based on perspective (continuous growth and development of the company and continuous training and education of its employees)<sup>29</sup>

This method looks at the whole company in an integrated way, as well as the entities within it. Here, attention is paid not only to internal but also to external factors surrounding the business entity. In doing so, attention is paid not only to production and its optimization, but also to customer needs, as well as to the long-term strategy of the company. When preparing the balance of achievements on the basis of the stated development perspectives, the desired indicators from each area are defined and deviations from it are periodically analyzed.

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<sup>24</sup> Ibid., str. 100.

<sup>25</sup> Ibid., str. 100

<sup>26</sup> Cingula, M. i Klačmer, M. op.cit. str. 24.

<sup>27</sup> Špac, D. op.cit. str. 101.

<sup>28</sup> Ibid., str. 101.

<sup>29</sup> Ibid., str. 101.

Accordingly, actions for reaching and switching the set indicators are defined, and new pipes are set for the achieved indicators or new indicators from that area are defined.<sup>30</sup> It answers the question about the results of linking and balancing performance factors. The last method of cost management, "Kaizen" costs are formed in Japanese companies and are based on the setting of cost reduction during production, as follows - it is good, but it can always be better. This method is constantly exploring new possibilities for more efficient production, which includes all employees of the business entity. Often, employees are further motivated by different rewards for each new idea that enables more efficient production. In this way, the corporate spirit is developed and the knowledge and experience of people are used, whose goal in the production process is to find the most efficient way of production that will enable the business entity to achieve or maintain competitive advantages.<sup>31</sup> It provides an answer to the question of whether it can do even better. Cost control is one of the basic functions of modern management because with the quality of products, costs become the basic tool of competitive advantages of the company. For this reason, today all large and successful companies use cost differences to maintain or improve their current market position. There are different methods of cost control, and it is up to the entrepreneurial management to decide which method to use for their business. The use of different methods depends on the size of the company, the complexity of its production process as well as the resources available to the company. In the end, it can be concluded that cost analysis is an expensive and time-consuming job and process, but always cheaper than the risk of business failure and therefore I believe that it is necessary for management to conduct quality cost control because it saves the company time and money.

## **2. SUCCESSFUL RESTRUCTURING ON THE EXAMPLE OF PEVEC D.D.**

### **2.1. About the company in general**

The company Pevec was founded by a young married couple Višnja and Zdravko Pevec in 1990 in Bjelovar, and the company was engaged in the trade of tools for agriculture and landscaping and spare parts for agricultural machinery. The company has been continuously developing and in 2000 Pevec d.o.o. operated in many Croatian cities: Zagreb, Split, Osijek, Zadar, Koprivnica, Kutina, Varaždin, and Vrbovec. In the same year, Pevec received the award for the most successful entrepreneur. The following year, Pevec opened new stores in Bjelovar and Pula and a large new center in Zagreb, and in 2005 and 2006 stores were opened in Rijeka and Đurđevac. In parallel with the expansion of the store, Pevec began to engage in transportation and leased 500 trucks, thus becoming one of the largest carriers in Croatia. In addition to transportation, Pevec is expanding its business to the field of tourism by buying a hotel in Đurđevac. Over time, the Pevec company continued to expand to the region, and in 2007 they opened their stores in Macedonia, BiH and Serbia. A year later, Pevec has 4,000 employees, 14 sales centers, 500 vehicles and a large number of real estate. However, the sudden expansion accompanied by credit dependence and the great diversification of activities into the real estate business, logistics and retail business with the onset of the great global crisis, led the Pevec company to bankruptcy. Commercial Court 24.12.2009. opened bankruptcy and appointed Darko Šketa as the bankruptcy trustee, confiscating all the company's assets from the former owners Višnja and Zdravko Pevec. During the bankruptcy, the limited liability company was transformed into a joint stock company. By restructuring its business, Pevec is coming out of bankruptcy on June 21, 2012. by the decision of the Commercial Court in Bjelovar which issued a decision on the establishment of the company Pevec maloprodaja non-food goods d.d. based in Bjelovar. The joint stock company currently has 700 shareholders. After coming out of bankruptcy, Pevec d.d. constantly records successful business, ie business with profit. In 2018, Pevec d.d. generates operating revenues of HRK 17.8 billion (one tenth of operating revenues in Other

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<sup>30</sup> Ibid., str. 101.

<sup>31</sup> Ibid., str. 101 i 102.



retail sale in non-specialized stores) and generates a profit before interest, taxes, depreciation and amortization (EBITDA) of HRK 200 million.<sup>32</sup> At the beginning of 2020, the company Pevec changed its name to Pevec d.d. and in addition to changing the name, the company logo also changes. Chairman of the Board of Pevec d.d. is Jurica Lovrinčević, and the three largest shareholders are Pavao Vujnovac with a share of 36.62%, Dicentra d.o.o. with a share of 21.34% and Mario Radić with a share of 7.58%.<sup>33</sup>

## 2.2. Financial analysis of the company before bankruptcy

The most important instrument of financial analysis is financial indicators. By calculating the indicators, one economic quantity is put in a ratio with another economic quantity. Indicators are formed and calculated in order to create an information basis for making business decisions, and as such we view them as carriers of information needed to manage the business and development of the company.

Given the time dimension, financial indicators can be divided into two groups:

- the first group of financial indicators considers the company's operations within a certain period of time and is based on data from the income statement,
- The second group of financial indicators refers to a specific moment of compiling the balance sheet and talks about the financial position of the company at that time.<sup>34</sup>

The importance of individual financial indicators depends on what decisions are to be made. The management of the company is interested in all aspects of financial analysis to ensure short-term and long-term financial stability of the company. In addition to financial stability, it is necessary to ensure the profitability of the company, appropriate compensation to business owners and retained earnings of the company.

In accordance with these requirements, individual financial indicators can be classified into the following groups:

- 1) liquidity indicators - measures the ability of companies to meet their short-term liabilities on their maturity;
- 2) indebtedness indicators - the extent to which the company is financed from other people's sources;
- 3) activity indicators - measures of how efficiently the company uses its resources, ie assets;
- 4) cost-effectiveness indicators - measures the ratio of revenues and expenditures;
- 5) profitability indicators - measures return on invested capital;
- 6) Investment indicators - measures the success of investing in ordinary shares.<sup>35</sup>

Liquidity and indebtedness indicators indicate business security, indicators of economy, profitability and investment in performance, while activity indicators are considered as both security indicators and business performance indicators.<sup>36</sup> The following is a financial analysis of the company Pevec through financial indicators that will show the company's operations before bankruptcy, during bankruptcy and the company's operations today. This part of the paper will present and interpret the indicators of liquidity, indebtedness, activity, economy and profitability for 2007 and 2008, ie for the years preceding the bankruptcy of the company.

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<sup>32</sup> FinInfo (2018) Dostupno na: <https://www.fininfo.hr/>

<sup>33</sup> Službena stranica Pevec d.d. Dostupno na: <https://pevec.hr/kompanija/vlasnicka-struktura/>

<sup>34</sup> Žager, K. et al. (2017) *Analiza financijskih izvještaja: načela – postupci – slučajevi*. 3 izmijenjeno i dopunjeno izdanje. Zagreb: Hrvatska zajednica računovođa i financijskih djelatnika. Str. 44.

<sup>35</sup> Ibid., str. 44. i 45.

<sup>36</sup> Ibid., str. 44. i 45

*Table 2: Liquidity indicators of Pevec for 2007 and 2008*

<b>Liquidity ratios</b>	<b>2007.</b>	<b>2008.</b>
Current ratio	0,07	0,09
Accelerated liquidity ratio	0,44	0,49
Current ratio	0,94	0,97
Financial stability ratio	1,07	1,03

*Source: prepared by the author according to publicly available RGFI data, available at: <http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

Liquidity ratios measure a firm's ability to meet its short-term liabilities. The current liquidity ratio shows the company's ability to meet its short-term liabilities with the available money at a given time. In 2007, the company was able to settle 7% of short-term liabilities with its available money, and in 2008 9%. In practice, it is considered that this indicator should not be less than 0.1 or 10%. The current liquidity ratio is used to calculate liquidity in the shortest possible time and for that reason this ratio can vary a lot, so it should not be given much attention if other liquidity indicators are in order. that is, cash and short-term receivables. In 2007, the company was able to settle 44% of its short-term liabilities with its quick-liquid assets, and in 2008 it was able to settle 49% of short-term liabilities. The value of the accelerated liquidity ratio should be 1 or greater than 1. Given that the value of the indicator for both years is less than the reference value, it can be concluded that the accelerated liquidity ratio for the observed years is not good. The current liquidity ratio shows how many short-term liabilities the company covers from short-term sources of assets. The current liquidity ratio should be greater than 2. Thus, if a firm wants to maintain current liquidity at a normal level, it is necessary to have at least twice as many current assets at its disposal as short-term liabilities. In other words, the company must have working capital, ie part of the short-term assets of the company must be financed from long-term sources. In this case, the current liquidity ratio for 2007 is 94%, and for 2008 97%. The current liquidity ratio for the observed years is at an inadequate level and shows that the company with its short-term assets is not able to meet its short-term liabilities. Working capital does not exist, moreover, the company owns fewer current assets than current liabilities. The financial stability ratio builds on the current liquidity ratio and shows how many long-term sources are used to finance fixed assets. This indicator must be less than 1 because the company must finance part of its current assets from long-term sources, ie from working capital. The financial stability ratio for 2007 was 1.07, while for 2008 the value of the indicator was slightly better and amounted to 1.03. Based on the above liquidity indicators, we can conclude that the company in 2007 and 2008 had a working capital deficit and a lack of liquidity and financial stability.

*Table 3: Pevec indebtedness indicators for 2007 and 2008*

<b>Indebtedness indicators</b>	<b>2007.</b>	<b>2008.</b>
Indebtedness ratio	0,75	0,79
Self-financing ratio	0,25	0,21
Funding ratio	2,93	3,83
Interest expense coverage	2,69	1,28
Indebtedness factor	22,53	17,48
Degree of coverage I	0,51	0,44
Degree of coverage II	0,93	0,97

*Source: prepared by the author according to publicly available data from RGFI, available at: <http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

Through the debt ratios and our own financing, we can see how much property the company finances from others and how much from its own sources.

Higher indebtedness also means higher business risk, so it would be desirable for the level of indebtedness not to exceed 0.5 and 50%, respectively. In 2007, the company Pevec financed 75% of its assets from other people's sources, and 25% from its own sources, while in 2008 the company reduced its own sources of financing to 21% by further increasing other people's sources. The financing ratio in 2007 was 2.93, while in 2008 it was 3.83 and also shows an increase in corporate indebtedness. Coverage of interest expenses for 2007 shows that the company was able to cover its interest expenses with interest earned before interest and taxes 2.69 times, while in 2008 this figure was worse and amounted to 1.28. The indebtedness factor shows that in 2007 the company needed over 22 years to settle total liabilities from retained earnings and depreciation, while in 2008 this value was reduced to slightly more than 17 years. Coverage level I shows how much of the fixed assets are financed by own sources of financing, and coverage level II shows how much of the fixed assets are financed by long-term sources of financing. Level II coverage must be greater than 1 because part of the long-term resources must be used to finance short-term assets. The company Pevec covered 51% of fixed assets with its own capital, while in 2008 this indicator was even weaker and covered only 44% of the value of fixed assets. The level of coverage II in 2007 was 0.93, while in 2008 it was 0.97. In both years, the level of coverage II is less than one, which means that the company does not finance its fixed assets from long-term sources. According to the above data, we see that the company Pevec is financed mainly by other sources and the indebtedness indicators for the observed period are not good.

*Table 4: Pevec activity indicators for 2007 and 2008*

<b>Activity indicators</b>	<b>2007.</b>	<b>2008.</b>
Turnover ratio of total assets	1,06	1,12
Current assets turnover ratio	2,11	2,12
Receivables turnover ratio	5,25	5,03
Duration of receivables collection in days	69	72

*Source: prepared by the author according to publicly available RGFI data, available at: <http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

Turnover ratios show the ability of a company to turn its assets, receivables and inventories into one year and it is therefore desirable that their amounts be as high as possible. In 2007, the company Pevec generated HRK 1.06 of total revenues for one kuna of total assets, while in 2008 this indicator was slightly better and amounted to HRK 1.12. With the turnover ratio of current assets, there is also a minimal increase in the value of total income from HRK 2.11 to HRK 2.12 per kuna of current assets. Conversely, the turnover ratio of receivables reduces sales revenue from HRK 5.25 to HRK 5.03 of receivables, which increases the duration of collection of receivables in days. Thus, in 2007, the company needed 69 days to collect its receivables, while in 2008 it was increased to 72 days. The turnover ratio of total assets and the turnover ratio of current assets of the company Pevec have a positive growth trend for the observed period, but the turnover ratio of receivables, as well as the collection of receivables recorded a negative trend.

*Table 5: Cost-effectiveness indicators of Pevec for 2007 and 2008*

<b>Cost-effectiveness indicators</b>	<b>2007.</b>	<b>2008.</b>
Economics of overall business	1,04	1,01
Business economy	1,04	1,03
Sales economy	1,07	1,07
Cost-effectiveness of financing	1,16	0,3

*Source: prepared by the author according to publicly available RGFI data, available at: <http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

Cost-effectiveness indicators are a measure of business efficiency because they show how much revenue is generated per unit of expenditure. The total revenues of the company Pevec in 2007 were 4% higher than the total expenses, ie for 1 kuna of total expenses the company generated 1.04 kuna of total revenues, while in the following year the economy of the total business decreased by 3%, whereby the company generated HRK 1.01 of total revenues on HRK 1 of total expenses. Business efficiency is also positive, but it has a negative tendency, so the realized operating revenues in relation to operating expenses in 2007 are higher by 4%, while in the following year they are higher by 3%. The sales efficiency for both periods is 1.07, which means that the company in both years generates 7% higher sales revenue than expenditure on goods sold. In terms of cost-effectiveness of financing in the observed period, the company recorded a large decline, and the reason for the decline is the simultaneous increase in financial expenses and decrease in financial income in 2008, so the company in 2008 on 1 kuna of financial expenses only 0.3 kuna of financial income. Cost-effectiveness indicators have a negative trend and show a decrease in the efficiency of the company before going bankrupt.

*Table 6: Pevec profitability indicators for 2007 and 2008*

<i>Profitability indicators</i>	<i>2007.</i>	<i>2008.</i>
Net profit margin	6,25%	4,28%
Gross profit margin	6,25%	4,28%
Net return on assets	6,62%	4,82%
Gross return on assets	6,62%	4,82%
Return on equity	16,36%	5,15%

*Source: prepared by the author according to publicly available RGF data, available at: <http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

The profit margin shows the ability of the company to retain the realized total income in the form of profit increased by interest expenses. The gross and net profit margins of Pevec in 2007 and 2008 are the same and record the same negative trend. In 2007, the company Pevec generated HRK 6.25 gross and net profit per 100 kuna of total revenues, increased by interest expenses, while a year later the return amounted to HRK 4.28. Profitability indicators show the ability of a company to achieve a return on total assets. Although positive, profitability indicators also have a negative trend. In 2007, the company Pevec realized a return of HRK 6.62 per 100 kuna of invested assets, while a year later the return amounted to HRK 4.82. Return on equity shows a company's ability to create returns for equity owners. In 2007, the company Pevec realized a return on HRK 100 of equity in the amount of HRK 16.36, while in 2008 the same return decreased by more than three times and amounted to HRK 5.15. For the given period, the company Pevec has a positive structure of sources of financing, ie it achieves the effect of financial leverage because the return on equity is still higher than the return on assets. But it is necessary to emphasize the decline in all indicators of profitability, and especially the large decline in return on equity. Through financial indicators, it can be concluded that the company Pevec in 2007 and 2008, ie the period before bankruptcy, has a working capital deficit and has a problem with liquidity and excessive indebtedness. The indicators of economy and profitability are solid, but their values are deteriorating, ie they are recording a negative trend, thus warning of the weaker business operations of the company and the potential dangers that lead to the company's bankruptcy next year.

### **2.3. Bankruptcy and financial analysis of the company Pevec at the time of bankruptcy**

Due to financial difficulties and debts to creditors and suppliers at the end of 2009, the company's sales centers were closed and bankruptcy proceedings were opened against Pevec d.o.o. The procedure opened at the Commercial Court in Bjelovar was worth 1.9 billion kuna,

and more than 1,000 employees, 800 companies and 11 commercial banks reported their claims. In 2010, a bankruptcy plan is being drafted and the process of restructuring the company is underway, and on 21 June 2012. the decision of the Commercial Court in Bjelovar confirms the bankruptcy plan by which Pevec becomes a joint stock company. Darko Šket has been appointed as the manager of the bankruptcy proceedings, who is successfully carrying out the process of restructuring the company and rescuing the company Pevec from bankruptcy. After the successful restructuring of the company, Šket then stated: "I would say that almost everything is different and improved, standards have been raised and strictly defined procedures have been introduced. It may sound strange to you, but Pevec used to work improvised in many ways. Today, the company operates according to all models and standards of the profession. We have standardized business centers that have been oversized, and the implementation of a state-of-the-art business system for planning, budgeting and forecasting is currently in the final phase, which will result in shorter analyzes, monitoring of budget and cost realization, and better decision-making. In Zagreb, we have opened a centralized IT-equipped warehouse, so we can monitor the state of stocks at any time, and quickly deliver the necessary goods to our centers. We conduct employee training at all levels."<sup>37</sup> Thus, the implementation of the process of restructuring and rehabilitation of the company has led to the establishment of a new organizational structure and a new way of doing business in which standards and procedures are followed, cooperation with suppliers is agreed, employees are educated and sales centers are changed. In addition, by implementing a new IT and business system, the company enables its management easier planning and monitoring of business costs and better decision-making. In the continuation of the paper, the financial analysis of the company Pevec during the bankruptcy will be presented. The financial statements for 2009, ie the year when the company went bankrupt, are not available, so the paper will present the financial analysis of the company in the period from 2010 to 2012, ie for the period of the bankruptcy proceedings. The financial analysis will show how the above measures had a positive effect on the company, and this will show the values of financial indicators that are much better in 2012 compared to previous years of bankruptcy proceedings.

*Table 7: Liquidity indicators of Pevec in the period from 2010 to 2012*

<i>Liquidity ratios</i>	<i>2010.</i>	<i>2011.</i>	<i>2012.</i>
Current ratio	0,02	0,02	0,01
Accelerated liquidity ratio	0,03	0,04	0,10
Current ratio	0,13	0,17	1,25
Financial stability ratio	1,57	1,59	0,56

*Source: prepared by the author according to publicly available RGFI data, available at: <http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

Current liquidity ratios have been extremely unfavorable throughout the three years. Thus, the company Pevec was able to settle 2% of short-term liabilities with currently available money in 2010 and 2011, and in 2012 only 1%. The accelerated liquidity ratio is not much better either, so in 2010 Pevec covered 3% with its money and short-term receivables, and 4% in 2011, while in 2012 the company covered 10% of its short-term liabilities. The current liquidity ratio is also very unfavorable for 2010 and 2011 with large, but records a positive shift in 2012. In 2010, the company Pevec is able to settle 13% of short-term liabilities with its short-term assets, and in the following year 17%. In 2012, the value of the current liquidity ratio was 1.25, which shows that the company in that period owns more current assets than current liabilities, which generates working capital.

<sup>37</sup> Dostupno na: <https://www.jutarnji.hr/vijesti/pevec-sam-digao-s-dna-sad-ga-vodim-na-vrh-od-skromnog-stecajnog-upravitelja-do-velikog-igraca/591295/>

It is the realization of working capital that shows a big step forward in the recovery of the company. Although, the current liquidity ratio is still not higher than 2, ie there is still room for liquidity improvement, it can be concluded that in 2012 the current effects of restructuring measures are visible in the current liquidity ratio. The coefficient of financial stability in 2010 was 1.57, and in 2011 1.59, which shows that in those years a large part of fixed assets was financed from short-term sources. In 2012, the financial stability ratio was positive and amounted to 0.56, which means that the company uses 56% of its long-term sources to finance fixed assets, while the remaining part is used to finance current assets and working capital, which achieves some liquidity and financial stability of Pevec. . In 2012, the company Pevec improved its liquidity compared to previous years, but it still has a shortage of the most liquid asset, ie money.

*Table 8: Pevec indebtedness indicators in the period from 2010 to 2012*

<b>Indebtedness indicators</b>	<b>2010.</b>	<b>2011.</b>	<b>2012.</b>
Indebtedness ratio	1,54	1,50	0,67
Self-financing ratio	-0,54	-0,50	0,33
Funding ratio	3,12	3,27	2,06
Interest expense coverage	-20,26	27,71	11,40
Indebtedness factor	/	154,14	45,73
Degree of coverage I	-0,68	-0,61	1,63
Degree of coverage II	-0,66	-0,64	1,79

*Source: prepared by the author according to publicly available RGFI data, available at:  
<http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

The value of total liabilities of the company Pevec in 2010 and 2011 is higher than the value of total assets, so the debt ratios are higher than 1. The value of total liabilities in 2010 is higher by 54%, and in 2011 by 50% of the total value disclosure. In 2012, ie the last year of the bankruptcy proceedings, the company Pevec again owns a higher value of assets than the value of liabilities and finances the assets with its own funds in the amount of 33%, while the share of financing with other people's funds is 67%. The financing ratio in 2010 shows that the company Pevec had 3.12 times higher value of total liabilities than the value of capital and reserves. The financing ratio was 3.27 in 2011, and in 2012 the debt-to-equity ratio decreased to 2.06. The company Pevec was operating at a loss in 2010, so the coverage of interest costs is negative. In 2011, the company Pevec covered interest expenses with its earnings before interest and taxes 27.71 times, while in 2012 this figure was slightly worse and the company covered interest expenses 11.40 times. Due to non-profit operations, the indebtedness factor could not be calculated, but in the following years of the observed period the indebtedness factor is not good, so it would take Pevec 154 years in 2011 to cover its total liabilities from retained earnings plus depreciation costs. in 2012, the repayment time of total liabilities was reduced to 46 years. Due to the lack of own funds, ie capital, the coverage levels in 2010 and 2011 were negative. At the transition from 2011 to 2012, the company is recovering, which shows a drastically reduced loss carried forward, and therefore the values of coverage level I and coverage level II are positive and amount to 1.63 and 1.79. Thus, during 2012, the company finances all its fixed assets from its own sources of financing, while with the remaining 63% of the capital it finances short-term assets. Coverage level II shows that the company finances all long-term assets from long-term sources, while with the remaining 79% of long-term sources it finances short-term assets. The given indicators show that the company Pevec respects the golden rule of financing, ie they reveal the great success of the restructuring of the company, by means of which the company got out of an extremely unpleasant situation and achieved satisfactory financial stability.

*Table 9: Activity indicators of Pevec in the period from 2010 to 2012*

<i>Activity indicators</i>	<i>2010.</i>	<i>2011.</i>	<i>2012.</i>
Turnover ratio of total assets	0,35	0,59	1,35
Current assets turnover ratio	1,74	2,36	1,69
Receivables turnover ratio	8,61	20,80	18,32
Duration of receivables collection in days	42	18	20

*Source: prepared by the author according to publicly available RGFI data, available at:  
<http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

In 2010, the company Pevec generated only HRK 0.35 of total revenues per 1 kuna of total assets, in 2011 HRK 0.59, while in 2012 HRK 1.35. The company increased its revenue in 2011 and continued in 2012. Thus, in 2011 the company generated HRK 2.36 of total revenues per 1 kuna of current assets, while it generated HRK 20.80 of sales revenues per 1 kuna of receivables with a small decrease in 2012. The reason for the decrease is that in 2012, in addition to the increase in income, there is an increase in current assets and therefore the values of the turnover ratio of current assets and the ratio of receivables are the best in 2011. The time of collection of receivables in 2010 was 42 days, in 2011 18 days, and in 2012 20 days. By increasing all coefficient values in 2011, activity indicators already showed the success of selected measures of company restructuring, and confirmed this with the values of indicators during 2012.

*Table 10: Cost-effectiveness indicators of Pevec in the period from 2010 to 2012*

<i>Cost-effectiveness indicators</i>	<i>2010.</i>	<i>2011.</i>	<i>2012.</i>
Economics of overall business	0,95	1,02	1,01
Business economy	0,95	1,01	1,01
Sales economy	1,14	1,04	1,04
Cost-effectiveness of financing	0,85	3,37	1,08

*Source: prepared by the author according to publicly available RGFI data, available at:  
<http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

In 2010, the company generated less total revenue than total expenses, ie it operated at a loss, and therefore the value of the economy of the total business is less than one. In 2011, due to the increase in revenues, the company started operating positively and generated HRK 1.02 of total revenues per 1 kuna of total expenses, while in 2012 there was a minimal deterioration in the ratio of total revenues and expenses. A similar thing is shown by the economics of operations whose value for 2010 is unsatisfactory, but the values of the same indicator in 2011 and 2012 show the positive operations of the company Pevec. The value of sales efficiency is the best in 2010, but a closer look at the profit and loss account shows that due to the increase in business volume in 2011 and 2012 there was a significant increase in costs of materials, energy and goods sold and therefore a decrease in the value of this indicator. no need to worry. The value of financing efficiency in 2011 was 3.37, and in 2012 it was slightly worse and amounted to 1.08. Based on the given cost-effectiveness indicators, we see that all values of the indicators in 2011 and 2012 are positive, which shows the efficient operation of the company Pevec, which is necessary for the company to emerge from the crisis.

*Table 11: Profitability indicators of Pevec in the period from 2010 to 2012*

<i>Profitability indicators</i>	<i>2010.</i>	<i>2011.</i>	<i>2012.</i>
Net profit margin	-4,84%	1,71%	0,87%
Gross profit margin	-4,84%	1,71%	0,87%
Net return on assets	-1,68%	1,01%	1,17%
Gross return on assets	-1,68%	1,01%	1,17%
Return on equity	-3,26%	1,96%	3,06%

*Source: prepared by the author according to publicly available RGFI data, available at:  
<http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

In 2010, the company Pevec has a negative gross and net profit margin, which means that for 100 kuna of total revenues it realizes 4.84 kuna of losses increased by interest expenses. In 2011 and 2012, the indicators were positive and the company made a profit of HRK 1.71, or HRK 0.80 of profit increased by interest expenses. Return on assets in 2010 was negative and amounted to -1.68, in 2011 it amounted to 1.01, and in 2012 to 1.02. Therefore, during 2012, the company Pevec realized 102 kuna per 100 kuna of invested assets. Return on equity is also improving from year to year, so the company Pevec from the negative return on equity in 2010 in 2011 began to achieve a positive return of 1.96 kuna, which in 2012 was even better and amounted to HRK 3.06 per HRK 100 of equity. Profitability indicators were positive during 2011 and 2012, which shows that the company got out of business at a loss and, through the restructuring of its parts, became profitable again. Based on all the observed indicators, the positive effects of the restructuring measures can be seen, and for this reason the bankruptcy proceedings of the company Pevec were completed in 2012, after which the company continued to operate normally.

#### 2.4. Financial analysis of the company Pevec today

In this part of the paper, a financial analysis of the last two available years will show how Pevec d.d. operates today, that is, how it operates in its fifth and sixth years after coming out of bankruptcy and what else it can improve in its business.

Table 12: Pevec liquidity indicators in 2017 and 2018

<i>Liquidity ratios</i>	<i>2017.</i>	<i>2018.</i>
Current ratio	0,03	0,04
Accelerated liquidity ratio	0,59	0,54
Current ratio	2,05	1,86
Financial stability ratio	0,4	0,49

Source: prepared by the author according to publicly available RGFI data, available at: <http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>

In the observed period, the company Pevec has a shortage of money in its coffers and in 2017 it can settle 3% of short-term liabilities with available money, while in 2018 it settles 4% of short-term liabilities with available money. The accelerated liquidity ratio is also not the best and is lower than its reference value for both periods, ie 1. However, the values of current liquidity ratios and financial stability look good. In 2017, the company Pevec has twice as many current assets as current liabilities, while in 2018 the value of this indicator is slightly worse and amounts to 1.86. In the observed period, the company Pevec realizes working capital, ie it finances a part of its short-term assets from long-term sources. Although the company generates working capital through which it achieves a certain financial stability, worse values of liquidity indicators in 2018 are visible compared to the previous year and a lack of cash. Therefore, the management of the company should pay attention to these things and correct them in the future.

Table 13: Pevec indebtedness indicators in 2017 and 2018

<i>Indebtedness indicators</i>	<i>2017.</i>	<i>2018.</i>
Indebtedness ratio	0,58	0,6
Self-financing ratio	0,42	0,4
Funding ratio	1,4	1,51
Interest expense coverage	69,09	42,94
Indebtedness factor	14,28	8,93
Degree of coverage I	1,63	1,3
Degree of coverage II	2,48	2,05

Source: prepared by the author according to publicly available RGFI data, available at: <http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>



In 2017, Pevec financed 58% of its assets from other sources and 42% from its own sources, while in 2018 60% of its assets were financed from other sources and 40% from its own sources of financing. The financing ratio in 2017 was 1.40, while in 2018 the debt-to-equity ratio was 1.51. In 2017, the company Pevec covers the costs of interest 69.09 times with the earned earnings before interest and taxes, while in 2018 the company Pevec covers the costs of interest 42.94 times. In 2017, the company needs 14 years to settle its total liabilities from retained earnings, and in 2018 this value was reduced to 9 years. The values of the coverage levels for both observed years are higher than 1 and show how the company Pevec can cover all long-term assets with its own capital and finance it from long-term sources, ie capital and long-term liabilities. Although the indebtedness indicators for the observed period may be better, their values show that the company is not over-indebted, ie it operates normally.

*Table 14: Activity indicators of Pevec in 2017 and 2018*

<i>Activity indicators</i>	<i>2017.</i>	<i>2018.</i>
Turnover ratio of total assets	1,91	1,81
Current assets turnover ratio	2,56	2,61
Receivables turnover ratio	9,3	9,64
Duration of receivables collection in days	39	38

*Source: prepared by the author according to publicly available RGFI data, available at: <http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

In 2017, the company Pevec generated HRK 1.91 of total revenues for 1 kuna of total assets, and generated HRK 2.56 of total revenues for 1 kuna of short-term assets. In 2018, there is a proportional increase in total revenues and total assets of the company, so the values of turnover ratios are similar to the previous year. In 2018, the company Pevec generated HRK 1.91 of total revenues per 1 kuna of total assets, and generated HRK 2.56 of total revenues per 1 kuna of short-term assets. In 2017, the company needed an average of 39 days to collect receivables, in 2018 38 days. Activity indicators are positive for both observed years and show that the company uses its assets efficiently.

*Table 15: Cost-effectiveness indicators of Pevec in 2017 and 2018*

<i>Cost-effectiveness indicators</i>	<i>2017.</i>	<i>2018.</i>
Economics of overall business	1,09	1,1
Business economy	1,09	1,1
Sales economy	1,18	1,17
Cost-effectiveness of financing	0,84	1,06

*Source: prepared by the author according to publicly available RGFI data, available at: <http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

In 2017, the company Pevec generated HRK 1.09 of total revenues for 1 kuna of total expenses, while in 2018 the value of this indicator is slightly better and amounts to HRK 1.10. Operating revenues in relation to operating expenses also increase by 1%, and in 2018 the company will generate HRK 1.10 of operating revenues per 1 kuna of operating expenses. In 2018, the company Pevec generates 17% higher sales revenues than sales expenses and 6% higher financial revenues from financial expenses. The company in all categories of economy generates higher revenues than expenditures and we can conclude that the company Pevec today operates efficiently.

*Table 16: Profitability indicators of Pevec in 2017 and 2018*

<b>Profitability indicators</b>	<b>2017.</b>	<b>2018.</b>
Net profit margin	7,17%	7,79%
Gross profit margin	8,66%	9,57%
Net return on assets	13,67%	14,13%
Gross return on assets	16,52%	17,35%
Return on equity	32,18%	34,43%

*Source: prepared by the author according to publicly available RGFI data, available at:  
<http://rgfi.fina.hr/JavnaObjava-web/jsp/prijavaKorisnika.jsp>*

In 2017, the company Pevec generated a net profit of HRK 7.17 per 100 kuna of total revenues, while in 2018 the return amounted to HRK 7.79. In 2017, the company realized a return in the amount of HRK 13.67 per 100 kuna of invested assets, while a year later the return amounted to HRK 14.13. In 2017, the company Pevec achieved a return on invested HRK 100 of equity in the amount of HRK 32.18, while in 2018 the return on equity was even better and amounted to HRK 34.43. The company Pevec is profitable in the observed period and records a positive trend of increasing profitability. Based on all the above financial indicators, it can be concluded that Pevec d.d. possesses financial stability, but that work should still be done to improve liquidity and indebtedness so that all indicators come above the desired level. The indicators of activity, economy and profitability are very good and indicate that Pevec d.d. today it operates efficiently, profitably and successfully and that the days of crisis are far behind it.

### **3. CONCLUSION**

Modern business operations are characterized by dynamics and change. The constant change in the relationship between supply and demand, in which supply is increasingly exceeding demand, and the process of globalization require companies to adapt, ie abandon the old ways of doing business and switch to new ways of doing business. By merging the disciplines of entrepreneurship and management, entrepreneurial management is created, which aims to identify opportunities where others see the limitations and create new value for the company through innovation. New value is also created through the concept of a learning company whose goal is to satisfy the desires and needs of consumers and thus create consumer emotions towards the company or company brand. For the needs of modern business, entrepreneurial management uses management economics. Management economics uses its tools to define the elasticity of demand, determine product differentiation, pricing strategy, replacement costs, concentration ratios and study game theory, thus greatly helping management in the decision-making process. Simply put, management economics uses economic theory to conduct economic analysis with the goal of achieving the company's goals. If a company falls into a crisis, a restructuring process is necessary to save the company. The goal of the restructuring process is to address the causes of poor performance, and this is achieved through financial, operational and strategic restructuring. Financial restructuring changes the structure of assets, liabilities and capital to improve the liquidity and capitalization of companies. Operational restructuring refers to business restructuring, ie restructuring of the marketing, sales and technology sectors with the aim of improving liquidity and profitability. Strategic restructuring is carried out with the aim of long-term business sustainability and focuses on strategic positioning, business processes and compliance of the organizational structure with the strategy and goals. Through appropriate restructuring measures, the company Pevec came out of the bankruptcy proceedings worth 1.9 billion kuna and today, according to all financial indicators, it operates extremely efficiently, profitably and successfully and is therefore an ideal example of successful restructuring of the company.

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