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# PART I: ACTUAL ISSUES IN MODERN PEDAGOGY

**JEL: A22**

## **PRACTICAL TEACHING APPROACHES TO THE EDUCATION OF PUPILS WITH SPECIAL EDUCATIONAL NEEDS IN THE GENERAL EDUCATIONAL ENVIRONMENT**

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***Abstract:** Segregated education for children with special educational needs seems to violate their right to knowledge. This view has been adopted by many countries worldwide. Thus, these students should be included appropriately at mainstream schools. Inclusion is an ongoing procedure, which demands from the school to adapt according to the diverse needs of the students. There are certain strategies, which can be implemented in the school context and assist the successful inclusion of children with special educational needs. This assignment focuses on practical teaching approaches, which assist the education of pupils with special educational requirements in regular classes.*

***Keywords:** inclusion, SEN (special educational needs), Individualized Education Plan (IEP)*

### **INTRODUCTION**

Inclusive education is taken under consideration for the planning of educational policy around the world. Many countries have taken into account the education of students with special educational needs (SEN) (Lindsay, 2007). The last years, education policy does not support the opinion that segregated education is ideal for pupils with SEN. The United States of America promoted gradually "whole-school" approaches towards inclusion (Evans & Lunt, 2002) and European Union countries also established a legislation that promotes inclusion. UNESCO's Salamanca Statement certified officially the use of inclusion at education policy worldwide (UNESCO, 1994). Inclusive education is now perceived as fundamental to human rights and equal opportunities and according to inclusion policy; the focus is not on the student, but rather on the school system. School should reform and enhance its procedures, in order to assist each student (regardless of any possible special needs), and not the child *to be changed* to fit in established education structures and systems.

### **EVIDENCE FOR SUCCESSFUL INCLUSION**

Although moral and human rights imperatives drove governments to contain inclusion at their education policies, it is essential to explore the successfulness of inclusive strategies. Lindsay (2007) states the importance of separating the subjects of values and rights from the subject of the effectiveness of different educational strategies. Other researchers claimed that the collection of evidence revealing that

educational strategies are successful and not important when human rights are involved (Gallagher, 2001). However, inclusion approaches have to be explored, especially since evidence regarding the profits of inclusion is not clearly documented. Some studies showed that inclusive education offers to pupils with SEN benefits concerning social and academic aspects (Moore, Gilbreath & Maiuri, 1998; Peterson & Hittie, 2002). However, other studies did not prove the superiority of inclusive education (Sebba & Sachev, 1997). Some researchers attributed this variability not to the inefficiency of inclusion, but to the quality of the teaching in the mainstream school setting. Hence, the problem lies in the existing limitations in practice within school and not in the idea of inclusion (Farrell, 2000). Thus, we need to focus not on whether inclusion works, but rather on ways of making it work, which is the focus of the current paper.

### **KEY TEACHING STRATEGIES FOR SUCCESSFUL INCLUSION**

Research outcomes showed that inclusion might take different forms in different contexts, but, in spite of these variances, there is significant agreement about the basic teaching strategies, which facilitate the successful implementation of inclusion (Lindsay, 2003). The development of inclusive school practices, like all best educational practices, needs to be a dynamic and evolving process. At this section, the author will refer to these strategies and analyze briefly how these can be implemented at mainstream school contexts, in order to facilitate inclusion of students with SEN.

Teachers should differentiate the instructions for children with SEN. Thus, they must be flexible enough when giving instructions, in order to meet the various demands of each kid and the rest of the class will benefit as well. The teacher is highly recommended to give the instructions for completing a task orally and in a writing form. He/she then has to encourage the pupil to repeat the instructions. In this way, misunderstandings can be avoided. He/she is advised to check if the directions in the written form are valid too. The directions must be clear and simple. He/she should also take into consideration the cognition level of the kid and use a language that the student understands. The tutor might consider giving individual instructions if needed. Another helpful approach, especially in more complicated directions, is the modelling of the appropriate procedure. The teacher can think out loudly and analyze problem-solving methods and shows multiple examples to individuals or small groups of children. With this strategy, he/she can discover if and where the student has any difficulties. Then he/she can guide the child appropriately. Moreover, the teacher ought to have knowledge of pupils' strengths and preferred learning styles. As a result, he/she can give directions in a way that the child is more likely to apprehend. In addition, he/she can encourage the student to respond or work using his/her preferred learning type (Algozzine et al, 1997).

The employment of scaffolding directions is also suggested in order to include students with SEN in regular classes (Bruner, 1975). According to this method, the teacher helps the child to accomplish tasks that he/she may have difficulties to perform on his/her own. This strategy aims to help the student to improve the abilities, which are in the process of development and are most amenable to skilled

teaching (Elliot, 2000). In practice, the teacher offers a gradual degree of assistance. When he/she feels that the student gains mastery of the ability or concept, the scaffold is gradually removed. Modelling of problem-solving and systematic sequencing of procedures are common practices of this intervention. The drawback of this intervention is the fact that the teacher has to work with one child and thus it is time consuming. Thus, the use of teaching assistants is recommended.

Children with *SEN* often need direct, explicit and intensive instruction during the lecture. The educator has to analyze the curriculum and the learning outcomes. Then he/she teaches in sequence each target, while explaining clearly what is being taught and the way of doing it. He/she provides tasks, to find out if the student has apprehended the new information. He/she should take care of ensuring that the level of difficulty is according to child's abilities. After the completion of the tasks, he/she gives feedback and correction. This intervention increases attention and enhances academic performance of students with *SEN* (Westwood, 2007).

Research findings propose the use of co-operative learning strategies, with the intention of creating successful inclusion in regular classrooms (Frederickson & Cline, 2002). According to literature, this method improves academic performance, behavior and school attendance. Furthermore, students' engagement with school is increasing (DES, 2007). Other research outcomes found that children with learning difficulties have increased social acceptability and better academic performance when co-operative learning is implemented (McMaster & Fuchs, 2006). Although social interaction is increasing through co-operative learning, this does not mean that the placement of the children with *SEN* into groups with their classmates will ensure that they will behave in a socially appropriate way (Ibid). Thus, teachers should monitor carefully the whole process. In practice, children should work together in small-group learning activities with the target of maximizing their own and each other's learning. This method has various forms; children can enter in informal, temporary cooperative learning groups for part of a class period, or they can form more formal cooperative learning groups working on a particular project for a longer time. The members of the group should support, encourage and assist each member of the group, in order to achieve better outcomes (DES, 2007).

Peer tutoring is also an approach that helps teachers to cater for various children's needs at regular classes (Frederickson & Cline, 2002). In peer tutoring intervention, pupils help each other to learn and in turn learn by teaching. One child acts as the tutor while the other is the learner. It involves kids of the same age assisting their classmates. Another option is cross-age tutoring, which involves children from older classes helping younger kids. This method has proved to produce academic and social benefits for both the tutor and the learner (Fuchs & Fuchs, 1998). Studies also reveal that this intervention can improve self-esteem and social interactions (Bagley, & Mallick, 1996). Furthermore, it frees up the teacher, giving him/her time to give assistance that is more direct to individual pupils. Peer tutoring takes time and care to set up properly, but pays huge dividends. The teacher should consider carefully and form the student pairs. He/she should train them for the roles of tutor and tutee. Peer tutors need clear instructions and a particular task to complete. Ideal peer tutoring

tasks contain reviewing previously acquainted skills and knowledge. The aim is to practice these skills and improve them. If the peer-tutoring program is implemented satisfactorily, participation of students with *SEN* in regular classes is enhanced (Wilson, 2003). Thus, it is a valuable tool for achieving successful inclusion.

Co-teaching is a form of regularly scheduled collaboration between the mainstream class teacher and the special education teacher. This intervention has been proved effective with a range of pupils who need supplementary support in regular classes (Welch, 2000). There is a variety of methods of co-teaching strategy, which can significantly assist children with *SEN*. At the most popular co-teaching method, one tutor (usually the regular class teacher) teaches while the other assists him/her and support kids in need. It should be stated that both the teachers are present in the classroom. The first guides the teaching process, while the other checks children's apprehension and supports those who encounter problems. Another method is station teaching. Two teachers divide between them the content to be taught to the regular classroom. So each one teaches his/her agreed content. As a result, children receive two different teaching styles, which is particularly good for students with diverse needs. A third option is the alternative teaching where the regular class is divided into two groups, one small and one large. The regular class teacher usually guides the large group while the other teacher works with the small group (in which students with *SEN* usually belong). While this approach has the benefit of providing small-group guidance to those children who need it, this intervention risks creating a situation in which specific children are *pulled out* to the back of the classroom and thereby publicly identified as needing additional assistance.

The Individualized Education Plan (*IEP*) is considered a valuable tool for the inclusion of pupils with *SEN* in mainstream schools. The *IEP* is a written plan describing the special education program and services, which are required by a particular student and is based on a detailed evaluation of the child's strengths and deficiencies. The design of the pupil's *IEP* needs input from the teaching staff, the child itself, the parents and other specialists. It has to be regularly reviewed according to the child's features. Pupil's progress should be monitored, in order to discover if the agreed interventions were effective. If the targets are not achieved, teachers have to find the possible reasons. Students and parents must participate in the *IEP's* review and offer their views. Whenever it is needed, the *IEP* should be adapted, with the intention of satisfying child's needs and achieving the specified targets (McCausland, 2005).

Last, not only children do prefer to work in one particular way, but also teachers prefer to use one teaching method. However, this is not an effective strategy to assist students with diverse needs and promote an inclusive culture. The teaching methods must be adapted to the child's individual needs. Studies proved that a combination of strategies results in better outcomes than a single-strategy intervention (Rose & Howley, 2007). Thus, the teacher should implement a variety of teaching methods.

## **SUMMARY AND CONCLUDING REMARKS**

To sum up, segregated education is considered to violate the children's rights to education. Inclusion is an ongoing process, which tries to identify and remove obstacles

from their learning procedure, and it focuses on students with *SEN*. Therefore, educational systems should try to create schools that encourage inclusion of pupils with *SEN* and teachers, being a vital part of this procedure, should employ multiple teaching strategies, in order to achieve effective inclusion of students with *SEN*. Peer tutoring, co-teaching, co-operative learning strategies and creation of *IEP* are advised. Moreover, differentiation of the instructions (direct, explicit and intensive instructions) during the lectures is considered very useful for students with *SEN*.

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**JEL: A23**

## **MOTIVATIONAL PECULIARITIES OF FOREIGN STUDENTS FOR THE UKRAINIAN LANGUAGE LEARNING**

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***Abstract:** Authors of the article consider the notion of "motivation" and its types. Peculiarities of foreign students' motivation while studying Ukrainian as a foreign language are determined. Various approaches to the motivation understanding are generalized. Differences between motive and motivation have been specified. Own interpretation of the motivation in modern scientific discourse has been offered. The requirements to the exercises for increasing students' motivation are analyzed as well as approaches to the problem solution.*

***Keywords:** motivation, foreign students, Ukrainian as a foreign language, types of motivation, motivation factors*

### **INTRODUCTION**

The radical changes taking place within the last decades in the political and socio-economic life spheres in Ukraine, their aspiration for active and effective cooperation with the western countries have influenced the expansion of the Ukrainian language functioning as a foreign language. Our article induces reconsidering the purpose, tasks and content of teaching Ukrainian as a foreign language. Nowadays new political environment, international cooperation and international contacts require a profound knowledge of the Ukrainian language.

### **MATERIALS AND METHODS**

Modern methods of teaching foreign languages solve complex and responsible tasks, i.e. from teaching foreign-language communications in certain spheres of human activity up to forming a person capable of communicating with representatives of other cultures (I. Zimniaya, G. Kitajgorodskaya, V. Safonova, I. Khaleieva). The problem of motivation was investigated by O. Leontiev, S. Rubinstein, D. Uznadze, P. Jakobson, R. Hardner, V. Bodrov, J. Verna, E. Zeier, E. Klimov, M. Priazhnikov, A. Maslow, V. Semychenko, D. McClelland, M. Kondratiev, S. Pakulina, H. Rogova, N. Arystova, O. Serheienkova et al. The development of the motivational theory was engaged into the sphere of foreign psychologists' research. Famous German scientist Hekhausen (2006) presented theoretical and methodological analysis of motivation achievement, theoretical development of this phenomenon, results of his experimental researches and approaches to diagnostics. In his work "Motivation and Activity", he proposed

a summary account of the motivational psychology bringing this area to a fundamentally new level. Applying techniques of other scholars (Murray, 1938, 1943 & Morgan, Murray, 1935), including the use of the thematic apperceptive test, he contributed measuring the trends of "hope for success" and "fear some failures". The original concept of motivation, synthesizing the views of B. Spinoza, V. Wundt, K. Lewin, W. James, W. McDougall et al that correlates motivation and emotions, was presented in the monograph "Psychology of the development of motivation" (Vilyunas, 2006), where is arguing that emotions generate motivation at the level of the psyche. It is a variety of emotional relations, which are determined by motivation that serve as the guideline, subsiding to which the individual performs the actions necessary for life.

David McClelland made significant contribution to the motivation development. While carrying out special studies, he found that "the motive of achievement" was a key factor in the economic growth (McClelland, 2007). To achieve the goal, people with clear needs perform tasks, assume responsibility for their activity's results, seek for the feedback on their success and try to invent or master new, more effective ways to accomplish various tasks.

At present, motives of educational activity are studied by domestic psychologists and educators (I. Hlykman, V. Kovalev, A. Markova, T. Matis, A. Orlov, V. Yakunin, N. Skorokhodova et al). Today there is no single theory that could identify all factors of the motivational process.

The *main purpose of this work* is to consider the concept of "motivation", its types, to distinguish motivational features of foreign students in learning Ukrainian as a foreign language. The *main scientific results* are obtained by means of applying a set of general scientific and special research methods, viz. systematization and generalization, theoretical generalization, analysis and synthesis.

## RESULTS

Globalization in the higher education along with others spheres has exacerbated the motivational problem to study foreign languages, Ukrainian in particular. It involves an increase of the role of personal contacts of people and therefore, verbal communication, viz. multinational.

The Latin word "movere" (to move) is the basis of the "motivation" concept. Later, the motivation concept has been used in the sense of "factors set" that cause the activity of the people and determine their behavior (Peltonen & Ruohotie, 1992). According to I. Zimniaya (1989), the motive is something that explains the nature of linguistic action, while the communicative intention expresses the communicative aim pursued by a person, planning certain influence form on the listener. A. Markova (1983) defines a motive as something that motivates a person to be engaged in activities. Motivation is a common term for processes, methods, and means of motivating students to produce effective cognitive activity, mastering effectively the content of education, whereas educational motivation is an inclusion into educational activities. Positive motivation for learning is a profound knowledge of the new material with the realization that the result will bring satisfaction (Naumova, 2009). A. Petrovsky & M. Yaroshevsky (2003) define the motive as a driving force, for which people spend their vital energy.

Motivational problems are important in the study of each discipline, especially in the study of a foreign language as a second, because the peculiarities of the person require a certain base of communicative abilities. Sometimes it is difficult to perform; therefore, motivation for learning a foreign language weakens or disappears altogether eventually. Motivational problems are studied within the activity approach to learning developed by S. Rubinstein, O. Leontiev et al. For the effective organization of the educational process it is necessary to recognize that, firstly, an in-depth knowledge of the students' motives is crucial and secondly, it is necessary to identify and manage them correctly. The psychological issues of motivation in teaching foreign languages are considered by A. Alkhazishvili, I. Zymnia, O. Leontiev, N. Symonova et al. Based on these works, motivation is understood as the system of inducing impulses that direct the educational activity in the case of a positive teacher's direction, on a deeper study of the foreign language, its improvement and the desire to develop the needs of foreign language knowledge. In this case, the key and decisive factors are personal experience, context of activity, interests and predispositions, emotions and feelings, outlook or status in the group etc. It allows students to get a real motivation. E.g., according to I. Bim (1989), it is not a stimulation, but an internal stimulus that works. Motivation turns out to be a direct product of the teaching method. The scientist emphasizes that teacher faces a number of problems, but the main thing is the use of interpersonal relations and the creation of emotional well-being, which, in turn, provides an increase in the effectiveness of foreign language teaching and communications.

Let us consider some types of motivation. Thus, P. Jacobson analyzes a broad social motivation characteristics (external); he considers this type of motivation as a learning process, associated with an acutely experienced civic duty sense to the country, with a view of teaching as a way to accomplish people's purpose in the life. Narrow personal motivation determines the attitude to the language mastering as a way of self-affirmation. Here a wide moral range is possible from civil motives to narrow-minded ones. The stimulating effect of the external motivation on the learning process can be quite powerful. It is important to build a learning process such way that students feel the approach to the goal at each of their steps.

R. Ryan & R. Franklin define internal motivation as a tendency to find novelty and choice for the development and application of own abilities for the research and learning spheres. Researcher behavior is a subjective assessment of its skills in solving problems that have been set (Viliunas, 2006). According to the self-determination Ryan's theory (2000), a person has three innate needs: competence, connection with others and autonomy. Author argues that a competence is a prerequisite for motivating the study of the world and reacting to difficulties. However, according to scientists, before gaining competence, one should learn autonomy.

If external motivation performs a *strategic role*, then the internal motivation is *tactics*, because the language proficiency process stimulates it. The communicative kind of internal motivation is the main one, because mastering the communicative ability is the natural need of foreign language learners. However, a motivational type is difficult to maintain. The fact is that while learning a foreign language in the atmosphere of the native language, a foreign language appears as an artificial communicational

means. In addition, so-called *natural situations* used in communication, are artificial, in fact. Next kind of internal motivation is the linguistically cognitive, which consists of the students' positive attitude to the language matter, to the study of the basic linguistic signs. There are two possible forming ways: (1) mediated, i.e. through communicative motivation and (2) direct, i.e. by stimulating students' search activity in language material (Naumova, 2009).

The complexity and versatility of the increasing motivation directions, as well as the preservation and development of students' interest to the Ukrainian language have been emphasized by A. Markov, M. Lusher, M. Bezrukyi, O. Khomukhy, S. Shatsky, V. Myasyshchev, B. Ivanov, N. Morozova, etc. They offer different ways to solve this problem: (1) the creation of a special system of exercises, doing which students would feel satisfied with the result of their activities; (2) involving the emotional sphere in the learning process; (3) the nature of teacher's pedagogical influences, viz. the presence of incentives and reinforcements; (4) using of audiovisual means; (5) using individual approach. High motivation in classes indicates the desire of foreign students to gain the necessary knowledge, skills and abilities in the Ukrainian language for education, as well as to expand their knowledge related to the cultural and historical past, the peculiarities of its mentality and experience accumulated over many centuries of social life, traditions, customs and other socio-cultural information. The importance in the formation of the foreign students' motivation in the study of the Ukrainian language is the subordination of the educational process to the principle that unites the members of the group into a team. This is the principle of collective interaction, one of the main principles developed by G. Kitajgorodskaya (2009). The principle defines the following organizing way in a learning process, where: (a) students communicate actively with each other, exchanging educational information, thereby expanding their knowledge, improving skills and abilities; (b) there is favorable relations between participants, which are means of the effective learning and creative development; (c) personal success is the team success. The content of the learning materials has an important role in a study's motivation. Not all educational materials can encourage a motivation, but only the information that meets the students' needs. The increase in the motivation occurs due to: (1) the involvement of students in independent work in the classroom; (2) problem tasks and situations; (3) control of knowledge, skills and abilities; (4) country studies material; (5) benevolent attitude (Naumova, 2009). An important factor in the creation of the motivation is the teacher of the Ukrainian language, which makes conditions for the development of language learning and cognitive interest, influencing the motivational structure through the definition of personal and meaningful learning goals. E.g., L. Hubanova (2013) notes the teacher's ability to influence the formation of students' self-education. I. Bashmakova (2010) emphasizes the role of the teacher in the construction of long-term and short-term learning goals, their control and adjustment when teaching a foreign language.

## CONCLUSIONS

The students' educational motivation determines their educational activity level; indicates the direction of this activity and organizes work on overcoming difficulties.

The motivation stable level formation requires from the teacher to take into account students' personal experience, interests and inclinations, emotions and feelings etc. It is necessary to create specific conditions, when students will rise a personal interest and need to learn foreign language. The need for study should correspond to such types of internal motivation as communicative (direct language communication), linguo-cognitive (positive attitude to the language) and instrumental (positive attitude to different kinds of work).

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## Philology

JEL: I2; Z12

### THEOLOGICAL RESEARCH PAPER AS A REPRESENTATIVE GENRE OF THE PROTESTANT THEOLOGICAL DISCOURSE

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**Abstract:** *The article analyzes the genres of theological discourse. Theological research paper is considered as a special genre that communicates Christian ideas within the Protestant dogmatics. The data show that a theological research paper consists of three parts: introduction, main body and conclusions. The Creating of a Research Space model by J. Swales has been used for the analysis of a theological research paper introduction. The theological research paper addresses important issues in the religious and spiritual direction. Results show that Protestant theological discourse appears to be of a communicative character as far as it communicates Christian-based intentions, strategies and tactics of religious verbal and non-verbal language structures.*

**Keywords:** *theology, theologian, discourse, move, step*

#### INTRODUCTION

Nowadays, many of new communicational ways arise to be analyzed in the linguistic science. There are scientific talks happening in the process of an academic life. Linguistics studies all of them. As it can be seen from the perspective of its interestingness, this science of language is fond of going into deep details with every sphere of human activity. Philosophical, political, social, economic, publicistic, cultural, geographical, ethnological, religious and other spheres of life find their place within linguistics. One of the most attractive lacunas for us is the religious one, namely, theological. We love reading the Bible, religious books, letters, stories and other kinds of Christian literature. We try to understand the context, actions, characters of the given story; we imagine lives of those people who lived in the Bible times. However, only *surface reading* may satisfy an ordinary person that is not too deep in religious issues, but still it does not. People have a deep striving desire to experience things themselves. They listen to their church preaching every Sunday, watch TV Christian channels, surf the net, listen to Christian songs, and in such a way each of them acquires more and more religious knowledge. There is always an interaction happening between a person and God, which stands for vertical relations and between a person and a person defining horizontal vector of contact.

There are many ways of understanding God's words. There are sermons (when a pastor is preaching and your heart is completely devoted to hearing what God prepared to you that day), prayers (when all of your thoughts and words are directed to search Him and hear from Him), songs (through music and its melody someone can touch

your emotions while God touches your heart) and poems (it can serve as a special way to express that what could be neither spoken nor sung). Nevertheless, not only churchgoers are soaking to know the depth of the Word, but also those who try to explore and analyze it scientifically. They are theologians. Thus, the *novelty of our analysis* is predetermined by the current discourse-pragmatic paradigm of linguistic studies to the perscrutation of the scholarly Protestant theological genres orchestrating.

A theologian is a scientist, who aims at investigating religious literature and provides logical understanding of certain spiritual issues. He reads the Word, studies historical periods, when all happened, explains the meaning of certain words and phrases etc. In other words, a theologian learns the context lengthwise and crosswise. When he has collected good, valuable and relevant information, got some revelation of the Word and come to conclusions, then it is time to publish his scientific research paper analysis. Religious scientific books and journals are the channels, where he can publish his works in the form of an essay, book review or an article. Thus, theological discourse represented by the genre of a theological research paper becomes an *object* of our research whereas its compositional and communicative aspects make up the *subject* of our analysis. The *aim of the article* is to outline the specifics of the genre organization of a theological research paper. The *main tasks for our research* are: (1) to present *The Creating of a Research Space* model of the moves and steps of a research paper designed by J. Swales; (2) to give an explanation to the moves and steps of an introductory part, a main body and of a conclusions part in a theological research paper; (3) to delineate the author's stance in a theological research paper.

### **MATERIALS AND METHODS**

Ukrainian linguist T. Yakhontova (2003) says that the structure of a research paper article includes the following parts: (1) author's name; (2) title; (3) abstract; (4) key words; (5) introduction; (6) methods; (7) results; (8) discussion; (9) conclusions; (10) acknowledgements; (11) references; (12) appendix/ices. She considers 4 to 9 parts of a research paper. She states, most of research papers have an IMRD (*Introduction, Methods, Results and Discussion*) structure. For an Introduction analysis, we are taking into account the methodological model for research paper introduction called CARS - *The Creating of a Research Space* model (*Table 1*). John Swales developed this outline; it attempts to explain and describe the organizational pattern of writing the introduction to scholarly research studies. The following model assumes that writers follow a general organizational pattern in response to 2 types of challenges (competitions) relating to establishing a presence within a particular domain of research: (1) the competition to create a rhetorical space and (2) to attract readers into that space. Thus, T. Yakhontova (2003) points out that the Methods section provides description of methods, procedures, materials and subjects used in a study; the Results section reports data or information obtained in the course of a study, so writers put forward new knowledge claims through demonstration, explanation and interpretation of the findings; the Discussion section interprets the results and their relationship to the research problem and hypotheses (Jordan, 1996; cited in Yakhontova, 2003). What concerns the Conclusion section usually consists of 3 moves: (1) summary of the results; (2) implications (theoretical and/or practical) and

(3) plans for future research or possible future research in the area (Ibid). Foreign linguists note that scientists do not want to share their plans and ideas about their future research field, because of the rivalry (Berkenkotter & Huckin, 1995).

**Table 1**

**CARS model for Research Paper Introductions**

MOVE 1 Establishing a research territory	
Step 1a	by showing that the general research area is important, central, interesting, problematic or relevant in some way ( <i>optional</i> )
Step 1b	and/or by reviewing previous research in the area ( <i>obligatory</i> )
MOVE 2 Establishing a niche	
Step 2a	by indicating a gap in the previous research
Step 2b	or by counter-claiming
Step 2c	or by raising a question
Step 2d	or by continuing a tradition
MOVE 3 Occupying a niche	
Step 3a	by outlining purposes or nature of the present research ( <i>obligatory</i> )
Step 3b	by announcing principal findings ( <i>optional</i> )
Step 3c	and/or by outlining structure of the research paper ( <i>optional</i> )

Source: created by author based on (Swales, 1990; Swales & Feak, 1994)

**RESULTS**

Referential topic areas of theological research paper articles are devoted to religious topics (first of all, biblical texts' interpretation is accompanied with profound arguments and proof of God's existence) and current problematics touching religious issues is being debated on (politics, history, philology, nature studies etc.) (Romanchenko, 2009). Theologians aim at investigating spiritual fundamentals from the inside, from the core of their essence. They are looking for the ways, which can help them find the appropriate words in order to explain the Protestant way of spiritual life of a person, who receives *LIFE* and lives this *LIFE* in its fullness. Protestant theological discourse has a communicative character as far as it communicates Christian-based ideas, intentions, strategies and tactics of religious verbal and non-verbal language structures.

Russian linguist Y. Romanenko (2009) distinguishes 3 types of theological research papers: (1) *meditating* character of *article*; (2) *reminiscent* character of *article*; (3) *theological notes*. She mentions that theological discourse is a scientific (by its form) way to meditate on irrational and symbolic understanding of the divine beginning of the world, which surrounds us. That's why; the main principles of theoretical and theological texts are dogmatics and rationality (Ibid). Thus, we have selected one theological research paper (ThRP) from the *Journal of Pentecostal Theology* for our research analysis called "*An Apologia for Divine Impassibility: Toward Pentecostal Prolegomena*" by Daniel Castelo. The given ThRP has 3 parts: (1) *Introduction*; (2) *Main Body* and (3) *Conclusions*. What concerns an *introductory part* of this ThRP, let us address this vector of our research. We can find 3 moves here, each one being expressed by a different, *obligatory* or *optional*, step (Table 2).

Table 2

### Analysis of Theological Research Paper Introduction

MOVES and STEPS	EXAMPLES
The author establishes a research territory (Move 1) by showing that the general research area is interesting (Step 1a)	<i>"As a person who was raised in and presently identifies with Wesleyan and Pentecostal circles, I continue to experience the 'raised-eyebrow' effect when I tell people that I work with the issue of divine impassability..."</i>
The author establishes a niche (Move 2) by raising a question (Step 2c)	<i>"Why would a Wesleyan-Pentecostal devote his energies and efforts to think about a theme as antiquated and (more devastatingly) irrelevant to his own theological sub-tradition as divine impassability?"</i>
The author occupies the niche (Move 3) by outlining a purpose or nature of the present research (Step 3a)	<i>"...with the aim of showing that an account of divine impassability can serve to chasten the Pentecostal theological task as it unfolds within the realm of divine affectivity particularly but also as it methodologically understands itself more generally"</i>
The author occupies the niche (Move 3) by announcing principal findings (Step 3b)	<i>"The creation of conceptual space for divine impassability within constructive Pentecostal theology can aid Pentecostals to stay true to certain features of their vision of god that stems from their practice of worship"</i>

*Source: according to Castelo (2010)*

The main components of a communicative-pragmatic characteristic of a theological research paper are an addressee, an addresser and an intention. Theologians, priests, pastors and others represent the complex of addressee-addresser communication. These are the people, who are theologically educated. They have a higher level of presupposition at establishing and perceiving theological discourse. The intention of theoretical-theological discourse is the addressee's conviction in the truth and need of the new theological knowledge that is being communicated (Romanchenko, 2009). The addressee of our theological research paper is Daniel Castelo, who works as an assistant professor of theology at the School of Theology of Seattle Pacific University. The addresser can be not just one. It can be a theologian, a specialist in religion, a believer and a churchgoer, too. The author's position is always expressed by "I", only when there is a group of people he refers to, he uses "we" or "they". What about the intention? It can be revealed throughout the *main body* of the ThRP. The intention of a given theological research paper lies in the focus, which is on the possibilities of maintaining divine impassibility for the viability of Pentecostal theology. Here, the author *shares his personal experience as a believer* (Castelo, 2010) e.g.:

*"In typical Pentecostal fashion, I would like to offer 'my testimony' of how I came to think about divine impassibility..."*

*"I first was awakened to the seriousness of divine impassibility when I began reading Jürgen Moltmann's *the Crucified God* during the summer of 2003 in the basement of the un-renovated and unwelcoming Perkins Library at Duke University"*

*"I experienced certain internal reservations about his overall argument..."*

*"Having been raised in a Pentecostal environment all my life, it was not until I attended Westmore as a teenager..."*

"And so this vision of God has guided me..." and his sensibilities being a scholar of theology, e.g.:

"I resonate with Karl Barth's suggestion that speaking of God is impossible and required and that in this midst we ought to give glory to God"

"...divine impassibility can serve theological discourse as an indicator of the divine transcendence that always precedes, undergirds, and follows holy reasoning".

The *Conclusions* part is also of a great value. This section usually consists of 1-3 paragraphs. In a given ThRP, the theologian uses language units to show the theoretical and practical importance of the written above. The author also tries to convince the reader of his own opinion. He suggests and shows a special necessity that needs to be taken care of and advocates some issues to be discussed in his/her further research. Let us look at the given samples from the ThRP conclusions:

"That is why I am of the persuasion that as long as favorable statements are made of divine impassibility..."

"Pentecostals need to wrestle earnestly and thoughtfully on how to address the divine transcendence theologically"

"A qualified account of divine impassibility forces us to rethink the cherished view of God's passion so that at least we begin to see the limits of..."

"In short, divine impassibility can serve to help us recognize..."

## CONCLUSIONS

Therefore, it is worth noting, that Protestant discourse is a communicative theological phenomenon in which a theological research paper plays significant role. This genre of a theoretical theological discourse serves a special way of acquiring the particular knowledge about God and of God. We advocate our further research on outlining the main theological and linguistic issues in the light of Protestant confession.

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**JEL: A21, A22**

## **PRINCIPLES OF THE UKRAINIAN LANGUAGE MORPHOLOGY LEARNING AT THE SECONDARY SCHOOL LEVEL**

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**Abstract:** *In the article authors made the comparative analyzes of traditional and modern principles of studying morphology of Ukrainian language through the new concept realizing, viz. "the NEW UKRAINIAN SCHOOL" concept. In authors' opinion, this concept is directed to help pupils of secondary schools to develop both theoretical and practical skills during the classes of studying morphology of Ukrainian language. The problem of the correctness of using such methodology in the practice has been discussed in our article as well. It has been determined that the usage different methods through the new concept can help pupils to develop their creativity during the practice.*

**Keywords:** *linguistic principles, language learning, proficiency level, "the NEW UKRAINIAN SCHOOL" concept*

### **INTRODUCTION**

A problem of development of a new type of a new Ukrainian school is due to the aim of the country to have European educational system. The development and realizing of the process has a great success on the lessons of the Ukrainian language especially during the morphology studying and can be clearly seen on the results of students' practical or individual works. Such results will provide the development of Ukrainian education to the level of developed countries and improve its image.

### **MATERIALS AND METHODS**

General didactic principles come from the educational psychology and determine a general direction in the development of different educational strategies. This issue is reflected in scientific papers of Y. Babansky, M. Danilov, Y. Komensky, K. Ushinsky, V. Onyshchuk et al. Wide used teachers' classification was created by Y. Komensky. It includes the principles of development availability understanding and realizing of knowledge. Justification and classification of educational principles are highlighted in the papers of such philosophers as V. Andrushenko, V. Ognevyuk, S. Podmazin, et al; teachers as A. Aleksyuk, Yu. Babansky, V. Bondar, F. Busaylev, V. Galuzinsky, M. Ievtukh, I. Zyaziun, Ya. Komensky, V. Kremen, V. Kuzmenko, I. Lerner, I. Pidlasyi, O. Semenog, M. Skatkin, I. Sreznevsky, K. Ushinsky et al; psychologists as I. Zymnia, L. Vygotsky, P. Galperin, M. Zhinkin et al; linguistics as Z. Bakum, N. Golub, O. Kopus, O. Karaman, S. Karaman, V. Masalsky, V. Mel'nichyako, N. Ostapenko, K. Plisko, M. Pentyliuk, T. Symonenko, S. Chavdaro et al.

Thus, M. Pentyliuk (1994) focuses attention on such linguo-didactic principles as the tight relations in the study of all sections of the language; relations of language learning with speech development; interdependence of oral and written speech; study of the morphology on a syntactic basis; structural-semantic approach to the study of syntax; connection of teaching punctuation and expressive reading. According to the modern methodologists (O. Bilyayev, Y. Holoborod'ko, O. Goroshkina, S. Karaman, G. Mikhailovs'ka, S. Omel'chuk, M. Pentyliuk et al), teaching of the Ukrainian language morphology in the secondary school is carried out on the basis of such general principles as scientific systematization, continuity and perspectivity, connection of the theory and practice, consciousness, etc. These principles are the basis of the linguistic educational concept in Ukraine, implemented in school curricula and underlie modern methods of the language teaching.

The *aim of our article* is to determine the efficiency of applying new principles of teaching the Ukrainian language morphology in the profile classes of secondary school along with the traditional ones in the framework of "the NEW UKRAINIAN SCHOOL" concept realization.

## RESULTS

Teaching principles are main ideas, regulatory requirements for the organization of the didactic process. According to M. Fitsula (2007), principles are basic ideas, assumptions, forms and methods of educational work for the purpose of education and the learning process. Lessons of the Ukrainian language morphology traditionally use such principles as combining the theory with the practice, scholarship availability, regularity and consistency, personalization and differentiation. The implementation of these principles involves the formation of the students' presentation of the language as a system, i.e. structurally semantic discharges of words (Vykhovanets & Gorodens'ka, 2004). In the historical development, it becomes the basis for the students' teaching and researching, as well as their communicative skills development. In modern didactics, there is a system, which consists of both traditional and new principles that are emerged in the development of pedagogical knowledge and practice. The practicing teachers' experience shows that principles are emerging based on the scientific analysis of learning stem. Their application in the morphology study in conjunction with the historical basis contributes to the development of the students' interest to morphological phenomena observation, research and scientific work. However, due to the changes in the didactic concept of the new Ukrainian school it is important to connect the efficiency of traditional and new teaching linguo-didactic methods in the morphology Ukrainian language at the level of secondary institutions. Principle of connection the theory with the practice, according to the Concept of the new Ukrainian school, should give knowledge to students, to rise their creativity and ability to think critically. It should be a complex. In this case, it is important to implement problem-oriented cases in the practice that provides a deepening of their knowledge and understanding of the phenomenon essence. Consequently, the principle of the connection the theory with the practice forms the need for in-depth study of language parts and provides conscious and exciting teaching, promotes knowledge deepening, gives persuasiveness for the scientific conclusions and generalizations, accustoms to apply them in the practice and gives them an active character.

Another important principle of learning morphology in the new Ukrainian school is the science principle. Science is authenticity, the exact correspondence of the outlined material with the real life, the proper disclosure of the phenomena essence and their characteristics. One of the tasks that is solved by the new Ukrainian school is to develop the students' critical thinking skills. Therefore, the study of morphology gives the opportunity to analyze the causal relations between linguistic phenomena and concepts to understand their essence. With the help of the modern informational technologies, students can receive a methodically adapted historical commentary, which explains morphological phenomena. Thus, during the study of the second nouns renunciation, it is appropriate to remind students that "the existing parallelism of the endings in the nouns groups the second renunciation is explained by the fact that they genetically reach pre-Ukrainian declaration types differed in the structural features of the basis, viz. the finite sounds of the basis determinants" (Kryzhanivska, 2010).

One of the tasks of the Concept of a new Ukrainian school, which meets requirements of the student's age characteristics, is successfully implemented in the accessibility principle. The experience of practicing teachers proves that the availability of training in morphology is associated with a gradual increase in the amount of learning material that must be mastered by all students. An accessible study of the morphology based on the earlier gained knowledge promotes the creative interaction between the teacher and the student, since pupils can complement given by teachers' knowledge, draw parallels and made conclusions. The accessibility principle is closely related to the systematicity and consistency principle, K. Ushinsky has noted "...only a system, intelligent, proceeding from the essence of the objects, gives a full control over our knowledge. A head filled with fragmentary, unconnected knowledge, resembling a barn, where everything is unworkable and where the owner cannot find anything; a head, where only a system without knowledge resembles a store, where all the boxes have inscriptions, but they are empty boxes" (cited by Variy & Ortinskyi, 2007). This principle requires that knowledge and skills in morphology will be formed systematically, in a certain order, so that each element of the educational material is logically linked to another, and new knowledge is based on the assimilated earlier and has created the foundation for learning new ones. Thus, the implementation of the systematicity and consistency principle contributes to a conscious assimilation of student's theoretical information, which ensures its use in the practice.

The principle of individualization and differentiation involves the development of an individual educational trajectory of a student in accordance with their features, capabilities and needs. The implementation of this principle takes into account the knowledge and skills of students, as well as their cognitive and practical independence, interests, volitional development, working capacity, etc. As the experience of practicing teachers shows, the effectiveness of this principle is based on the differentiated tasks' developing systems in morphology. As the result, their implementation eliminates gaps in the knowledge, skills and abilities of students. The range of knowledge of some students extends. Thus, the important task of the principle of individualization and differentiation in teaching is the active inclusion of students in the educational process that helps students to come closer to understanding their characteristics and to use them productively in creative educational activities.

According to the requirements of the new Ukrainian School Concept, students have to master linguistic skills perfectly and to use interdisciplinary generalizations for better learning of linguistic material. Modern linguo-didactics considers the integration principle as an opportunity to combine the teaching of the Ukrainian language with other subjects (history, Ukrainian literature, folklore, etc.), since the important tasks of the new Ukrainian school are the formation of a strong civil position, patriotism and respect for human dignity. We support the opinion of O. Belyaev (2005), who has pointed that the effective material mastery is facilitated by various forms of the Ukrainian language subject combination with other subjects. We see these combinations in the learning process of morphology. Foremost information helps students to understand the phenomenon of transitioning their own names into general, passing adjectives into the nouns, etc. In this case, the task of the teacher is the education of intellectually capable creative personality, able to expand their spiritual potential. The teacher should raise the student's initiative in studying morphology and find ways to solve problem situations, using individual and group forms of work.

Theoretical and practical applications of integrated training in Ukrainian language lessons were the subject of research by domestic scientists O. Bandura, O. Belyaev, I. Belodid, L. Varzatskaya, N. Golub, S. Goncharenko, T. Donchenko, V. Droz, V. Zaets, S. Karaman, L. Matsko, V. Melnychako, S. Omelchuk, M. Pentiluk et al. The analysis and synthesis of their papers convinces that the modern integrated lesson of the Ukrainian language is based on the abovementioned principles and promotes the development of students' thinking activities, analysis, synthesis, comparison, generalization, systematization, classification, definition of causal-consequential relations, dependencies of facts and phenomena, as well as their logical structuring, usage of elements of research, search, determination of the main and the secondary.

In the context of modern educational realities, we consider the expedient to distinguish the specific principles of teaching morphology in profile classes of secondary educational institutions according to the new Ukrainian School Concept. These include the principle of historicism, the principle of organizing learning on a research basis and the principle of activating the individual work of students.

We consider the principle of historicism as an effective mean of deep knowledge of the morphology of the Ukrainian language for the linguistic philosophy development, i.e. it is a "level of reliability, motivation, justification from the standpoint of modern linguistic science" (Goroshkina & Karaman, 2015). In the new Ukrainian school, this principle may be unconventional sources solving search problems. Students can find explanations from historical sources. Consequently, the principle of historicism creates conditions for the development of cognitive skills and critical thinking and makes possible to supplement available and systematize the acquired knowledge in the secondary school.

The principle of organizing learning on a research basis is aimed at the development of cognitive and creative abilities of students to critical thinking, ability to argue their opinions and is one of the priorities of the language education system of the new Ukrainian school. The application of this principle in the process of learning the morphology of the Ukrainian language encourages students to the research activity, enriches the educational and cognitive information that helps to reveal new aspects in the study of morphology, develops the ability to solve difficult tasks independently

and do generalizations. Thus, the principle of organizing studies on a research basis raises interest in students to study the morphology of the Ukrainian language, motivates their cognitive activity, and contributes to the development of scientific abilities, which in turn form a holistic linguistic personality, capable to not only take knowledge, but also independently acquire them.

Realities of modern language education show that school cannot be the only source of knowledge for students in morphology. They have the opportunity to find additional information on the Internet. And one of the key tasks of the school is to teach students how to use this knowledge. The principle of activating students' independent work, in our opinion, is relevant in the context of reforming a new Ukrainian school. The principle of activating independent work of students involves the ability to self-development, self-education, develops an active independent, creative and critical thinking that is needed to teach the Ukrainian language, including morphology in the new Ukrainian school.

### CONCLUSION

Thus, both the analysis of linguo-didactic literature and the pedagogical activity of practicing teachers state that the traditional and new principles of studying morphology are effective at the level of secondary school that we are contemplating in connection with the implementation of the "New Ukrainian School" Concept, since approximations to the requirements of the reality and their effectiveness is tested in the practice and causes a cognitive interest in the learning morphology.

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**JEL: A22**

## **PECULIARITIES OF THE SPEECH THERAPIST'S TRAINING FOR THE PROFESSIONAL ACTIVITY IN THE RURAL AREAS**

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***Abstract:** The author of the article analyzes the problems associated with provision of educational institutions in the countryside by such specialists as speech therapists. Factors that do not contribute to an effective rural educational staffing policy are identified. Using different groups of respondents, the level of readership readiness for professional activity in the rural areas, as well as its dependence on the learning outcomes (competence) that the applicant of the corresponding degree of higher education should acquire has been investigated. Author made conclusions on the necessity of making changes in the content of vocational training of speech therapists, its maximum approximation to the conditions of practical professional activity.*

***Keywords:** speech therapist, vocational training, readiness, learning outcomes, professional activity, children with speech impairments, Ukrainian rural area*

### **INTRODUCTION**

Quality education is one of the main factors of success in the development of the information and knowledge society; thus, the pedagogue is an object and a leader of positive changes as well. Analyzing the state of pedagogical training in Ukraine, the Ministry of Education and Science of Ukraine in the draft of the Concept of the pedagogical education development (offered for public discussion in 2017) has noted a very low professional level of the students of pedagogical education, therefore, their attention a priori is not focused on further education and they are not interested in gaining professional competencies. It testifies that non-motivated entrants or those who could not realize themselves in other specialties mainly choose the teacher profession. Therefore, it is necessary to reform the system of pedagogical staff training, viz. their structure, content, organization and methodology (technology) of training, to increase the specific gravity of the practical training in the educational programs. It is recognized that special attention should be paid to the teachers training for the work with people with special needs that includes awareness of the peculiarities of the psychophysical development of such people and the special techniques possession.

A current increasing tendency the number of children with speech disorders among preschoolers determines the importance for the society profession of a teacher-speech therapist. The timely detection of such children contributes to the earlier correction, preventing future difficulties their study at secondary schools. Nevertheless, being on the list most in demand, the profession of the teacher-speech therapist does not meet the needs of the modern society. This problem is especially felt in the Ukrainian villages. There are several reasons for this. Firstly, system of encouragement of young teachers to work and live in rural areas proved to be ineffective. Secondly, material,

technical, educational, methodological and informational support of the preschool educational institutions requires improvement, i.e. resource support of the professional activity of pedagogues. All abovementioned negatively affects the speech therapist's work quality. It is necessary to rise the computer literacy of the speech therapists and to develop innovate abilities (implementation of new pedagogical technologies into the correctional process, usage of non-traditional, new forms and methods of pedagogical training, etc.). This requires appropriate changes in the content of their professional training, adapting their psychological and methodical preparation to the real practical conditions, generalizing the experience of providing speech therapy in the countryside and developing a model for the training of speech therapists for the countryside based on current circumstances.

It must be admitted that not only Ukraine is facing such a problem. By the living standards and territorial location of countryside Ukraine considerably inferior most republics of the former USSR. This is reflected in the educational quality provided by children living in rural areas. Other question is different approaches to the improvements made in the education of children with special needs.

By nature, professional activity of the speech therapist goes beyond the traditional activities of the teacher. It is based on the inherent properties of educational, diagnostic, corrective, advisory and informational activities. For us, it is important to find out the actual opinion of those, who associates their work with the work of the speech therapist in the near future or work already in the countryside. How they consider their education in the higher school sufficient to work in specified conditions? The obtained results we will analyze in the following part of our research. It will allow improving the situation.

## **MATERIALS AND METHODS**

The readiness level of speech therapists for pedagogical activity in the countryside was defined using the questionnaire based on the written answers of respondents and the mathematical method their summarizing. Two groups of respondents were: (1) students, future speech therapists, studying at the latest courses in the field 6.010105 "Correctional education (according to nosology)"; (2) specialists with 1-2 years' experience of work as speech therapists in preschool institutions in rural areas.

The questionnaire pursued two goals: (1) to find out how many respondents consider their training in a higher educational institution sufficient to successful professional activities in rural areas; (2) how far it is advisable to speak about the peculiarities of the organization of speech-work in the villages based on the opinion of the experience of teachers-speech therapists of preschool institutions in rural areas.

The questionnaire covered 315 students of the following higher education institutions: *Berdiansk State Pedagogical University* (Faculty of Preschool, Special and Social Education), *Kamianets-Podilskiy National Ivan Ohienko University* (Faculty of Correctional and Social Pedagogy and Psychology), *Khortytsia National Academy* (Faculty of Rehabilitation Pedagogy and Social Work) and 20 specialists-speech therapists working in preschool educational institutions of villages of Dnipro, Zaporizhzhya, Transcarpathia and Donetsk regions.

## RESULTS

At the beginning of our research, we found out that only 14% (44) out of 315 respondents expressed the desire to complete their study in specialty to work in preschool educational institutions in rural areas. 78% (246) do not consider this specialty is perspective to start their pedagogical activity under specified conditions. 8% (25) students hesitated to answer. 76% (239) of the respondents admitted that professionally they are not ready for such activity in the countryside. Only 14% (44) respondents confirmed their wish to graduate the education. 10% (32) students noted difficulties to determine this issue. We can conclude:

(1) A fragmentation of representations on the life specifics in the rural areas, as well as the low awareness level of future specialists with the actual organization of speech therapist work in rural areas. 2% (6) of the respondents confirmed their awareness with the actual state of things in this matter, 4% (12) of the respondents are quite aware, 52% (164) of the respondents have common imagination, 22% (70) of the respondents do not have information, 20% (63) of the respondents do not see this at all;

(2) A lack of competencies necessary for future specialists-speech therapists working with children with special educational needs in the conditions of inclusive education in rural areas and the limited practical training in these conditions. Focusing on the socio-economic problems of the village, 56% (176) students noted the absence of necessary skills for the work in rural preschool educational institutions. On the contrary, 36% (82) of the respondents have evaluated their possibilities as affirmative. 18% (56) of the respondents had difficulties with the answer. Such disproportion in percentage was predictable, since educational curricula for the training of future speech therapists does not include educational disciplines that would provide students with systematic knowledge on the peculiarities of the organization of correctional work with children with speech impairments at the level of rural educational institutions. It is proved by 100% of respondents' answers. At the same time, 59% (185) of the respondents have acknowledged that in the future the program of speech therapists training should provide the acquisition of competences that will suit for the conditions of inclusive education in rural areas, to determine the orientation future speech therapists to use new educational technologies in their pedagogical activities. They do not see this necessity and hesitate to answer, 11% (35) and 30% (95) of those polled respectively.

Therefore, based on the opinion of the majority, we believe that a key component of improving the educational content of speech therapists' training should be modernization of the content of educational programs, implementing training courses (individual modules) aimed at forming students' readiness for the professional work in rural areas. 68% (214) of surveyed students have supported this thesis, 12% (38) could not answer this question and 20% (63) were convinced that proposed means would not solve the problem, as rural education issues should overcome the negative processes in the social sphere of Ukrainian villages in common. On the other hand, the respondents noted that those willing to work in rural areas would be graduates who lived in the rural areas before studying, i.e. 56% (176). In their opinion, they are better acquainted with the problems of rural education and they are specifically

motivated to receive higher education in the chosen specialty to change the situation for the better. 44% (139) of the respondents disagree with this point of the view. We believe that the future of the Ukrainian village depends exclusively on the younger generation. Therefore, it is necessary to orient future students for a conscious selection of profession for further work in rural areas.

The peculiarity of the phenomenon of personality readiness for teaching activity is that the level of its development can be confirmed only after a certain period of time, when the specialist will become independent in the activity after graduation. According to some scientists, the educational process is not able to ensure the formation of necessary competencies for the professional readiness. All depends on the organization of work of young specialists at the beginning of their independent activities (Dyachenko et al, 2006). In the context of our study, we were interested in the opinion of practicing speech therapists. Viz. how far their readiness corresponds to the needs of rural area? When forming this group of respondents, the complexity was rare presence of speech therapists in Ukrainian villages. Of the 20 respondents, those who work as a speech therapist for 1 year is 30% (6), from 1 to 3 years 45% (9), over 5 years 25% (5). As only 30% (6) of them with higher education live in rural areas, only 40% (8) has confirmed their awareness on the actual status of speech therapy in rural areas. 60% (12) of respondents did not expect to face similar problems. Assessing the level of organization of speech therapy providing in the rural areas, only 5% (1) recognized it high and 20% (4) sufficient, while 60% (12) the average and 15% (3) low. Having some experience in practical training at the time of study, 60% (12) of respondents indicated differences in the speech therapy provision at the level of preschool educational institutions in the countryside and cities. 25% (5) did not reveal such differences taking into account the same experience of practical training. 15% (3) were not able to answer the question at all.

Positive moments during acquaintance with their permanent workplace in the speech service providing, speech therapists attribute to the fact that: (a) educators of preschool establishments have skills to identify children with speech disorders – 50% (10); (b) lists of children with speech disorders are conducted – 40% (8); (c) there is a close connection of the preschool institution with the speech therapist (speech therapy department) – 30% (6); (d) visiting counseling is provided by the speech therapist of the speech therapy department – 20% (4); (e) parents of children with special speech needs have a rather high level of logopedic awareness – 10% (2). On the contrary, the cons are: (a) the weak material and technical support of preschool educational institutions – 60% (12), the absence of the necessary specialists – 40% (8), the lack of diagnostic and corrective skills – 30% (6), the lack of parenting skills in the formation of a child speech culture – 20% (4), poor methodological support of the correctional speech process – 10% (2), poor quality of transport communications that limit communication with the teacher, speech therapist of speech therapy department – 10% (2).

As a result of a short-time work as a teacher-speech therapist, 30% (6) of respondents assured that they were satisfied with the quality of their training at the higher education institution, it was enough to start pedagogical career in the

countryside successfully. 20% (4) of respondents had difficulties to answer this question. This group consisted of those, who worked as a teacher-speech therapist no more than 1 year. 50% (10) of respondents noted certain gaps in their training, which at the beginning of their pedagogical activities did not contribute to a more qualitative work with children with speech disorders. Therefore, in the context of the modernization of teacher's training programs, in the Concept of pedagogical education development (2018) it was right accent to the need to promote innovations as a key instrument perceiving the globalization of educational processes and its competitiveness. The respondents also recognized that their skills in knowledge of information and communication technologies are quite low. Mostly, it was explained by low material and technical base of state educational institutions, where they studied. Nevertheless, all 100% (20) of respondents have recognized the need to change the training system of future speech therapists taking into account the interests of the rural areas.

### **CONCLUSIONS**

Thus, respondents' view has allowed identifying three levels of readiness specialist speech therapists to professional activity in rural areas. Results of our research indicate that most of them and 80% of those polled, at the present stage determine its condition as average. 20% of respondents are prone to the fact that it is low. There is no confirmation in favor of a high level of their readiness. It confirms our assumptions on the need to initiate changes in the training future professionals, speech therapists, directing it to the needs of society in these specialists in general and in particular rural society.

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**JEL: A13**

**ROMA COMMUNITY IN ALBANIA:  
ALBANIANS' PERCEPTIONS AND THEIR IDENTITY**

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***Abstract:** The Roma community was early settled in Albania around the XV century. UN has known them as a linguistic minority and legally compels the states, where they live to recognize them. In this research study based on the historical data analysis, the researcher has the intention to bring a clear picture of the Roma community situation in Albania, how they have come to this land and how they view Albanians. From the analysis of historical data and arguments drawn from important documents in the country, some misguided ideas and concepts have been analyzed for the Roma and the top executives of the state of Albanians. Roma diversity is other characteristic of this community preserved over the centuries. The color of this community make it very special in relation to the society, where they live, but this is also the reason for discrimination at certain historical moments. The report that Roma have with the local population in Albania has never been conflicting, but the local population has never accepted the Roma as an equal part. To overcome the barriers, we need to know, from this conclusion of this research study is this: to be informed as much about the history of the Roma, their way of life and their diversity.*

**Keywords:** Roma community, diversity, perception, meckare, kabugi, roma, gipsy

**INTRODUCTION**

In the territory of Albania, alongside Albanians, there are also other ethnic groups such as Greeks, Macedonians, Montenegrins, Vlachs, Roma and Egyptians. In the 1989 census, data showed that other ethnic groups represented over 2% of the population (Albanian Statistical Yearbook, 1990). Other independent source says that these groups in Albania represent over 5% of the population (Berxoli, 2005). According to the Census (2011), the total number of Roma community in Albania ranges to 8.301 people (0.30% of the population). Meanwhile, a World Bank study on poverty (2002) divides ethnicities into 2 large groups: (1) those who live better than ethnic Albanians do and (2) those who live worse. Roma and Egyptians are part of the second group. According to Croatian sources (Crowe & Kolsti, 1991), some Roma families should have come to the Balkans around the XIV century and are located in Albanian territory around the nineteenth XV century. As did most of the Albanian population, the Roma community during the period of Ottoman Empire was converted for economic reasons or forcibly into Islamic religion. If in the Moldavian and Wallachia rulers Roma community were sold as slaves, while in the Austrian Empire and the Hungarian Kingdom they encouraged their assimilation by

force, Roma in the Western Balkans, although treated as *second class population*, coexisted in peace with the groups other ethnicities and could freely pass the borders. Koinova (2000) explains this to the fact that the Roma community was only one of the numerous minorities in the suburbs of the Ottoman Empire.

The proclamation of Albania's independence in 1912 was accompanied by a relatively better treatment of the Roma community (ERRC, 1997), though the social gap between the Roma and non-Roma population continued to exist (Koinova, 2000). During the Second World War, nearly half a million Roma communities from different parts of Europe were executed or killed in Nazi concentration camps (Ringold, Orenstein & Wilkens, 2003). In Albania, the treatment of the Roma community was relatively better and there were no concentration camps or ethnic cleansing (Ibid). Meanwhile, some of the Roma community participated actively in the National Liberation War alongside the Partisans. During the socialist period (1945-1990), the Roma community had significant improvements in housing, education, health care and social services. Like the Albanians, the Roma community enjoyed full employment, although some of them worked as unskilled workers (Fonseca, 1995). In the villages, they worked in agriculture and livestock. While in the cities, the Roma worked in the construction, public services and handicrafts (Taho, 2002). In addition, when private economic activities, after the 1976 Constitution, were punished by law, many of the Roma community continued small trade (De Soto, 2002), including the sale of horses, handicraft items and other products they purchased in the town and sold them to the village vice versa, playing the role of mediator between urban and rural areas (Courthiade & Duka, 1990). Consequently, their relative *status vis-à-vis* the Albanian population has improved.

During the post-socialist transition period, the Roma, as a result of the collapse and closure of state-owned enterprises, their unilateral professional character, low education and discrimination, moved from relative well-being to extreme poverty. Currently, they are the poorest and most marginalized ethnic group in Albania (De Soto, 2002). Poor and very poor families face high levels of social exclusion, because they are unable to cope with their daily needs and are less likely to be involved in processes that affect their individual livelihood, such as employment and education. Though historically the Roma community population has been poorer in Albania, the decline in the level of livelihood during the post-socialist transition was much faster than for some other groups of the population. This has created a vicious circle that reproduces illiteracy and low educational level, which further deepens their marginalization in society. On the other hand, the post-socialist transition towards market economy and democracy created new opportunities for the Roma community to organize by themselves to express their identity and protect their interests. Starting in 1991, a number of NGOs have been established in Albania, such as Amaro Dives, Amaro Drom, Romani Baxt, Alb Rrom, Romët për Integrim, Romani Kham, Disutni Albania, Gruaja Rome, Romët e Veriut, Zemra e Nënës, Active Albania etc. Some of them have local character, are fragmented and extended to certain groups or tribes of the Roma community. Despite participating in different political parties, Roma have no representatives in public administration to defend their interests and needs.

## RESULTS

### Albanian perception for Roma community

What are opinions of other scholars, historians and anthropologists of Albania about this social group? Faik Konica (1990) told about the Albanian cities formation in the Middle Ages and wrote that "despite non-Mohamed communities were also groups of Gypsies divided into 2 categories: nomadic or gypsies originating from India (region of Harigiri, state Katiawan in India), and no itinerant gypsies (magypt) originating from Egypt, Sudan, resident, typically, the periphery of the cities. In "Albanian Race", we have found this discussion: "The gypsies are members of indie race. First called gypsies or even magypt. It seems that as in all Balkan region, also in Albania are distributed through Ottoman Empire. They do not pass nomadic life, but are located in different cities usually live in separate neighborhoods divided by Arbëresh population" (Milaj, 1943). Nathanaili (1975) in her historical study cites the historian researcher Ebiri "Roma and gypsies, ethnography and history of the Gypsies" and writes "Egyptian original, -slip gypsies, Egypt and roman (gypsies) are of Indian origin". Hoxha (1983) writes, "They are not of Egyptian origin, but Indian. They have migrated in westward with large groups at the time of Genghis Khan, even before that time. According to a French historian, the word Gypsy does not come from Egypt, but from the Greek "IFTEST" that apparently could be linked to a locality in Peloponnese ... We in Gjirokastra call them "qifto". But when we say that they have come from northwestern India, let be clear: it comes to 1500 years or 1600 years before, so in ancient times" (Ibid).

As stated above, it appears that there is some confusion in the use of names for gypsies' social group. As to Sami Frashëri, Jakov Milja, Andrew Nathanaili, Costas Ebiri used denomination gypsy, Roma, magypt interchangeably between them as synonyms. Faik Konica denominates them gypsies and uses it as a synonym for naming magypt, gypsy and it is also used as a synonym for Roma. This is a wrong use, because its meaning is unknown. As explained above, this word is synonymous with the word gypsy/magypt. Incorrect use of that is still visible today in the daily life from Arbëresh population for this social group form India. They still use these terms: gypsy, magypt, Roma. Many researchers highlight the origin of Egyptians (magypts) that is from Egypt. We find this highlight at Sami Frashëri, Faik Konica, Alexander Xhuvani Çabej, Costa Ebiri and the Albanian Academy of Sciences in 1980 and dictionary in 1984, relying on popular opinion. As noted above, Enver Hoxha says that their origin is form India. Two scientific distortions are observed in the statements: (1) language, according to him, the word gypsy does not come from Egypt, but from the Greek "iftos"; (2) historical: according to him, the gypsies are of Indian origin. However, we stated above that, denomination magjyp/egyptian comes from the name Egypt, which in Latin and in Greek is aegyptius. Did Enver Hoxha correct those scholars of Albanian language? The word "iftos" as Gjirokastra dialect "qifto", that is a pronunciation of the first word, just reflect the pronunciation of Egypt in Greek language, and not a locality in the Peloponnese. He is inconsistent in timing of Egyptians migration. It proves that the communist policy against Roma and other minority language was not based on accurate information.

### **Roma community diversity**

Albanians have identified Roma and Egyptians as poor groups and its feature has often faded differences between them. Mann wrote that Roma and Egyptians live as communities in poor and isolated neighborhoods by Albanians (Decade of Roma Inclusion, National Action Plan 2009-2015, Tirana, 2009). While Courthiades and Duke emphasize that many Albanians include Roma and Egyptians in the "black hand" category to distinguish them from the "white hand" used to characterize Albanians and other ethnic groups (Courthiade & Duka, 1990). Historically, relations between Albanians and Roma have been cold, but unlike many other European countries, there have been no racial conflicts and persecutions between them.

### **Different names of Roma community in Albania**

In the north of the country, they are known as *gabelles*, south as *arigy* and in the southeast (Korca, etc.) as *curbat* (Marsel Courthiade gives the word "foreigner" as the meaning of *gabelles*, while the name *curbat* he says that comes from Turkish word meaning emigration). The Roma community are organized into groups or tribes that can be distinguished from each other by the time and the way of their arrival in Albania, from socio-economic professions, lifestyles and customs, language dialects. They are the *meckars*, *caburgies*, (*rupars and skodrara*), *bamilles and courtofs* (Courthiade & Duka, 1990; De Soto, 2002; Gedeshi, 2002; Barjaba, 1995), who form *a mosaic of diversified groups* (Liegeois J-P., 1983).

*Meckars* are the second largest Roma tribe, integrated and centrally located in Albania. They represent over 32% of Roma community and were mostly placed in the area of Myzeqe. Currently, they are located in the districts of Fier, Lushnja, Vlora, Berat, Tirana and Durrës. They are traditionally traded with farming and stockbreeding (Milaj, 1943); a profession that rarely faces Roma community in the Balkans (Ibid). Courthiade and Duke (1990) affirm that there are numerous borrowings of different Albanian words and dialects in their language, indicating that they have been worn for a long time in Albania before being embedded in the actual settlements.

*Caburgies* (self-styled *erli*) are the largest tribe and represent about 51% of Roma community ("*erli*" comes from Turkish and means "local resident"). They migrated from Turkey and Greece to Albania during the exchange of populations in the XX century passed between Turkey and Greece (Hasluck, 1938). Courthiade and Duka (1990) noted that their language is archaic and has more Turkish borrowing than Albanian has. Located mainly in the district of Korça, they then migrated to Pogradec, Elbasan, Tirana, Durrës and Fushë-Kruja. Their traditional professions were the sale of horses, handicrafts and mainly birch work.

*Cergars* migrated from Montenegro and Serbia and settled in Skodra during the 1920s to escape Yugoslav attacks (Kolsti, 1991). The men were mainly engaged in the sale of horses and women with fallen jokes and fortune-telling (Taho, 2002). Currently they are in Tirana and Durrës.

*Bramilles* are a small group of Roma who came from Ioannina (Greece) in 1945-1946 with the Cham refugees and are mainly located in the Zinxhiraj of Gjirokastra and in Levan of Fier. They were teabags and made ketchups, pots, profession they

have kept up to our days. While *curtofes* came in Albania during the 1930s from the Monastery of Macedonia and settled in the Fier district. Some of them continue to be half-nomadic even during the socialist period.

The estimation for the Roma population in Albania is subjective. They range from 10.000 to 120.000 people (ERRC, 1997). Compared to other countries in Eastern and Central Europe, such as Macedonia, Romania, Bulgaria, the Slovak Republic, Serbia and Montenegro, Hungary and the Czech Republic, the proportion of Roma to the total population in Albania is smaller.

### **Lifestyles**

Different Roma communities throughout their migration have undergone many cultural changes due to the cultures they encountered. In fact, their identity is built on the diversity concept and for this reason should be recognized as one of the populations that best represents the European spirit. Since the Middle Ages to this day, they have maintained close relations between family groups, even if these groups are too far apart. Seeing that Roma populations have many differences between each other, we cannot talk about unique Roma culture. Some similar cultural aspects among the different Roma groups are the importance of the family's fashion mode for the cultural and economic organization of Roma groups, the pride and the footprints of the Roma to preserve their diversity, the independence they have for practicing crafts, the lack of territorial roots and the perception that they receive from their families. Strong points for the Roma are the lifestyle community, the capacity to engage many people in small open economy (e.g., group sales), daytime living without much thinking about mobility and solidarity between them, etc. However, often these strong points can also be an obstacle for Roma populations living in societies that are dominated by individualism, capital accumulation, being the same, competition, etc. Globalization, aiming at the unification of cultures, has a negative impact on Roma culture, as it intends to influence rather than affect other local cultures.

### **Pilgrimage and sedentary life**

Pilgrimage never has been a feature of the Roma. Their displacement is seen as a feature of frequent migration and not as an instinct for Roma to ever go. This led the Roma to a seasonal work on the labor market. In fact, they have been making some sort of spiritual activity for them, although often they travel for economic reasons. Likewise, during their stay in a country for a long time and for a stable job, the Roma remain "travelers" or "pilgrims" in the spirit. It is true that the Roma are recently in a country, but it is also related to the adaptive feature and their livelihood to resume another journey. Roma consider themselves a nation, but without a compact territory; they have no even claim to have their own territory. In general, they are citizens of the countries, where they are settled, do not seek a separation between them and other citizens, but simply ask for the same rights.

*The first world congress of the Roma took place in London in 1971. This congress emphasized the right of the Roma community to be recognized as a full-fledged people and adopted a flag, a hymn and a day of the year as the world day of Roma.*

## CONCLUSIONS

### Stereotypes and Discrimination

Roma community represents the most persecuted minority in Europe. Majority peoples feed on Roma a range of prejudices and stereotypes related to the prejudice of their lifestyle, their recognition as dirty, non-social etc. Such situation is quite dangerous especially now that in the conditions of a global economic crisis, there is much less ways to employ Roma, as well as to exercise social assistance or programs. Many local authorities or agencies do not allow Roma to situate in their land or dwellings and force them to stay under bridges or barracks. The Council of Europe fights prejudice against Roma through an awareness campaign called "Dosta!", which means "Enough" in the Roma language. This campaign started in 2006 and is distributed in 12 member states. An interactive webpage has been set up, where television spots, school projects, media information, etc. In addition, all these are initiatives to encourage local communities to have more respect for Roma rights. Targeting the protection of victims of trafficking, rescue and criminal actions against beneficiaries *The Convention on the Protection of Children against Sexual Abuse* (2010) is the first international treaty that penalizes sexual abuse against minors. The political movement of the Roma community was experienced in 1960s thanks to organized Roma institutions, international awareness campaigns, collaborations with powerful international organizations. The 2010 events, which led to the expulsion of Roma from Western European countries, forced the General Secretary of the Council of Europe, Thorbjørn Jagland, to take the initiative more focused, more coordinated in multi-dimensional approach (Strasbourg Declaration, 2010). He called on representatives of the 47 member states of the Council of Europe, the European Union and the Roma community to meet in Strasbourg to condemn widespread discrimination and work to improve the situation. Thus, *Strasbourg Declaration* encourages the continuation of a series of new initiatives in favor of the Roma.

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## Psychology

JEL: A29

### ANALYSIS OF THE "MAP OF THE WORLD" OF UKRAINIAN WOMAN

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**Abstract:** *Formation and development of an adequate image of young mothers' "I" is important for successful relations with other people, for the harmonious development of personality, attitude towards the outside world, to their own children and self-desirability. Our own "I" have an important role, because it's generating changes around itself (or in itself). These changes can be constructive or destructive. The article is devoted to the analysis of the formation of young mothers' self-identity category, who have lost themselves in motherhood, as well as discovering the influencing factors the formation of self-identity through the author's methodology "Map of the World". The purpose of this technique is to analyze an own world in a simple and fast way by the sectors of inclusion and satisfaction with the mother's own role, which we measure as the time spent on a particular sphere of life.*

**Keywords:** *relations, image of "I", motherhood, women psychology*

### INTRODUCTION

*Self-identity* as a psychological phenomenon and the process of self-categorization of personality is a reflexive category associated with woman experience and awareness of the world. It is identical to consciousness and it always associated with the "self" and the "I" concepts (Savenko, 2015).

*The aim of article* is analysis of mothers' identity in Ukraine through an author's technique "Map of the world". Identity is a system formation; it is the core of a person. Self-identity is differing in terms of content, structure, level of development, values, motivation, roles of mothers precisely because of the specificity of separation from the child (it has happened or not). Therefore, we assumed that mothers, whose separation was adequately up to children age, self-identity would be directed toward oneself and the identity of mothers, whose separation did not begin to occur on time would be the identity of the merged with the child and aimed at the child.

The main tasks for our research are (1) analysis of the inner world, (2) analysis of satisfaction with the mother's own role.

### MATERIALS AND METHODS

The fundamental principles for the study are the positions of self-consciousness as a causative component of subjectivity (K. Abulkhanova-Slavskaya, I. Antsiferova, V. Znakiv, V. Slobodchikov, etc.); about motherhood as a personal education, a special stage in the identification, adaptation and development of women's self-awareness

(G. Leus, V. Mukhina, S. Minyurov, T. Shchastna, G. Filippova, M. Chibisova et al). The methodology "Map of the World" was developed in the process of research on the topic "Maternity as a factor of constructive and destructive tendencies in the development of self-identity of a young woman". The *purpose of this technique* is to analyze an own world in a simple and fast way by the inclusion sectors and satisfaction with the mother's own role, which we measure as the time spent on a particular sphere of life.

## RESULTS

The general selection of our research was young women, mothers under the age of 30 years, in the first stage. The sample for this experiment was selected on the basis of random stratified sampling of 112 people. All are female. Tasks for the participants were simple: distribute the circle by sectors, depending on how much time you spend in your world on (1) I (myself), (2) Family, (3) Friends, (4) Surrounding world (work). This technique is a therapeutic target at once, since researcher can ask women next questions during the discussion: (1) Which sector do you have in deficit? (2) What would you like to reduce? (3) What needs to be done? And each color of this circle also carries the semantic meaning described by Lucher.

According to the results of the study, only 28% of women pay attention to their "own I" in quarters or more of their own time. All the other 72% of Ukrainian women almost do not give themselves time, because in the map of their own world they determined for themselves from 5 to 15-20% of the time. Of these 72% of women, only one of third, i.e. 30% admit that "I would like to spend more time on myself". Interestingly, these women are young, i.e. under the age of 30, their children attend a kindergarten and are sufficiently adults to perform certain functions themselves.

## DISCUSSION AND CONCLUSION

This methodology has diagnosed one of the main and global problems of a Ukrainian woman, viz. the neglect of their own needs, especially the rest and desires for the family, which may not require much attention. The motives of the mother-woman, which often are defined as the happiness of the child in Ukraine, have been described by Zakharova (2011), i.e. the ratio of the activity motive to other motifs that consist of the motivationally needed sphere of personality, rise its meaning. It is personal meanings, and in the case of their perception, they are personal values forming units of consciousness of the individual, which determine the main and relatively constant relations of human beings to the main spheres of their life: to the world, to other people and to themselves.

The origins of maternal love are instinctive and natural. The fact of the childbirth "launches" maternal instinct, which provides the necessary forms of behavior. However, the peculiarities of maternal behavior that determine the quality of a child's attachment have a socially determined nature and depend not only on the nature of the mother, but also on the cultural stereotypes adopted in the society. Cross-cultural studies carried out within the framework of this theory; show the dependence of mother-child relations on social attitudes and cultural features (Smirnova, 1995).

However, dissatisfaction with such a small percentage of time for themselves can be explained by scientific results of Ricker (1995), who believes that the process of identifying never stops completely, even when we at a certain moment feel a complete identity. After some time, the equilibrium is broken and we start a new search (Sobol', 2012).

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**JEL: Z19**

**AN ATTEMPT AT DELINEATION OF DEVELOPMENTAL PHASES  
OF PSYCHOTHERAPEUTIC PRACTICES IN ALBANIA**

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***Abstract:** The psychotherapist profession is establishing itself among mental health professions spectrum in Albania during the last decade. The paper aims at providing a historical account of psychotherapeutic practices, attempting to delineate historical phases of its development up to the current state. An enterprise as such integrates accounts and research from various disciplines, primary and secondary sources of data, to bring forth a historically situated narrative of cultural conceptualizations and treatment practices for mental health disturbances.*

***Keywords:** healing practices, psychotherapist profession, psychotherapy development in Albania*

**INTRODUCTION**

Psychotherapy slowly developed during the 19<sup>th</sup> century in Western Europe and broke through the beginning of the 20<sup>th</sup> century with the work of Sigmund Freud (1856-1939) (Cautin, 2011; Pritz, 2002; Ellenberger, 1970). Freud is credited as the founder of modern psychotherapy. He defined the psychotherapist as a secular pastor of souls (Roudinesco, 2006), whose knowledge expertise in humanities and the scientifically established efficacy of his treatment methods (Wampold, 2001) have shaped his professional identity as an independent and autonomous profession (Pritz, 2011). The professional identity of the psychotherapist profession has taken a long course of accommodation to the specific circumstances of psychotherapy development as a healing practice in different European countries. The attempts to define and set training standards for independent and unified psychotherapist profession, culminated with the Strasbourg Declaration for Psychotherapy (1990).

Herein, psychotherapeutic practice is defined as: "*...the comprehensive, conscious and planned treatment of psychosocial, psychosomatic and behavioral disturbances or states of suffering with scientific psychotherapeutic methods, through an interaction between one or more persons being treated, and one or more psychotherapists, with the aim of relieving disturbing attitudes to change, and to promote the maturation, development and health of the treated person*" (European Association for Psychotherapy, 2003). In a general definition, psychotherapy refers to the treatment of emotional or physical ills by psychological means implying a belief in the influence of the mind on the mind and of the mind on the body (Cautin, 2011), thus historically characterizing it as a healing practice culturally embedded (Wampold, 2001).

## METHODOLOGICAL ISSUES

This paper aims at presenting a historical framework of psychotherapy development in Albania adopting a historical research methodology. Various sources of data are appropriated, principally secondary data sources (Lundy, 2008), and primary data ones, e.g. autobiographical accounts and conversational interviewing (Roulston, 2008) with key informants' persons (Fetterman, 2008), participants in the actual development of psychotherapy. An enterprise as such meets with some challenges. Firstly, in integrating various sources of data into a coherent and meaningful understanding of different contexts. Secondly, psychotherapy met a harsh and brutal interdiction during Hoxha communist regime (Nushi, 2006). Consequently, information on probable psychotherapeutic practices remains unexplored. Thirdly, the lack of systematic published official data on various mental health professionals and their activities in the health and social services system creates informational barriers. New nonmedical (psychosocial) professions, since the initiation of reform on mental health in 1993, have been included in the health system. Their roles, job descriptions and professional practices in the new multidisciplinary community based mental health system have not yet been adequately formulated (OSFA, 2011) and researched to rely on derived findings. Fourthly, the available historiography research on mental health practices have been coerced by former existing ideologies, i.e. a historical bias that calls for a careful reexamination and reinterpretation of facts.

The research draws on many sources formal and informal (in every case identified) to bring a most accurate version of interpretation. The process that addresses historical events may never be complete, therefore the present paper professes not that further inquiries would not generate different viewpoints of looking at the data.

### **A proposed phase model for the history of psychotherapy in Albania**

The study attempts at drawing together data from various sources in order to timely delineate stages and events, retaining the belief that historical writings contribute to the understanding of how conceptualizations and practices of health is embedded in the culture and has influenced past and present history. They do also provide a historical background to the development of a particular discipline and may serve as reference for future developments and research. The previously conducted research (Abdiu, 2013, 2010, 2002, 1986; Nushi, 2006) constitutes the most systematic one on the history of psychological thought in Albania. In an attempt to systematize findings and understandings, the author puts forward a tentative phase model of psychotherapy development. It comprises five phases herewith identified as:

- 1) The pre-scientific phase (prior to the '20s)
- 2) The proto-psychotherapeutic practices (the 20s to 40s)
- 3) The interdiction of psychotherapy (the end of '50s till the late 80s)
- 4) The emergence of psychotherapy (the '90s)
- 5) The expansion of psychotherapy (the 2000s)

### **The pre-scientific phase before the '20s-Traditional healing practices**

Each culture or civilization has had its own healing practices and traditional healers, whom bestowed the functions of curing the troubled souls (Ellenberger, 1970). In Albania, from the late 19<sup>th</sup> century till the beginning of the 20<sup>th</sup> century,

religious institutions were the sole, whose care toward the mentally ill is documented (Vehbiu, 1968; Hoxha, 1962), especially the monasteries (Hoxha, 1962, p. 119). Monasteries of Ardenica in Fier, Saint Jon in Elbasan, Pepel in Gjirokastra and Saint Naum in Pogradec were healing places particular for the nervous illnesses (Hoxha, 1962, p. 22). The disturbed were usually kept isolated for a short period in places called "*tamuk*" below the ground floor. It can be inferred from available studies in anthropology and cultural psychiatry (Durham, 1990; Vehbiu, 1968; Hoxha, 1962) that fasting (a diet based in oil and vinegar), sensorial deprivations<sup>1</sup>, praying and an occupational regimen were among the healing practices. It was common in the beginning till the middle of the 19<sup>th</sup> century the use of fasting<sup>2</sup> as therapeutic modality (Cott, 1974), which was later removed from folk medicine and used as principal method of treatment in clinics and sanatoriums in Switzerland, France, Germany and to a lesser extent in the USA in internal medicine and psychiatry. Fasting<sup>3</sup> had resulted efficacious in the treatment of grand mal epilepsy during the 1950s and the 1970s and used as treatment for mentally ill (Cott, 1974). The prayer served as a therapeutic autosuggestion and helped the patient to control his symptoms. Vehbiu (1968) refers to practices of praying in groups, by summoning all patients and walking around the monastery, which resemble practices of supportive psychological treatment. Psychologists have attempted to study experimentally the efficacy of prayer (Richards, 2011), by pointing out its role on modifying patients' beliefs in his recovery. That men of religion dwelled into psychological issues should not come as surprise considering that the first book written on psychology by an Albanian scholar relates to Imam Hasan Tahsini (1812-1881), whose book on psychology "*Psychology or the Science of the soul*" was published in 1894 in Istanbul.

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<sup>1</sup> *These applications resemble Chamber Rest applications that began in the 1950s which showed that REST (Restricted Environmental Stimulation Therapy) affects psychological functioning of thinking, perception, memory, motivation and mood. Its utility was explored in the treatment of major psychiatric dysfunctions such as autism, neuroses and addictions in heavy cigarette smoking and alcohol intake. In Chamber REST, the subject lies on a bed for 24 hours, being one frequently used period (Suedfeld & Borrie, 1999). REST has shown positive impact on memory functioning, reduction of rigidity of patterns of thought and behavior and stress relaxation (Suedfeld, 1980). REST as therapeutic is coined and deeply researched by Peter Suedfeld (1980) in his book "Restricted Environmental Stimulation: Research and clinical application".*

<sup>2</sup> *In fact, besides used as a treatment, people really got a taste for dieting in the 19<sup>th</sup> century, more for aesthetic reasons (Winterman, 2013), e.g. Lord Byron in the early 1800s was the first poet who popularized a diet consisting mainly of vinegar.*

<sup>3</sup> *Dr. Allan Cott visited the fasting treatment unit at Moscow Psychiatric Institute led by Dr. Yuri Serge Nikolaev in 1970 who had fasted many thousands mentally ill patients for 25-30 days without fatalities, a treatment known as orthomolecular psychiatric treatment. Dr. Nikolaev had almost 30 years of experience with treatment. According to Cott, the treatment has been considered being effective in more than 70% of cases of schizophrenia of many years' duration. The treatment brings many biochemical reactions that normalize the symptoms of schizophrenia, specifically in the neutralization of toxins and normalization of proteins levels (For more see Cott's article, in References Section). Once returned from Russia, Cott undertook an experimental controlled fasting program as part of a research project at the Gracie Square Hospital in New York. The diagnoses of the patients at his study were schizophrenic for at least 5 years and had failed to improve under previous forms of treatment. His results were similar with Nikolaev's. Fasting as treatment has been studied ever since. In his book "What really causes schizophrenia", 2003, Harold D. Foster calls therapeutic fasting as one of the five most effective unconventional approaches to the treatment of schizophrenia. Two times Nobel Prize winner Linus Pauling coined orthomolecular psychiatry as a term in 1968 to refer the treatment of psychiatric illnesses with substances such as vitamins, minerals, enzymes, trace elements, co-enzymes, that are normally present in the body.*

Generally, it was assumed into the 20<sup>th</sup> century that the effects of religious practices were beneficial in the treatment of mental illness (Richards, 2011). It was in psychotherapy that psychologists and religious professionals came to work closest together throughout most of the last century (Richards, 2011, p. 69). At that time, in many European countries the churches and monasteries served as places of care for the mentally ill (Ellenberger, 1970) with practices such as prayers, vows, pilgrimages and confession made individually to a priest. Before the rise of the modern psychotherapy, they were the sole that invented or applied psychological means to mental illness, as Richards (2011, p. 78) would name them, the *psychochristians*. Many of such practices bare resemblance with the psychotherapeutic method developed in the late XIX century and XX century such as confession and use of suggestion.

The periodical "*Diturija e përkohshme shqiptare*" in particular devoted writings (from 1927 to 1928, by K. Kmasi, I. Dalliu, L. Skëndo et al) on cultural conceptualizations of illness serving as ethnographic and anthropological research on traditional healing practices. Other sources of information include the writings of Durham (1990) and later de Waal (2009), which inform on diffusion of such cultural beliefs among population. A feature of such conceptualizations is animistic beliefs in the spirits and other human like figures, who influenced the thoughts, emotions and behaviors of the people. The spirits often speculated by healers were "*perija*" that seduced young men, or an old, ugly old woman "*shtriga*" who weakened the ill person (Vehbiu, 1968; Dalliu, 1928; Kamsi, 1928a, 1928b). Other spiritual influences were named "*lugati*", "*mokthi*" and the "*djinns*". Some explanations refer to the evil energy of the eye or sorcery by witches. In Northern Albania, for example, an epileptic person was believed to be possessed by bad spirits (Durham, 1990, p. 515). As apparent, there was belief that minds influenced other minds, or bodies of other people and supremacy was given to spiritual powers over the life of men. Such beliefs refer to idealistic conceptions on mind and universe and served the healing function of temporary relief from illness as Freud (2003) noted "*Spirits and demons ...are projections of emotional impulses of man by projecting them in the outer reality they can be controlled to inhibit such impulses without needing to be conscious of them*". Conceptions of demoniac possession have been a frequent occurrence for many centuries in the Middle East and Europe (Ellenberger, 1970, p. 16) until 20<sup>th</sup> century. Healers called "xherah" or "frymaxhije" and religious men were sought in times of bad physical and mental health (Hoxha, 1962, p. 11) as they were able to speculate about the possible nature of the spirit. Their most practiced healing method was magical healing, which can be described as a cure system in which the features of social life were projected onto the material world (Ellenberger, 1970, p. 35). Problems and difficulties in relationships were transferred in subjects out of the family circles. Exorcism or objects, called "*nuska*" performed such functions as were believed of having protective power for the subjects who wore them (Vehbiu, 1968, p. 40). What makes the most important curing agent at work? It is suggested (Ellenberger, 1970; Vehbiu, 1968) by inducing into the disturbed person a transference neurosis, which allowed for a materialization of disease to an object or outer subject

(Ellenberger, 1970, p. 12), thus replacing a neurosis with a transference neurosis, the nature and origin were demonstrated to the patient and consequently cured.

Such conceptualizations were greatly diffused until the 1960s (Vehbiu, 1968), a time period that corresponds with the ban of religion in 1967 by the communist regime, which consequently led to traditional healing practices being discouraged as unscientific and dangerous to public health (Selenica, 1957), meanwhile the psychiatric services were being installed gradually across the country. A number of traditional healers were brought to court and condemned for practicing sorcery and hypnosis, as the following case reported by Selenica (1957, p. 15) about a Muslim clergy from Kavaja, who cured through magical healing and practiced hypnosis in group sessions for the removal of bad spirits and djinns. A commission with medical doctors from Psychiatry and Neurology Department was set up, which disproved and publicly condemned the clergy's pretensions that he successfully treated patients. As embodied in the episode, a materialistic approach to mind and mental illness was later being adopted and idealistic conceptualizations discarded as unscientific.

During the late 18<sup>th</sup> century and beginning of the 19<sup>th</sup> century, Albanian young men were educated abroad in medicine science in Naples and Vienna (Makuçi, 2008). The opening of the Medical School in Istanbul and Faculty of Medicine in Athens in 1837 raised the number of Albanian students in medicine (Makuçi, 2008). Once returned, the young doctors contributed to the development of medicine as a science and practice encouraged by political health reforms initiated in the beginning of the 20<sup>th</sup> century and consequent governmental programs in public health. The Congress of Lushnje in 1920 culminated the efforts for structural organization of health services, even though the new health system was feeble and counted only 110 medical doctors in 1945. In 1921, the first neuropsychiatric hospital was built in Vlora (Hoxha, 1962, p. 120), where patients were treated in a more humane manner, influenced by principles of moral therapy of Philippe Pinel (1745-1826), who eschewed standard medical treatments such as corporal punishment as they had proved ineffective (Cautin, 2011), with isolation restricted only for patients with dangerously aggressive behaviors (Hoxha, 1962). Starting with the beginning of the 20<sup>th</sup> century, mental healing practices were incorporated within psychiatric hospitals, which assumed therapeutic functions for the mental disturbances. Since 1945, when communism came into power, such institutions reflected European influences in psychiatry science in particular.

### **The proto-psychotherapeutic practices the 1920s to 1940s**

The period from the late '20s to the late '40s of the XX century is characterized by the emergence of psychological thought, which presentation into society manifested in the field of education, sociology and intellectual discourse. Specifically, the movement of therapeutic education and the cultural clubs with sympathy for psychoanalysis applied psychological knowledge in education and in the field of social sciences.

During 1925-1939, the Albanian state was led by Ahmet Zogu, who from 1925-1928 led as the president of the Republic of Albania and then from 1928 to 1939 as the King of Albania. Some of the achievements of Zogu period were the educational

reforms, aiming at raising the number of the schools and the qualifications of teachers with educational standards alike those of the Western Europe (Myzyri, 2004, p. 296). A High Pedagogical School called "Normalja" had opened in 1909, and soon turned into an excellence center of teaching by accommodating the young intellectuals once returned to the country. Among the 120 students that went to France, a number that reached a peak in 1933-1934 (Asllani, 2004, p. 165) about one third of them studied pedagogy and psychology at Sorbonne, Lion, Montpellier, Paris, Dijon etc. Many other students studied in Austria in the fields of pedagogy and psychology at Higher Pedagogical Schools in Klagenfurt, Graz, Linz and Vienna (Asllani, 2004). The Vienna of that time was a kind of Mecca for modern pedagogues (Ellenberger, 1970, p. 588) as the new Minister of Education, Otto Glöckel, a former teacher, forwarded the application of a new educational system based on democratic principles and respect of the individual needs of the children (Ellenberger, 1970, p. 588). The New Education Movement in Europe spread into the Albanian education system through the pedagogues, who had completed studies in Vienna and Germany and later serving as teachers at "Normalja". Austrian experts would even assist in the reformation of schools through offering temporary expertise. The New Education as movement in Albania brought the influence of many cultural and pedagogical movements: of German Romanticism and Herbatism pedagogy, French Romanticism and Enlightenment of Jean Jacques Rousseau, Voltaire, and Jean Piaget developmental psychology. The last one would spread among teachers once the Albanian Ministry of Education established link with the International Bureau of Education in Geneva, which from 1934 was directed by Jean Piaget (Gjedia, 2012). The director of "Normalja", Aleksandër Xhuvani, also a pedagogue of psychology, was the linking person. All these influences created an intellectual and spiritual atmosphere remarked by a freedom of educational ideologies (Shashaj et al., 2002). The therapeutic education movement in Vienna influenced by developments in psychoanalysis, in particular by the school of Individual Psychology of Alfred Adler (1870-1937), affected Albanian pedagogues being trained in Vienna and in other Austrian cities. *"The teacher of New Pedagogy needs to know the inner world of the child and to have mastered the genetic psychology of Piaget and educational psychoanalysis of Freud and Adler"* (Paparisto, 1937)<sup>4</sup>.

Psychoanalysis and education have had a long history of overlapping concerns (Applebaum, 2009; Britzman, 2003). Freud himself (1997) viewed psychoanalysis as an after education, expressing a hesitant attitude in the application of psychoanalysis to education, but later theorists, like Adler and among those, his own daughter, Anna Freud (1895-1982) noticed that ideas about learning and processes of learning were at the heart of psychoanalysis, so educators would benefit from understanding their work in psychoanalytic terms (Applebaum, 2009). *"A good teaching relationship is one built on a good relationship between teacher and child, where none is in authority over the other, but collaborators"* (Vinjau, 1937). This educational encounter benefits teacher and child making learning possible. Teaching

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<sup>4</sup> In Xhuvani (1937) See: Reference Section

may not be the same as acting as a psychoanalyst, but there are many parallels (Appelbaum, 2009) e.g. psychoanalysis has taught that education rests on interpersonal relations. In particular, Adler set up a variety of therapeutic methods for therapeutic education (Ellenberger, 1970, p. 620). In 1920, he felt that the main effort in therapeutic education ought to be directed toward teachers (Ellenberger, 1970, p. 621). The pedagogical attitude at "*Normalja*" was influenced by Adler therapeutic education, which until 1934 was quite popular among the schools of Vienna. The teachers regarded the child as a rational being. "*Not in knowledge, but in the strong will lies the value of a man*"<sup>5</sup>, the will as a virtue of character was one of the strongest principles of the school, embracing the belief that man could overcome emotional and physical ailments through power of will, what Adler called *courage* (Ellenberger, 1970, p. 629). The virtue of courage was elaborated in his theory of organ inferiority. Branko Merxhani (1930, 1929)<sup>6</sup> made frequent references to Adler's theory in his analysis<sup>7</sup> of the child's position in the Albanian family<sup>7</sup>, by addressing parental overcritical attitudes toward the child. The latter ended by believing himself as evil and felt doomed to commit evil actions (Ellenberger, 1970, p. 644). Merxhani's essay titled "*Individualism*"<sup>8</sup> written in 1937 further manifests the Adlerian influence in his analysis of the underdeveloped community sentiments among Albanians, "*a moral crisis*" in his words, apparently surmounted by their level of immature and ineducable egoism. The journals and periodicals, which elaborated New Education principles included "*Shkolla Kombëtare*"<sup>9</sup>, with articles written by A. Xhuvani, V. Xhacka, B. Hacı, V. Vinjau, M. Daiu, and translations from Maria Montessori, William James, Jean Piaget, Frederick Fröbel; "*Minerva*", published once a month in Graz University, Austria, which specifically informed on the Austrian Model of Education; "*Kopshiti Letrar*", "*Normalisti*", "*Edukata e Re*" with writings on prenatal and infant development, child cognitive development, speech development, on lying and mythomania in children (M. Daiu, S. Paparisto, A. Kajanaku, L. Nosi, etc). They contributed with writings on psychoanalysis, suggestion and autosuggestion, delusions and hallucinations, experiments in psychology, personality and spiritual life and mental hygiene in the children (Kajanaku & Daiu). The first books of psychology enriched journal publications. Aleksandër Xhuvani published in 1933 a second text on psychology (Abdiu, 2010). A previous one was written by Isuf Agjah Korça in 1926<sup>10</sup>, but shorter in length and subject matter. Psychology books were translated e.g. "*Psychology of Education*" by Gustav Le Bon in 1923 by the Publishing House "Mbrothtësia" with a translation by Mit'hat Frashëri. From 1936-1937, "*Five lectures to psychoanalysis*" by Sigmund Freud was published in the issues of "*Përpyekja Shqiptare*" translated by Branko Merxhani (1894-1981).

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<sup>5</sup> This was the motto of the periodical "*Normalisti*" published by "*Normalja*". It appeared at the front page of the periodical. A quote by Johannes Herbart (1776-1841).

<sup>6</sup> See Merxhani, B. (2003) *Vepra, përgatitur nga Aurel Plasari & Ndrim Kulla, Tiranë: Plejad*

<sup>7</sup> See Essay "*Mother and Child*", written in 1930 in Merxhani, B. (2003) *Vepra*

<sup>8</sup> See Merxhani, B. (2003) *Vepra, përgatitur nga Aurel Plasari & Ndrim Kulla, Tiranë: Plejad*

<sup>9</sup> A bulletin of Albanian Ministry of Health published every two weeks

<sup>10</sup> *Seksioni Bibliografik, Diturija e Përkohshme Shqiptare, Volumë i dytë, numur 12, tetor 1927, Tiranë, fq. 395*

The cultural group "*The Club of Thessaloniki*" established by Branko Merxhani and Kristi Maloki (1900-1972), presented the group of adherents to psychoanalysis. They used the psychoanalytic theory for analysis of social life phenomena. To Merxhani what was crucial from the point of view of societal emancipation, was the formation of *a new moral character*<sup>11</sup>, in order that society becomes less restrictive and more prone to opportunities for sublimation. He favored free love and more libidinalization of relations among family, which could serve as the base for adults to become cooperative, more freedom and rights for women from the oppressive power of the man in the family as "*woman's health and wellbeing contributes to society's wellbeing*". He discerned in the psychoanalytic theories of instincts and infantile sexuality educative steps taken toward psychological emancipation of society by means of education. Psychoanalysis has been seen as a very psychological intervention to achieve such goals "*it is needed to synchronize even scientifically and receive the advices from specialists like Prof. Pierre Bovet, Dr. Adler, and Sigmund Freud*" (Merxhani, 2003, p. 220). In 1932, he brought forth the idea for a National Psychological Pedagogical Institute<sup>12</sup> to support education in achieving such an enterprise. "*There cannot exist a pedagogy without psychology, a school that is not based on the knowledge and analysis of the psychic life of the young...education means developing the child's ego*" (Merxhani, 2003, p. 63). Among the Albanian intellectuals of the '30s a psychoanalytic critique toward Albanian society was adopted, which was perceived as lacking behind to European civilization, very patriarchal (Kaser, 2002), oppressive to women and children, enclosed, emotionally and sexually repressed<sup>13</sup>. Psychological manifestations of "*melancholy, rumination, often neurosis are effects of accumulated energy which finds no outlet*" (Migjeni, 1989, p. 314). Kristi Maloki was among those who adopted psychoanalysis critically in analyzing society, literary works, writers' psychological profile and culture. He had earned a PhD in 1929 in Philosophy at Graz University, Austria. He was among the first to address the need for social science research (Maloki, 2003). His essay in particular "*Nëpër gjurmë t'ujkut oriental*" is an attempt of applying psychoanalysis in psychohistory and ethno-psychology. In such a spirit, cultural anthropology and ethnology studies were published in "*Diturija e Përkohshme Shqiptare*" with writings by Lumo Skëndo, Kol Kamsi, etc. Of interest are the studies on traditional healing practices of psychological nature. They serve as ethnographic documents to understand cultural conceptions of mental illness narrated as bodily experienced in the cultural discourse, expressed with somatization (bodily conversion of psychic pain), whose healing practices rested in the externalization of the inner disturbance onto an outer object.

Medicine during the '30s and '40s would initiate reforms in institutional level with the raise of the first hospitals and health services. Dhimitër Vokopola (1987-1983), Sezai Çomo and Xhavid Gjata founders of psychiatric service, installed the

<sup>11</sup> See Essay "*Rëndësia biologjike - shoqërore e një fejëse...*" In Merxhani, B. (2003) *Vepra*, p. 95

<sup>12</sup> Merxhani, B. (1932) *Rreth organizimit tonë arsimor*, *Demokratia*, Numri 19 mars

<sup>13</sup> See Migjeni Essays "*The student back home*"; "*The story of one of those*" in Migjeni (1989) *Vepra*, Tiranë: *Naim Frashëri*, pp. 281-304; 311-322

up to date models of psychiatric treatment of foreign countries. Vokopola adopted the moral therapy to psychiatric patients following Pinel reformation model of the late 17<sup>th</sup> century and was the first to initiate psychiatric services for children separate from adult psychiatry. He incorporated nonmedical treatment for the mentally ill with occupational therapy. Being educated abroad, they all attempted psychoanalytic treatments for the patients. When establishing the communistic regime and single adoption of Pavlovian psychiatry, they protested against the dominance and monism of soviet ideology in psychiatric science. That protest brought them imprisonment<sup>14</sup>, from which they escaped by an act of penance, a method used in the communistic regime to breed fear and initiate individual censorship, through which adherence to communistic ideology has been secured. Such progressive voices respectively in education, sociology and psychiatry acted like counterculture in the society of the '20 and late '30s proclaiming more freedom, emancipation, human dignity and individualism. These principles in the later political scene with the coming into power of the Communist Party and its monist ideology would gradually become silent.

### **Psychotherapy as subversive since the late 1980s**

The "*Dictionary of Pedagogy*" (Osmani, 1983) defines "freudism" as a reactionary movement in bourgeois countries built upon the thinking of Austrian reactionary psychologist Sigmund Freud, which preaches degeneration and anarchy among youth (p. 125). Johannes Herbart, much praised in the '20 by the first Albanian pedagogues of the New Education Movement, was depicted as a negative influence and anti-national. The dictionary invalidated psychoanalytic, existentialist and pragmatist concepts on character as revisionary and bourgeois theories that based character on biology, whereas character was formed and conditioned by history, class ideology, materialistic conditions of living, environment and historical events (pp. 291-292), qualifying so a historical materialistic view of character. Politics during communist regime dictated science on ideological bases. With the incorporation of the country into the ideology of Marx and Engels, the individual, the unconsciousness of the individual, the self and personal meant nothing (Markova, 1997). The mind was reduced to a bundle of reflexes and nerves following Soviet psychiatry materialistic model of mental life. There was no individual mind, just a collective one. Marxist collectivism provided the base for a mob hysteria, which put an irresistible pressure on the individual to stay in line (Markova, 1997). Inability of self-reflection due to efforts to achieve an infantilized society distorted the processes of growing up and gradually degraded the moral and psychological health of citizens (Klicperová, 1999; 1997). The earlier conceptualizations of the "possessed soul" were replaced with "faults in character", which would be remedied by excessive physical labor and obedience to the collective, a merging with the "proletariat" and excessive self-criticism whose intention was to install a guilt psychosis, intra-psychic dynamics that guaranteed outward subordination to state. Anomie and loss of self-esteem were paradoxically indicators of the cure.

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<sup>14</sup> Bajram Preza "Konferenca e XII e Shoqatës së Neurologëve dhe Psikiatërve të Europës Juglindore", Selanik 30, shtator – 3 tetor, 1998

Pavlovian psychiatry based on the research on higher nervous system functions by Ivan Pavlov (1849-1936) and Soviet pedagogy were the models to follow in building the ideological communist character (Ginger, 2008). Psychology as discipline was incorporated into pedagogy, hence psycho-pedagogy. The conditioning learning psychology was studied to advance the education of masses. Research in psychology extended either in the field of educational psychology or research on the national history of psychology science. Nuri Abdiu (1930-2014) was one of the first to receive Doctor of Psychology with a study on the Hasan Tahsini' book "*Psychology or the science of the soul*". Tahsini's book explored the influences on psychology science of Aristotle naturalism and Descartes dualism, whose thesis in the 17<sup>th</sup> century paved the way for a distinct science of the soul. Bedri Dedja (1930-2004) was another figure of Albanian psycho-pedagogical school. He researched Albanian psycho-pedagogical thought e.g. in "*Notes on the history of Albanian pedagogical knowledge*" in 1972. The pedagogy books of Anton S. Makarenko's (1888-1939) were translated and used as guidelines to mind education. Makarenko in education and Pavlov in psychology were like cult figures in the ex. Soviet Union that mimicked the summit of all cults, the Stalin cult (Rosenthal, 2002, p. 387). Makarenko became the reigning authority in education; because he turned out the kind of "new men", Stalin wanted (Rosenthal, 2002, p. 395). The assimilation of Makarenko's approach might be explained not only in ideological terms, but also in its affinity with previous methods of therapeutic education in the 1930s having in common a voluntaristic oriented approach that emphasized consciousness and molding of personality to make it more amenable to social discipline (Rosenthal, 2002, p. 396). But with a difference, as the educational approach of the 1930s was based more on humanistic principles, with Enlightenment pedagogical ideas clearly present, whereas Makarenko's education of will required a controlled environment and respect for authority similar to a strict military regimen (Rosenthal, 2002, p. 397). A second difference lies in that the previous methods stressed the uniqueness of the child, while Makarenko education downplayed inborn characteristics (Rosenthal, 2002, p. 397), thus the personality of the child was believed to be molded by education. Makarenko's pedagogical influence in Albania was specifically reflected in the creation of the first educational colony in 1957 near Gramshi, where 100 children either orphaned or abandoned were accommodated. The first director of the school, Enrik Çoba was sent in Russia for 3 months to have firsthand experience of Makarenko colonies (Zajmi, 2016) and years later an ex. student of Makarenko served for a while as director of the school. The school combined in equal terms academic learning and labor and adopted a hard discipline. Positive enforcement was used as a learning strategy, and negative reinforcement through isolation of the child from the other children for a month period spending the days doing agricultural work. It functioned until 1990.

Psychiatry shrunk in its status during communist regime. The preparation of psychiatrists from 1975 to 1992 was reduced to one year compared with the two full year's program from 1974<sup>15</sup>. Pavlovian psychiatry was the only model acceptable by ideology and a censure was imposed to other models like psychodynamic, cognitive

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<sup>15</sup> Only in 1994 the curricula were updated and the one-year specialization turned into a four-year program

or humanistic. Mental illness has been seen as pathology of higher neurological functions. Yet there are no records of how Pavlovian conditional reflex theory might have been applied as psychotherapy (Astrup, 1965) or whether antecedent control strategies (Kern & Nathan, 2007) might have been used to reduce problem behaviors as behavioral therapy. Any attempt for psychotherapy was interdicted as in the subsequent story. In 1971, the psychiatrist Ulvi Vehbiu (1931-2010)<sup>16</sup> had a six-month specialization course in Paris on autogenic training, founded by Johannes H. Schultz (1884-1970), a German psychiatrist and psychotherapist who became famous for the development of autogenic training<sup>17</sup> in 1928. During his training qualification in France, Dr. Vehbiu attended lectures from Jacques Lacan (Kola, 2014), a well-known French psychoanalyst. Upon return, he tried to add psychotherapy in treating the patients starting with relaxation psychotherapy of anxiety disorders. He managed to hold the first lecture on psychoanalysis in 1974 (Kola, 2014) at the Faculty of Medicine and later for the first time in the Medicine Faculty, a course on Clinical Psychology in 1980. Such attempts may be considered courageous in the context of ideological coercion and continuous surveillance (Klosi, 2010) from the political authorities<sup>18</sup> as psychiatric treatment restricted only in pharmacological treatment (Totozani, Shtino & Lala, 2010). Prasad (1985) would note that as far as medication treatment was concerned, there was no big difference between what he found in Albania and his work context as consultant psychiatrist in United Kingdom. He rather noted that psychiatrists did not use any psychotherapy and were not favorable of it. This apparent disfavor had a precedent. When rumors of psychoanalytic practice reached political surveillers, Dr. Vehbiu was discouraged to practice them. The late '80s marked a beginning of interest in psychotherapy at the University Psychiatric Department (Ledia Lazri, personal communication May 22, 2009). Dr. Vehbiu continued with one final act by supporting for the first time in the psychiatric department a job position for a psychotherapist (Lazri, personal communication May 22, 2009), even short lived (1991-1993). Alike many accounts in the countries of previous Eastern Block, records were made public that psychiatry was (mis)used by communist regime as a means for breeding terror. 260 cases are reported as psychiatric imprisonment in all psychiatric hospitals during the communist regime<sup>19</sup> (Vata, 2016), which testify the ideological abuse of psychiatry, but in broader terms, mind control practices of communist regimes in former Eastern Bloc.

### **The emergence of psychotherapy the '90s - The Revindication**

During the '90s, the country opened itself to outside influences after being for 50 years in a closed hermeneutical world during the communist regime. The self-fulfilling illusion lent its place to helplessness and total dependence to help from

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<sup>16</sup> *One of the founders of psychiatric services in Albania*

<sup>17</sup> *A type of therapy that calms bodily reactions of anxiety, stress, depression and insomnia among other things*

<sup>18</sup> *After the fourth Plenum of Albanian Working Party in 1973, psychoanalysis and any reference to unconscious was declared incompatible with the party ideology as expression of liberalism, hence an enemy ideology*

<sup>19</sup> *Ex Prime-Minister Sali Berisha (2012) declared those imprisoned in the psychiatric hospitals of Elbasan and Vlora as political prisoners*

outside. A sign that still the people and the country had some energy to negotiate for a new process of becoming. The Psychiatric Department at Mother Teresa University Hospital would soon turn into the nucleus for reformation in the mental health system. Dr. Anastas Suli than Chief of Psychiatry Department at University Hospital initiated with his staff the mental health reform toward a model of community balanced mental health services (Suli, 2009). The WHO Office in Albania initiated a platform for reformation in psychiatry with support.

The few psychologists accommodated to the changing post-communist conditions. Political and physical freedom of movement made it possible to meet and exchange with Kosovar Albanian Psychologists, who practiced in a less restricted ideological climate. Their joined efforts founded the Pan-Albanian Psychology Association with Bedri Dedja as Chair. The association became member of the International Union of Psychological Sciences (IUPS) in 1999. Dedja participated as Chairman of the Albanian Association at the fourth European Congress of Psychology in Athens in 1995 with the paper "*Revolutionary steps in Albanian Psychological Thought over 25 centuries*". Later he participated at the sixth European Congress on Psychology in Rome in 1999 with paper "*Psychology of war and peace*". He attended the XXVI World Congress on Psychology at Montreal, Canada with a paper about the necessity of integration of psychologists in all spheres of life and about the prospect of an Albanian Scientific Journal on Psychology. Later he addressed an invitation to psychology and pedagogy academicians on joining efforts for promoting a psychology science in Albania. In 1995, he wrote about the prospect of opening a psychology graduate program<sup>20</sup>, a prospect that would become true in 1996. The first graduate program adopted an American curriculum and was taught by professors with psychological knowledge, but they themselves still lacked clinical practice experience (Weinstein, et al., 2000). Two years before, a Social Work graduate program was opened at Tirana University. The Vice Chairman of the Association of Albanian Psychologists, Prof. Pajazit Nushi in 1995 published "*Albanian Dictionary on Psychology*". There followed a rapid increase in publication and translations on psychology and psychotherapy (Abdiu, 2013), which contributed to further expansion of psychological ideas in Albania.

The panorama of mental health professionals changed in the mental health system since 2000, due to the initiative to reform mental health system which received considerable inputs by WHO (Késte et al., 2006). A WHO model toward mental illness and definition of wellbeing served as a signing post toward reformation of mental health services abreast with research and best practices. A Mental Health Act was designed and approved in 1996 and a National Steering Committee was established to carry out the application of the new reform. The social workers and psychologists became part of the newly conceived community multidisciplinary mental health teams. The Kosovar refugee crises in 1994-1995 brought into Albania many NGOs, which offered psychosocial services. They provided a model of interdisciplinary work and an approach to mental disturbances

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<sup>20</sup> See Journal "*Kombi*"(1995), No. 84, p. 359

different from the previous dominant (and only) biological model. The implementation of the reform met some challenges, e.g. scarce resources in human capacity (Como, 2015; OSFA, 2011) or its structural approach from top to bottom (Mueller, 2014). This latter could be the reverse of what the reform in principle tried to change; that is the centralization approach, the ideology of authority or expertise in approaching the question of what practices are best for mental illness.

It was amid this process of being trained and working in the new context of mental health services that some professionals having gained experience with troubled chronically patients. Motivated for further technical professional development based on an accumulated practice based knowledge, were looking for a frame to integrate all this together in offering a kind of treatment that they felt and were aware was called *psychotherapy*. A felt professional identity was growing that led to consequent actions, which made it possible the emergence of the psychotherapist profession. Psychotherapy as a treatment practice is a development of this reform context, which not only democratized psychiatric services, but mental health professional spectrum as well. It was in 1998, during his participation at Salzburg Seminars that Neli Demi (then a resident in psychiatry) was informed by Thomas Wenzel about European Society on Psychotherapy (EAP) and he urged to contact the General Secretary of European Association for Psychotherapy (EAP), Alfred Pritz. A meeting was held in 1999 and the idea for psychotherapy training in Albania was conceived. It was about to actualize in 2000 when Alfred Pritz, Thomas Wenzel, Gerhard Lenz and Inge Wolen arrived in Tirana to weigh over the possibility of training the first Albanian psychotherapists with World Health Organization (WHO) support. A WHO funded training program set up with help from the EAP to train 25 Albanian psychotherapists according to European Certificate for Psychotherapy (ECP)<sup>21</sup> standards (Demi, personal communication, May 29, 2009; Van Deurzen, 2001). In 2000, a selection process started with the assistance of Thomas Wenzel. Only 25 candidates of 60 applications have been selected. They had graduated in the fields of psychology (mostly), social work and psychiatry. The first training on psychotherapy was psychoanalytically oriented and lasted for seven years. From the first groups of 25 professionals, 13 completed the training. The training standards for ECP covered 3200 hours (h) of training, from which 1800 h covered general knowledge in social and human sciences and 1400 h covered the specialized knowledge in the specific psychotherapeutic modality, distributed respectively, 500-800 h theoretical and methodological knowledge, 250 h personal therapy and supervision and 300-600 h practicum at a mental health setting. Albania had its first formally trained psychotherapists.

### **Expansion of psychotherapy (the 2000s)**

Since 2007, the number of psychotherapists has expanded as associations for psychotherapy have grown in number. Nowadays there are eight associations for psychotherapy. The Albanian Association for Psychotherapy (2002), which from October 2015 hold the status of National Umbrella organization (NUO) for

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<sup>21</sup> EAP launched ECP to unify criteria and standardization for psychotherapists' training across Europe

Psychotherapy (EAP, 2015), CBT (Cognitive Behavioral Therapy) Albania, The Albanian Association for Positive Psychotherapy, EMDR Albania, The Albanian Center for Psychological and Psychotherapeutic Services, Tirana Alfred Adler Institute, Albanian Association for Psychodrama and the Albanian Lacanian Network. The total number of certified psychotherapists is 35; among them 17 hold the ECP. Four from the eight associations are offering formal training in psychotherapy, hence the second generation of psychotherapists in Albania. The total number of the psychotherapists in training amounts to 85 in the following modalities CBT, EMDR, group analysis and psychoanalysis. Within 3-5 years, there will be 117 psychotherapists.

Wolbert (2015, p. 15) refers to psychotherapy as an effective tool in treating mental illness. It was effective in treating depression (WHO, 2012) and other types of mental disorders (APA, 2012); in all evidence the effectiveness of psychotherapy as treatment method (Wampold, 2001). Transitional societies are characterized by a growing trend in mental and behavioral disturbances (Burazeri et al, 2014) with depression and suicide rates being among the highest in Eastern Europe (WHO, 2012), thus addressing interventions in mental health a priority in the national health policies.

**Table 1**

**The numbers of certified psychotherapists and psychotherapists in training in each modality**

<b>Modality</b>	<b>Current formal Training in Psychotherapy (Yes/No)</b>	<b>ECP Holders</b>	<b>Number of psychotherapists completed training in psychotherapy</b>	<b>Number of psychotherapists in training</b>
Psychoanalytically Oriented	Yes	13	13	16
Cognitive Behavioral	- Yes	-	5	21
Positive	No	-	9	-
Psychodrama	No	3	3	-
EMDR	Yes	-	2	30
Groups Analysis	Yes	-	-	15
Family Psychotherapist	No	-	1	-
Body Psychotherapy	No	-	1	-
Adlerian	No	1	1	-
<b>TOTAL</b>		<b>17</b>	<b>35</b>	<b>82</b>

*Source: researched by author*

In the context of professionalism of the 20<sup>th</sup> century (Saks, 2012), the profile of psychotherapist profession emerged in the discussion of its relation with state. As a result, in some European countries, the profession of the psychotherapist is legally recognized by law and part of the mental health services; whereas in some other countries its legal recognition is in process or not at all (Pritz, 2011; Ginger, 2010). The *psychotherapist* is not yet acknowledged as an independent profession in Albania. A professional group might initiate a process of recognition followed on

juridical and political. A restriction of the current situation lies in the unavailability of psychotherapy in the public mental health care system, where people who may need it the most cannot afford its cost in the private practice sector. The professional activity of psychotherapists need to be researched, which would offer a picture of practices and the members of this professional group. Such would contribute to public recognition. I hope that in the near future there will be greater knowledge on the psychotherapists' professional practice, their clients and types of psychotherapeutic treatments offered etc.

## CONCLUSION

It was in the beginning of the 20<sup>th</sup> century that psychoanalytic theories firstly emerged in the intellectual discourse of the time. They were incorporated into the educational system to inform teachers on psychological development toward supporting child moral and social character formation. Principles of therapeutic education, as conceived by Adler and Individual Psychology, were assimilated as pedagogical discourse and approaches to further child's development and socialization. Therapeutic education did not involve psychotherapy, but rather a more holistic approach toward promoting children's wellbeing with a concentration on child's strengths. With Merxhani, Maloki and Frashëri, during the 1930s emerged the seeds of a psychoanalytic sociology, through re-appropriating psychoanalytic thinking to analyze society. This clearly manifests influences from developments in psychoanalysis in Vienna, as Freud from 1907 would return on the subject of psychoanalysis and sociology in many cases, e.g. (Civilized sexual morality and modern nervous illness, 1908; Totem and taboo, 1912; Group Psychology and the analysis of the Ego, 1921; Future of an illusion, 1927; Civilization and its discontents, 1930). Freud in 1919 did not regard psychoanalysis only as a treatment (Roudinesco, 2006). He believed that a psychoanalyst should be a person with values, principles, knowledge, culture and a capacity for political engagement (Roudinesco, 2006). The intellectuals of the 1930s found in psychoanalysis not only a scientific approach, but also an educational project to create the *new moral character* as Merxhani (1930) defined, to culturally emancipate society and to transmit to their members an ideal of freedom and rebellion (Roudinesco, 2006).

During the communist regime, psychotherapy was incorporated into psychiatry. The Albanian psychiatry although adopting a biological model, secretly and whenever possible never thoroughly abandoned psychotherapy. In circumstances of ideological imposition, they managed to use psychological healing practices and to preserve an intellectual affiliation to psychotherapy. Testimonies allude to a private visit of Jacques Lacan in Tirana in the early 1970s (Nathanaili, 2013; Demo, 2012). Psychoanalytic and other psychotherapeutic informed conceptualizations of mental illness were shared among trusted colleagues and even guardedly practiced. Autogenic training and other relaxation techniques were adopted. In the late '80 to the early 1990s, the American conceptual model of mental disorders perpetrated as Prasad (1986) observed that Albanian psychiatrists had a copy of the Diagnostic and Statistical Manual of Mental Disorders (DSM 3<sup>rd</sup> edition, published by the American

Psychiatric Association in 1980) and practiced behavioral therapy for the treatment of obsessive-compulsive disorders.

The fall of communist regime was accompanied with instabilities in economic, political and social spheres. Its emotional impact through insecurity, pessimism and anxiety merged with absence of trust in people and political institutions (Markova, 1997), which further divided the gap between individual and its community resulting in helplessness. Post-Communist syndrome (Klicperová, 1999; Klicperová, et al, 1997) prevailed the psychological functioning of individuals and community. The havoc transition played a toll on the health of population (Burazeri & Achterberg, 2015; Burazeri et al, 2014; Qazimi et al, 2015; Qazimi et al, 2013; Burazeri & Klark, 2010; Burazeri et al, 2014) and on mental health (Burazeri et al, 2014; Qirjako et al, 2013; WHO, 2013; WHO, 2008; Tomov, Van Voren, Keukens & Puras, 2007; Jenkins & et al, 2005). Such deleterious effects on health, address the need for many preventative and curative consultations, as society is becoming more complex and depersonalized (Ginger, 2010), which might explain the growing role of psychotherapy in our contemporary society. It is estimated that 10% of the population needs psychotherapy (Ginger, 2010) to address mental health problems. If an optimal number for 100.000 inhabitants would be 50 qualified psychotherapists as calculated by Ginger (2008) we could infer that Albania would need an optimal number of 1400 of qualified psychotherapists, about ten times higher than the actual number. However, not every logic or argument lies solely in the strength of numbers. Thoughtful allocation of human resources (WHO, 2013) may compensate the quantity disadvantage. Psychotherapists may serve as consultants or supervisors to teams of mental health workers who receive none (OSFA, 2011, p. 38).

As far as the current picture of psychotherapy in Albania is concerned, plurality of psychotherapeutic schools and treatments may be advantageous as it provides various conceptualizations and methods to meet the complex situation of the individual and community. The current situation of mental health in the population needs that psychotherapists combine efforts in addressing what can be maximized and contribute to public discourse on mental illness, stigma reduction (WHO, 2009) and analysis of factors that inhibit personal and community wellbeing, as there is no health without mental health (WHO, 2005).

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## **THE SOCIAL CHRONOTOPOS IMPACT ON THE PERCEPTION OF THE LEXEME PATRIOTISM BY UKRAINIAN YOUTH**

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**Abstract:** *The article deals with the peculiarities of perception of the lexeme patriotism by modern Ukrainian youth in conditions of the current social chronotopos and reveals the gender differences in the perception of this lexeme. The authors of the article attempted to investigate into the social meanings connected with the notion of patriotism and to prove that their appearance was conditioned by the social chronotopos where the personality of the young person was formed. The article is based on the results of the associative experiment conducted in 2017 among 200 Ukrainian students. The authors of the article offer their own vision of the mental and gender aspects of young people's perception of the word-stimulus patriotism and prove the social precondition of the receptive activity of human consciousness, in particular the dependence of the perception of the word as a linguistic unit on the conditions of social chronotopos.*

**Keywords:** *social chronotopos, social meanings, associative experiment, patriotism*

### **INTRODUCTION**

The reformation process of the system of values, primarily those ones related to the perception of such concepts as *nation, language, people, state, patriotism*, etc., is inevitable in today's prevailing conditions in Ukraine. This article is an attempt to investigate the peculiarities of perception of the lexeme *patriotism* by Ukrainian youth in 2017. It also draws up a mental portrait of modern Ukrainians, to reflect modern Ukrainian youth's system of sense bearing values that is being formed in conditions of the current chronotopos under the influence of mass media and communication with parents, friends, authoritative people, teachers, lecturers, etc.

### **MATERIALS AND METHODS**

Our research is related to psychology, psycho- and sociolinguistics, as well as sociology and linguistics itself. The works of such researchers as V. Burlachuk (2005), O. Denysevych (2010) are the theoretical framework for our paper related to social meanings and the social and mental portrait of the Ukrainian youth created on their basis. Our previous studies (Pryschepa, Plechko & Svysiuk, 2017) have proved that not only social meanings associated with one or the other lexeme-stimulus, but also *social mentality* that manifests itself in the unity of conscious and unconscious meanings can be investigated by means of an associative experiment.

## RESULTS

200 first year students of *Zhytomyr National Agroecological University* (Ukraine) became participants of the chain associative experiment. According to the results of the associative experiment, boys produced the larger number of associations for the word-stimulus patriotism.

During the associative experiment, girls produce a greater amount of associations as they are more inclined to verbalize concepts. In addition, the total number of the associations produced to the word-stimulus *patriotism* by both girls and boys is larger, which has not been observed, for example, during the study of the boys' perception of the words *people, nation, and language* (Pryschepa, Plechko & Svysiuk, 2017) directly associated with the notion of *patriotism*. In our opinion, this is connected not only with the internal form of the word (its content and semantics), but also with the social meanings that are active in the present social chronotopos. As for the boys concerned, their activity in the production of associations to this word-stimulus is probably related to the social role of young men in conditions of present-day Ukraine. They are potential defenders of the state and any of them can be in the armed forces of Ukraine and protect its borders. In addition to the association *love to Ukraine*, which is, in our opinion, highly correlated with the meaning of the word patriotism, such meanings as *sacrifice, struggle for freedom, Ukrainian Anti-Terrorist Operation* and *revolution* produced by boys as well as *faithfulness to the state, struggle for freedom, Ukrainian Anti-Terrorist Operation* and *revolution* produced by girls appeared in the semantic core of the associative field of associations to the word-stimulus *patriotism*. A gender difference in the perception of the word-stimulus *patriotism* becomes obvious on the example of generating these associations. Thus, the boys (3%) have only produced the association *sacrifice*, and the association *faithfulness to the state* has been represented in the following variants: *faithfulness to the state* (2% among girls) and *allegiance to the state* (girls 13% and boys 11%). The additional research is needed to find out the reasons of presence of the association *sacrifice* among the young men. We assume that this is due to the social role of modern Ukrainian youth and the need to sacrifice oneself for the sake of the homeland's freedom.

The following meanings formed the semantic core of the associative field of the lexeme-stimulus *patriotism*:

*Ukraine, love to Ukraine, faithfulness to the state, pride, faith in own country* (among girls);

*Ukraine, love to Ukraine, sacrifice, faithfulness to the state, pride, faith in own country, struggle for freedom, revolution, war, Ukrainian Anti-Terrorist Operation* (among boys).

The consistency of associations in the chain of semantic core reflects their number and importance in the system of sense bearing values. The first associations in a line are considered to be more significant and meaningful for young Ukrainians, and the last are less important.

Associations *people, nation, imprudence, disease (idiocy), fanaticism, Maidan* (their total number is 17%) are, in our view, the result of the social environment

influence. *Control over people, brainwashing, death, cosmopolitanism, state of mind* turned out to be isolated individual associations to the word-stimulus *patriotism*. Furthermore, it is significant that 9% of the participants did not produce any associations to the word-stimulus *patriotism*.

## DISCUSSION AND CONCLUSIONS

Results of the associative experiment illustrate the system of sense bearing values and the mental portrait of modern Ukrainian youth. A large number of associations produced by boys exceed the amount of associations produced by girls. It testifies to the fact that the meaning of patriotism takes one of the leading places in the system of sense bearing values of Ukrainian young men.

Such sense bearing values as *Ukraine, love to Ukraine, sacrifice, allegiance to the state, pride, faith in own country, struggle for freedom, revolution, war, Ukrainian Anti-Terrorist Operation* describe the mental portrait of modern Ukrainian young men. The girls' mental portrait is revealed through the following values: *Ukraine, love to Ukraine, faithfulness to the state, pride, faith in own country*.

The experiment proved the presence of gender differences in the perception of the word-stimulus *patriotism* and showed that a certain number of participants (9%) did not associate the word-stimulus *patriotism* with any other meaning. It also enabled us to assume that the consciousness of young Ukrainians is shaped by the influence of social chronotopos.

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## **SOVIET REPRESSIONS**

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**Abstract:** *The thesis analyses the development of the concept of repression, repressions from simple forms in primitive civilizations to the harshest and bloody repressions of Stalinists. Today's repression in Russia is mainly based on intimidation and physical destruction of opponents.*

**Keywords:** *concept of repression, ways of repression, massive deportations, political repression, political prisoners*

### **INTRODUCTION**

The work is being studied by the economic and political processes related issues, then further the attention will be focused on group's issues. Further we will explore ways of repression, by the widely used in the 20th century and the present. After the social importance of the criteria repression can be divided into some broad categories. Socially justifiable repression serves the state in the public interest, for example, it helps to keep the country, to assist the country to provide internal and external security and to supply other specific important public services. Socially unjustifiable repression, as shown by the 20th-century practice, then have been most unfounded. Over time, the repression forms changed straight or cyclically.

If the 20th century, from 30th to 40th in the Soviet Union the most extensive means of repression were the Stalin's "big cleaning" and mass deportation without trial, now the Soviet Union's legal successor Russia draws more repression and intimidation to its people, than draws intimidation and suppression to the outside world. Repressions forms mainly depends on the form of government. The more democratic is country, the less repressive society. The more despotic, dictatorial, authoritarian state, the more the society suffer from greater repression circle. Political prisoners were not concentrated in a Gulag special camp, but a minority deployed by criminals' camps. KGB was another powerful weapon for to isolate the Soviet society undesirable persons. Those who were dissatisfied with the Soviet power, that is, opposed its guidelines and lies, the KGB often called mentally ill. They reached the court, with or without a doctor-psychiatrist or after the conclusion of the KGB at the disposal of psychiatrists' conclusion with or without a court decision imprisoned in a high-security mental hospital. Such "patients" were disguised political prisoners.

### **MATERIALS AND METHODS**

Scientific literature and scientific journals. Comparative analysis is used as a main method of research.

## **RESULTS**

### **CONCEPTS OF REPRESSION**

The concept of repression has several meanings. According to the importance of criteria, they can be divided into the following groups:

Group A 1. Oppression; 2. Limitation; 3. Suppression; 4. Intimidation; 5. Punishment for a crime; 6. Punishment or other coercive means imposed by a state for a particular offense.

Group B 1. Psychoanalysis is a psychic process that ejects from consciousness and excluded perceptions the impulses or memories that otherwise would undermine the emotional stability. 2. The other specific meanings were deeply researched by Austrian physician and psychoanalyst S. Freud (1856-1939).

Since the economic and political processes related issues are studying the work, then further the attention will be focused on group A issues.

Repression for the public interest was already primitive public facilities. For example, in a case if a public member had breached established rules of behavior. In this case, the result was a penalty, which was to blame for his offense. Perpetrators could be punished even with a cruel punishment to the death or expulsion (exclusion) of the relevant public. This eviction was generally equivalent to the death penalty, because, for example, one hunter could not hunt enough for a hunter tribe. There was also heat and hearth problems and so on. Other tribes usually did not take in their community such lonely hunters.

### **FORMS OF REPRESSION**

Further, we will explore ways of repression, by the widely used in the 20th century and the present. Let us leave out the focus of forms of repression that affect larger or smaller groups, such as collective work, school, neighborhood and other behavior.

The author believes that after the social importance of the criteria repression can be divided into the following broad categories:

- Socially justified repression, such as customs procedures and customs duties; the chargeable event and tax payment procedures as well as the same tax, tax system, etc. Socially justifiable repression serves the state in the public interest, for example, it helps to keep the country, to assist the country to provide internal and external security and to supply other specific important public services.

- Socially unjustifiable repression. Political repression belongs to this group. As shown by the XX century practice, then this group of repression have been most unfounded. It requested from the public very great sacrifices. The most extensive repression forms of this group were massive deportations without trial and Stalin's "great cleansing".

Repression effected by the repressive apparatus provided for the corresponding task. For example, a national body, and the State Revenue Service, tax inspectors, interagency examination at the same time for many taxpayers. There was not a single and comprehensive repressive apparatus, and the implement was not possible. Separate repressive apparatus could be connected with each other.

Some items, such as taxes and levies have a number of roles:

- Means of repression (tools) through which the repression directed against the charge payers;
- Repression object, which shows up as opposition to the repression, tools defaulters.

Over time, the repression forms changed straight or cyclically. If the 20th century, from 30th to 40th in the Soviet Union the most extensive means of repression were the Stalin's "big cleaning" and mass deportation without trial, now the Soviet Union's legal successor Russia draws more repression and intimidation to its people, than draws intimidation and suppression to the outside world. Today, for example, in Russia, are developed systems to exclude political opponents from political activity, even the arraignment criminal offense to the opponents, theirs and journalists physical destruction. These forms mainly depend on the form of government. The more democratic is country, the less repressive society. The more despotic, dictatorial, authoritarian state, the more the society suffer from greater repression circle. In a democratic society, political repression does not arise because with the various sectors of society (parties) all different preferences come from the society itself, that is, from the voters. At the next democratic elections, the party, which unjustified public confidence, is not elected. In a democratic society is not developed systems, such as physically destroying the power of disagreeable and inconvenient journalists.

### **POLITICAL PRISONERS IN THE SOVIET UNION**

Virtually during the all existence of the Soviet Union, its authorities denied that in the Soviet Union was political prisoners. Political prisoners fined by the Penal Code, and political prisoners had become punished. Only in the final period of Gorbachev's thaw the international community with concrete surnames proved that they are political prisoners. They were released from the Gulag camps, for example, from Mordovia, large and numerous camps. Political prisoners were not concentrated in a Gulag special camp, but a minority deployed by criminals' camps. In all Gulag camps "at power" was criminal authorities "legal thieves" [Russian "*вор в законе*"]. They constantly mocked political prisoners, took sending from relatives, and often even beat them in gang. Practical political prisoners like criminals, was required to fulfill the heavy forest work norms in any weather conditions.

KGB was another powerful weapon for to isolate the Soviet society undesirable persons. Those who were dissatisfied with the Soviet power, that is, opposed its guidelines and lies, the KGB often called mentally ill. They reached the court, with or without a doctor-psychiatrist or after the conclusion of the KGB at the disposal of psychiatrists' conclusion with or without a court decision imprisoned in a high-security mental hospital, that is, its regimen mental hospitals. It guaranteed the medicines forced use. Sentenced in forced psychiatric treatment periods were even up to 10 years. These periods could be extended indefinitely. Therefore, such "patients" were disguised political prisoners. Using both indicated techniques, the Soviets tried to prove to the outside world that the Soviet people are united, satisfied

with the Soviet system and there are no dissidents. Consequently, there are no political prisoners. Political prisoners were intelligent. For example, Solzhenitsyn won the Nobel Prize. The criminal authorities did not like that. Attitude towards the new and the middle generation of political prisoners was particularly disdainful and offensive. Some older political prisoners, however, earned criminal authorities' dignity, such as the Latvian writers Alexander Pelecis and Knut Skuyceniaks. In all the camps (colonies, prisons) "ruled" criminal elements, especially "lawful thieves". However, they did respect the elderly political prisoners and did not physically abuse them.

Several socio-eligible types of repression, such as taxes, are necessary in the interests of the society itself, because it helps to fulfill the state functions.

### **MAIN CONCLUSIONS**

Repression for the public interest was already primitive public facilities.

From 30th to 40th in the Soviet Union, the most extensive means of repression were the Stalin's "big cleaning" and mass deportation without trial.

Now the Soviet Union's legal successor Russia draws more repression and intimidation to its people, than draws intimidation and suppression to the outside world. During the Soviet era, political prisoners were punished under criminal law. Politicians were deployed through gulag camps between criminals, so that political prisoners would not be concentrated in larger groups.

Many of the dissatisfied people with the Soviets came to the KGB psycho-neurological hospitals with the decision of the KGB "doctors". The decision on "treatment" in psycho-neurological hospitals could be extended indefinitely for the next 10 years.

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**JEL: Z19**

**STUCHKA'S ROLE IN THE IMPLEMENTATION OF THE "RED TERROR"  
AND THE SUBSEQUENT CREATION OF VARIOUS REPRESSIVE  
INSTRUMENTS**

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***Abstract:** The publication examines and analyses the evolution of the concept of forced labor, the Red Terror organized by Latvian Peter Stuchka, the capture (even peaceful) of the hostages made by the Stuchka regime and their deliveries to Russia, Stuchka's practically organized concentration camps, The Worker (Red) Guard with terrible and inhumane actions.*

***Keywords:** forced labor, Stuchka's "Red Terror", radical Stuchka, Stuchka's terror consequences, Worker Guard marauding*

**INTRODUCTION**

The topicality of the research results from insufficient research in Latvia; therefore, even the existing incomplete research results are not internationally approved. The theoretical and practical significance of the problem encountered in the publication arises from the fact that not only in Russia but also abroad, the idealization of the Bolsheviks is taking place; therefore, it is necessary to carry out in-depth studies of the history of Bolsheviks and explain them to the public.

The subject of the research - Stuchka's activity.

The aim of the work is to determine the role of Stuchka in the "Red Terror".

The tasks of the task - to determine the retaliation directed against the caricature Russia, to investigate the delivery of the Red Terror, the Red Army underground weapons supplied by Stuchka in Latvia.

The work has novelty of research and analysis, novelty of research results and research analysis.

**MATERIALS AND METHODS**

Scientific literature and scientific journals. Scientific background of our research is scientific researches on abovementioned topic. Comparative analysis is used as a main method of research, as well as formalization and concretization.

**RESULTS  
DRUDGERIES**

Forced labor, such as penal servitude, was known in the middle Ages, after the elimination of slavery. Forced labor is a criminal penalty by serving a particularly strict regime in particularly difficult circumstances. On forced labor name and the actual performance, different countries had more or less differences.

Siberia was the worst form of freedom punishment in Russia from 1691 to 1917 (LCD. 8 (2001)). As "drudgery" was often called the penal servitude and detention centers. With the introduction of this type of freedom punishment in the system, the legislature made various complements to achieve greater repressiveness. This can be achieved either solely by repressive means, or together with a penalty to achieve the economic or socio-political goals.

When setting economic targets, offenders was ordered to heavy work (mines, factories, etc.) or they colonized sparsely populated areas (exile as the highest form of punishment).

If repression to seek the socio-political objectives, the deprivation of liberty has a corrective character: offenders subjected to harsh conditions, to convert their character and make them able to return to a normal social life. One or the other means use showed the popular cultural level. In the absence of national economic needs, the freedom penalty intensified only by repressions. If the country needed cheap labor or it wanted to colonize the sparsely populated areas and lands, it sent the prisoners on ships, in mines, factories or to the colonies. If the country has not such objectives, it made worse situation of offenders in prisons.

Therefore, resettlement New England, France and Russia, which has colonies, but not Germany, which has not colonies. German system knew only the increase of repression, including the rote offenders in chains, and strengthening discipline (Ketenstraffe in Bavaria in 1813, Oldenburg in 1814, Braunschweig in 1840 and Hanover in 1840). This system also existed in France, 1748-1854, when the forced colonization had not yet started.

In Germany, no one code provided punishment by hanging in chains, which was introduced after the 1840 year. England repealed exiles in 1853. Instead came Penal servitude. Despite the harsh name, they did not attempt to achieve economic goals, but tried to achieve criminals' correction. Drudgery old means remained only in France and Russia. These countries were taking a gradual and progressive relaxation of the penalty regime, but their target was not the criminal correction, but the addition to the colonies more of white population. In Russia convict colonies was for example in Nerchinsk from 1722, and Sakhalin from 1876 (LCD 8 (2001)).

Imprisonment at penal servitude was in many countries repressive tool against criminals. (Siberia, Trans Baikal and Far East were already mainly colonized by Russia). In France, everyone who was sentenced to no less than 8 years of forced labor, was forced to stay in colonies throughout their lives, but in Russia during the tsarist times under the drudgery usually followed lifelong forced settlement in Siberia. Latvia in interwar period drew more attention of the earlier German system and was awarded by a relatively large repressiveness. In this period Latvian higher type of freedom punishment called as forced labor.

Drudgery was repressive tool against criminals in many countries.

The Soviet Union initially penal camps were also social objectives, that is, the re-education objective. Therefore, they were called "correctional labor camps". Soon the camps remained only one goal – popular economic purpose. All the prisoners led to heavy work.

## **THE ATTITUDE OF THE TSARIST GOVERNMENT TOWARDS THE DEPORTEES**

What were the tsarist government to the treatment of deportees characterized by lower levels of deportees, P. Stuchka and Y. Pliekshans conditions in the exile places and after exile terms expiration?

Peter Stuchka (Koknese, Vidzeme province, 1865, in Moscow, 1932) by education was a lawyer. His father was a property owner. P. Stuchka was one of the creators of Soviet law, and in 1897, he was sent for 5 years to Vyatka province, Slobodsk.

Yanis Pliekshans (Dunava parish of Vitebsk province, 1865 – Riga, 1929) by education was a lawyer. His father was a steward or tenant. Yanis Pliekshans' literary pseudonym – Rainis.

Both Stuchka and Pliekshans with court decisions were deported to Slobodsk for belonging to an anti-government organization named "New Power". Offense is one and the same, exile deadlines – very close, place of deportation – the same. However, the government allowed Stuchka to practice in Slobodsk.

After the deportation deadline wastage, Stuchka was allowed to return to Vidzeme province, as well as to live and practice in the present Latvian and Lithuanian territories. As can be seen, the tsarist government gave rights to Stuchka in exile, taking into account the financial situation of the family (Financial position of property owners was higher than the manor manager or lessee.). Therefore, the tsarist government repression was against the offender, but not against his relatives and property. The same is true with regard to the Ulyanov and Krupskaya. In addition, contacts with the outside world for the deportees were not denied. For Soviet repressions not all this was possible.

### **STUCHKA'S INTRODUCED THE "RED TERROR"**

4 days after the lawful foundation of the Republic of Latvia, in Riga arrived from the Moscow special armored train with P. Stuchka. Stuchka wanted to establish a proletariat dictatorship in Latvia. Lenin accepted it. A Bolshevik repressive apparatus with a bayonet accompanied Stuchka. Immediately began the "Red Terror".

The "Red Terror", the complex Bolshevik terror was already introduced by the Red Army bayonets, and established by the Soviet government's head, Latvian P. Stuchka. His terror lasted 5 months. January 9, 1920, P. Stuchka announced that in Latvia is established dictatorship of the proletariat (LKP (1919)). Began operating the revolutionary tribunals (after Stuchka's view, it is need to care only about own political conscience, rather than hypocritically refer to the legality (Stuchka (1917)). Bolsheviks even argued: "... the most beneficial is to destroy a larger number of counter-revolutionary, with or without the judgment of the Tribunal" (Stuchka (1958)). In addition, the counterrevolutionary was a fuzzy concept. As the counterrevolutionary could be named the ones who was not "red" or "white".

Without tribunals operated also the People's Court, which examined the political parties and the revolutionary council. Last one, for example, has imposed administrative penalties (fines, arrests and enforcement to perform community service for up to 6 months ea.) (Shilde (1976)). How known, then it was not the

Bolshevik's Russia yet. Latvian Bolshevik government of Stuchka in several areas had overtaken Russia led by Ulyanov-Lenin. The prisoners shot by armed women -shooters who conveying and protecting them, were not registered.

Stuchka regime widely practiced hostage taking and escorting to Russia. (The rapporteur (1919)) The last arrest and hostage taking was on 19 February 1919, shortly before the German army entering the Northern. Then were arrested Latvian Provisional National Council (SMRs) members in Valka and were exported to Russia, taking with them a further 170 hostages. SMRs member of the Board Juris Palcmanis was shot to death on October 1918 without any judgment (Shilde (1976)). Of hostages was shot to death A. Jendis, V. Teikmanis, A. Kampis, etc. On the Latvian territory until Russia 10 hostages were shot. Shooting continued in the territory of Russia, in particular: at Pskov station – seven oncoming Germans prevented the subsequent arrest and deportation to Russia. To Russia, excess deportees came to Butirka in Moscow, and to Yekaterinburg and Krasnoyarsk prisons.

### **STUCHKA'S RADICALISM**

Stuchka regime did not think to give land for the landless, although it also relied on them. Collective farms were named by Stuchka as "bourgeois instrument", admitted during a transitional period until establishment of the complete socialism (Stuchka (1917)). Stuchka's Bolshevik government in several areas rose and addressed matters much more radical than those of Ulyanov-Lenin's in Russia.

During the Stuchka Bolshevik terror for less than 5 months, registered people who was shoot to death: in Riga 1549, outside Riga (total) 3632. However, not all killings were recorded, such as shot during conveying. Therefore, reasonably to believe that Stuchka terror killed more than 5 000 people.

When the Bolsheviks were expelled, established by them concentration camps and prisons had 18 000 prisoners (Popoff (1935)). They were all released.

Stuchka's organized Bolshevik terror damaged Bolshevik reputation in the eyes of people. This the nation remembered not only by World War II, but also even after that. "Red terror" played a key role in Ulyanov-Lenin's struggle for power, but the concentration camps were the main instruments of terror. Concentration camps were introduced by very fast pace. For example, at the end of 1919, it was introduced 21 concentration camps, but after a year – 107, i.e. their number grew in five times.

### **PARAMILITARY ARMED FORMATION "WORKERS' GUARD"**

To confront true interests of the workers, Latvian communists founded the "Workers' Guard". All other organizations and formations that could represent and protect the real interests of the employees, after invasion's power categorical, were disarmed and liquidated.

Exterminators roots in military formation "Workers' Guard". The "Workers' Guard" was set up by the underground Latvian Communist Party Central Committee in 1940 by decision of 2 July, which is, without the government's decision. "Workers' Guard" weapons were supplied by the Red Army and designed as a police and Government reinforcement in the fight against the counter-revolutionary groups.

Workers' Guard also included women, and they often were more conscientious than men were. In fact, the Red Army 67th Riflemen Division commander formed the Workers' Guard as an armed worker unit in Liepaja on June 18, 1941. The 67th division unit supplied the workers with weapons. Division Commander directly influenced Liepaja Commandant for to disarm the guards. (Thus, it was an infringement of the Soviet Union – the Latvian War base treaty. It was not the only base breach of contract committed by this division.)

The Workers Guard's main forces were in Riga. Workers' Guard actively participated in the repression in Latvia, including deportations in June 14, 1941. In Riga, Workers' Guard repression were very well demonstrated. Therefore, it was entrusted to them the participation in deportation of the districts near Riga, which was not under the Workers' Guard, for example, Tukums district.

At the start of the Second World War, the Latvian Workers' Guards retreated to Estonia and on a part – to Leningrad Oblast. There, this part of July was combined one and two (later – 76 separately) Latvian workers Familia. Parts of the Workers' Guard was created in Estonia Exterminators regiment, but later it included the remains of 62 Red Army Riflemen Division and other parts. After the war, not to renew the Workers' Guard, probably because it, as subsequently destroyed, after social criteria had broad representation from other sectors of society. Consequently, both the Workers' Guard, both fighters had no public recognition.

Estonia Latvian Workers' Guard, not so much at war with the German troops, intimidated and terrorized the local population, robbed and Marauders. There is a group of persons who are still considered "self-sufficiency". This type of behavior can never be described as a crackdown on "Estonian nationalists and fascists" (Zeterberg (2018)).

## CONCLUSIONS

Forced labor is a criminal penalty by serving a particularly strict regime in particularly difficult circumstances. On forced labor name and the actual performance, different countries had more or less differences.

Siberia was the worst form of freedom punishment in Russia from 1691 to 1917.

One or the other means use showed the popular cultural level. In the absence of national economic needs, the freedom penalty intensified only by repressions. If the country needed cheap labor or it wanted to colonize the sparsely populated areas and lands, it sent the prisoners on ships, in mines, factories or to the colonies.

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dictatorship of the proletariat. Without tribunals operated also the People's Court, which examined the political parties and the revolutionary council.

Latvian Bolshevik government of Stuchka in several areas had overtaken Russia led by Ulyanov-Lenin, for instance, the prisoners shot by armed women - shooters who conveying and protecting them, were not registered; Stuchka regime did not think to give land for the landless, although it also relied on them.

Stuchka's organized Bolshevik terror damaged Bolshevik reputation in the eyes of people. This the nation remembered not only by World War II, but also even after that. "Red terror" played a key role in Ulyanov-Lenin's struggle for power, but the concentration camps were the main instruments of terror. Concentration camps were introduced by very fast pace.

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## DIE KURZGESCHICHTE IN DER SCHULE

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**Zusammenfassung:** Das Wort "Kurzgeschichte" wird im Reallexikon der Deutschen Literaturwissenschaft als Ausdruck für eine eigenständige künstlerische Erzählform der Moderne definiert, die durch Kürze und einem hohen Grad an Komplexität, Funktionalität und Suggestivität gekennzeichnet ist. Obwohl die in der Literatur zur Kurzgeschichte unternommenen Versuche der normativen Festschreibung ihrer Länge (mit einer Untergrenze von 500-2.000 und einer Obergrenze von 15.000-30.000 Wörtern) weit auseinandergelassen und von daher "keine absoluten Aussagen über den Umfang" der Kurzgeschichte sinnvoll erscheinen, stellt die Kürze das wichtigste Definitionskriterium der Gattung dar. Denn aus ihr lassen sich die charakteristischen Merkmale einer Kurzgeschichte erklären.

**Stichworte:** Kurzgeschichte, zielbewusste Komposition, Philosophie der Kurzgeschichte, Kurzgeschichte im Schulunterricht

### EINFÜHRUNG

1. Einerseits die formalen Kennzeichen:

(a) geradliniger, oft auf die Darstellung einzelner Ereignisse, Episoden oder Szenen begrenzter Handlungsverlauf; (b) begrenzte Figurenzahl und Tendenz zur Figurentypisierung; (c) geringe Bedeutung des erzählten Raumes und Vermeidung von Ortswechselln; (d) bei der Erzählsituation Verzicht auf multiperspektivische Darstellung; (e) zielstrebigem Anfang und sinndeutendem Schluss; (f) stilistisch verknäppte und oft suggestiv-verweisende Sprache.

2. Ebenso die besonders häufigen inhaltlichen Merkmale:

(a) Hinwendung einerseits zum "Außergewöhnlichen und Unerhörten", andererseits; (b) zum "Typischen und Exemplarischen", also z.B. "zu Grunderfahrungen wie zu Einsamkeit, zu krisenhaften Erlebnissen, Stimmungen, Emotionen, Augenblicken der Erkenntnis, märchenhaften Metamorphosen und schicksalhaften Wendungen".

Durch ihre konzentrierte, zielbewusste Komposition unterscheidet sich die Kurzgeschichte von der älteren, in der Regel weniger bündigen Erzählung, durch ihre narrative Textstruktur vom durch Reflexion bestimmten Inhalt und von der durch Deskription geprägten Skizze, durch ihren komplexeren Gehalt von Formen wie Anekdote, Schwank und Witz und durch ihren Verzicht auf bestimmte narrative Formkonventionen (wie, z.B. auf den oft geforderten Wendepunkt) von der mit ihr verwandten Novelle.

Dank ihrer großen formalen und inhaltlichen Flexibilität kann die Kurzgeschichte sowohl geschlossen (z.B. durch eine Pointe) als auch offen, sowohl realistisch, als auch symbolisch, gleichnishaft (wie die Parabel) oder phantastisch sein und sich für die verschiedensten Experimente öffnen.

## ERGEBNISSE

Die Kurzgeschichte erlebte in Deutschland (besonders nach 1945) ein großes Interesse seitens der Schriftsteller und dem Publikum. Das gilt natürlich auch für die Short Story in Amerika. Sie ist eine internationale Erscheinung; sie tritt ähnlich beherrschend auf in den slawischen wie auch in der romanischen Literatur – es genügt, die zahlreichen Anthologien zu lesen. Merkwürdigerweise ist von einer albanischen Kurzgeschichte niemals die Rede; es gibt in der albanischen Sprache nicht einmal einen besonderen Begriff für eine eigenständige Sache und die existierenden Kurzgeschichten werden als Erzählungen, Skizzen, Essays, kurze, poetische Prosa, Alternativen oder Novellen bezeichnet (so werden z.B. die Kurzgeschichten von Migjeni oft mit anderen Erzählformen verwechselt). Diese Verwirrung führt oft zu Diskussionen über solche Bezeichnungen und über die Merkmale solcher Texte, die niemals vollständig zu diesen anderen Gattungen gehören.

In Deutschland haben sich Wissenschaft und Schule mit der Kurzgeschichte erst nach 1953 befasst; die Arbeit Klaus Doderers brachte die Wende, während in Amerika Brander Matthews eine "Philosophy of the Short-story" bereits ab 1884 entwickelte. Die Technik des Kurzgeschichtenschreibens wird bis heute in Amerika gelehrt. In der Schule wurde die Kurzgeschichte anfänglich zögernd angenommen. Zögern und Ablehnung mögen sich daraus erklären, dass die älteren Lehrer in einer klassizistischen Ästhetik erzogen wurden, die Kunst und Leben reinlich schied. Es dauerte ein volles Jahrzehnt, ehe die Schule die Kurzgeschichte offiziell in den Unterricht und die Lesebücher aufnahm. Nicht ohne Bedenken. Noch 1958 sagte Ulshöfer: "Stücke mit gewollter Modernität, abstrusem Tiefsinn, bizarrer Originalität, gekünstelt salopper Sprache und klischeehafter Moral sind für die Schule keine geeignete Lektüre" (S. 9). Die Kurzgeschichte wurde in den deutschen Schulen nur dann aufgenommen, als reiches Material auch für die Schule bereitlag und als diese Gattung ins literarische Bewusstsein der Zeitgenossen gerückt wurde. Eine große Rolle spielten die zwischen 1947 und 1950 erschienenen Kurzgeschichtenbände "Die Hundebblume" und "An diesem Dienstag" von Borchert, die Geschichten "Der Torso" von Elisabeth Langgässer, "Sie sehen den Marmor nicht" von Schnabel, "Zwischenland" von Gaiser, "Wanderer kommst du nach Spa..." von Böll, "Die Rohrdommel ruft jeden Tag" von Schnurre, Anthologien mit Kurzgeschichten, Zeitschriften wie "story" und "Die Erzählung" u.a. Die zahlreichen Veröffentlichungen von Kurzgeschichten in diesen Jahren brachten auch zahllose Beiträge deutscher Autoren. Was man der Kurzgeschichte vorwarf, wird unter der Hand zur Tugend: Kürze, keine gebildete Sprache, Zeitnähe, der auffällige Anteil des Kindes und des Jugendlichen in ihr, Offenheit, Parabolik... Im selben Jahr sagte Robert Ulshöfer, dass "die moderne Kurzgeschichte in den letzten zehn Jahren zu Recht ein beliebter Gegenstand des Deutschunterrichts geworden" sei. Er erklärte diesen Sachverhalt mit vier Gründen (moderne Problematik, Spannung, Kürze, Hintergründigkeit) (1952, S. 7-8).

Mitte der sechziger Jahre hatte die Kurzgeschichte gesiegt. Die Diskussion über den didaktischen Wert der Kurzgeschichte flaute ab und die Wissenschaft beschäftigte sich mit ihr.

Ende der fünfziger Jahre gingen vom Schulsektor die wesentlichen Impulse zur Anerkennung und Verbreitung der Kurzgeschichte aus (durch theoretische Beiträge, durch Erstellung von Anthologien und Einzelinterpretationen sowie durch literaturdidaktische Arbeitsvorschläge).

In diesem Rahmen wurde die Frage nach dem Bildungswert der Kurzgeschichte beantwortet. Siegfried Hajek urteilte 1955 noch sehr vorsichtig über die Aufnahme moderner Kurzgeschichten in den Leseplan der Schule und stellte die Frage nach der Klassizität aktueller literarischer Werke. Die Kurzgeschichte bot sich seiner Meinung nach an, weil sie dem Auswahlkriterium eines Dokuments menschlicher Selbstauslegung entsprach, nämlich "Modelle, Grundfiguren des menschlichen Lebens" abbildete. Auf ähnliche Weise bemühte sich Robert Ulshöfer, über das neue Menschenbild in Borcherts Kurzgeschichten, die Verbindung zwischen Klassik und Gegenwartsliteratur herzustellen, er sah die Dichtung hier wie dort in der Funktion bestätigt, "Hüterin und Gestalterin unseres Menschentums in Zeiten seiner Gefährdung" zu sein (1955, S. 40). Darüber hinaus wurden der Kurzgeschichte in der Regel eine vorbereitende Rolle für größere Werke der Gegenwartsliteratur zugesprochen.

Neben bevorzugten Modellgeschichten veröffentlichte man in den achtziger Jahren auch neuere Kurzgeschichten in Anthologien für den Deutschunterricht. Die Schüler durften auch selber wählen, welche Kurzgeschichten sie lesen und analysieren wollten. Kurzgeschichten wurden nicht nur gelesen und analysiert, sie wurden auch von den Schülern selbst geschrieben. Obwohl sich die Kurzgeschichte nicht auf einen einzigen Typus begrenzen ließ, wurde ein "Idealtyp der Kurzgeschichte" hergestellt, der die wichtigsten Merkmale der Kurzgeschichten umfasste. Nach Urs Meyer ist eine Kurzgeschichte im Sinn eines Idealtypus ein erzähltechnisch konziser, sprachlich ökonomisch angelegter, konzeptionell fragmentarischer, ein perspektivischer, (und in seiner strengsten Form auch ein episodischer), episch-fiktionaler, aber nicht durchgängig uneigentlicher ("bildlicher") Prosatext, der eine zum Publikationszeitpunkt aktuelle Alltagssituation so zur Darstellung bringt, dass er auf den verallgemeinerbaren Hintergrund einer anthropologischen "Grenzsituation" verweist.

Sieghard Rosts formulierte 1957 sieben Arbeitsnormen, die den Schülern als "äußere Formgesetze" für die Anfertigung einer Kurzgeschichte aus einer Zeitungsnotiz dienen: (1) Konstruiere die Kurzgeschichte rückwärts vom Text der Zeitungsmeldung aus; (2) Motiviere und begründe alle Handlungen, die auf das Ende hinweisen, damit die Vorgeschichte der Zeitungsnachricht glaubhaft wird; (3) Lass nach Möglichkeit am Ende der Einleitung die Problemlösung schon anklingen; (4) Begrenze die Szenen unbedingt auf die geringste Zahl; (5) Lass die Personen durch ihre Handlungen und Gebärden im Hinblick auf den Schicksalsbruch sprechen! Beschreibe sie nicht! Nebenpersonen dürfen nur zur helleren Beleuchtung der Hauptperson dienen; (6) Achte auf die Übereinstimmung von Aussage und Aussageweise (Geschehen und Sprache) sowie den Satzbau! Veranschauliche das Geschehen durch die Einheit der Bilderfolge (Szenen), der Stimmung, der Zeit und in der Haltung der handelnden Personen immer im Hinblick auf den Schicksalsbruch; (7) Bemühe dich, mit der Überschrift schon das ideelle Leitmotiv anzuschlagen (1957, S. 84). Über ein aktuelles menschliches Schicksal in einer Zeitungsnotiz sollten bei der Ausarbeitung in einer

Kurzgeschichte allgemeine menschliche Werte und Konflikte behandelt und der Realitätsbezug zur Literatur hergestellt werden, nicht zuletzt zur klassischen Literatur. Die Kurzgeschichte diene also als Medium, um das Interesse an der Literatur zu wecken, in ihre Gesetze einzuführen, zu kritischem Nachdenken über zeitgenössische Probleme, menschliche Reaktionsweisen und ethische Fragen anzuregen und um zur sprachlich-stilistischen Schulung beizutragen.

In den 1980er Jahren wurden auch Wettbewerbe und Kolloquiums organisiert, in denen es auch Preise für Schüler mit eigener Schülerjury gab. Wenn Schüler selbst einen Preis für die nach ihrem Ermessen beste unter den eingesandten Kurzgeschichten verleihen können, ergibt sich als natürliche Folge, dass ihr Interesse keineswegs auf den kritisch-theoretischen Bereich begrenzt bleibt, sondern auch die eigene Kreativität anregt und den Wunsch nahelegt, selbst eine Geschichte zu verfassen. Seit der Wende vom 20. ins 21. Jahrhundert spielt das Internet eine besondere Rolle für die Scheib Praxis in der Schule. Dort finden sich, neben Textbeispielen, theoretischen und didaktischen Informationen zur Gattung, auch Ergebnisse didaktischer Praxis, oft in Form von Kurzgeschichten, die Schüler verfasst haben. Diese Geschichten orientieren sich am Strukturmodell der in einfacher Progression erzählten, auf einen überraschenden Schluss zustrebenden Geschichte mit mehr oder weniger Spannung durch Verzögerung und damit an entsprechenden Kriterien, wie sie auf Webseiten für die Schule verbreitet sind. Die Kurzgeschichte bietet somit ein breites Spektrum didaktischer Anwendung, wofür auch im Internet vielfältige Informationsmöglichkeiten vorliegen.

In Deutschland hat die Kurzgeschichte einen besonderen Bildungswert für die Schüler, besonders im Literaturunterricht, während sie für die Germanistikstudenten in Albanien besonders für das Erlernen der deutschen Sprache bevorzugt wird. Die Merkmale der Kurzgeschichte, wie z.B. die Kürze (Eine Kurzgeschichte kann innerhalb von einer Unterrichtsstunde gelesen werden); der einfache, alltägliche Sprachstil, der hauptsächlich aus Dialogen und einfachen Beschreibungen besteht und die allgemein-menschlich dargestellten Werte und Konflikte, die für die ausländischen Schüler nicht schwer zu verstehen und vorzustellen sind, machen die Kurzgeschichte eine sehr bevorzugte Gattung auch für den Deutschunterricht in Albanien.

Die Kurzgeschichte wird aber für die albanischen Germanistikstudenten erst durch die Deutsche Literatur und Literaturtheorie bekannt gemacht, da es an Beiträgen über die Kurzgeschichte auf Albanisch mangelt. Im Gegensatz dazu aber mangelt es nicht an albanischen Kurzgeschichten.

Die lange Tradition der deutschen Schulen in der Arbeit mit Kurzgeschichten würde großes Interesse für den Unterricht in albanischen Schulen wecken, sei es im DAF-Unterricht oder sei es im Literatur- oder im Sprachunterricht auf Albanisch.

Natürlich spielen hier die Vorteile der Kurzgeschichte im didaktischen und methodischen Bereich eine große Rolle, die oben genannt wurden, aber nicht nur das: Ein letzter Grund, wofür diese Gattung wichtig für den Unterricht in Albanien wäre, ist auch der Ersatz des vom Verzicht des traditionellen Aufsatzes frei gelassenen Platzes im Albanisch Unterricht.

## SCHLUSSFOLGERUNG

Die Kurzgeschichte bleibt für die albanische Literaturwissenschaft noch eine unbehandelte und unbekannte Erzählgattung und deshalb stellt die Präsentation dieser Gattung und ihrer Theorie und Typologie vor den albanischen Lesern, Lehrern und Literaturwissenschaftlern eine Notwendigkeit dar.

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## History of Philosophy

JEL: Z19

### TRANSFORMATIONS OF THE CATEGORY OF 'JUSTICE' IN THE DISCOURSES OF THE NEOLIBERAL THEORIES

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**Abstract:** *The category of justice that asserts universality and invariability becomes extremely problematic in the neoliberal discourses of the state and power. At the same time, the conflict interaction of different current discourses imparts to this category a contradictory character, viz. in the neoliberal context of the social justice policy. The example of relation of the neoliberal conceptions and feminism shows that the category of justice has not become yet a mechanism of improvement of social protection of human rights, including both man and woman.*

**Keywords:** *postmodernity, contradictions, multiplicity, context, democracy, politics, feminism*

#### INTRODUCTION

The global Renaissance of the philosophic and political theories of the last decades significantly influences on expanding research trends, which are topical for both the Ukrainian science and the World's science. At the same time, new knowledge spheres implementation testifies the progressive development of the humanitarian knowledge expansion. The category 'justice' with its roots in Plato's and Aristotle's philosophy asserts suprasensitive character, its universality, invariability and necessity. D. Miller (2003) notes that the ancient definition of justice given by Emperor Justinian states that justice is a constant intention to requite everybody accordingly to their merits. This definition is figurative, but it underlines an important component, viz. the invariability principle. The contemporary postmodern situation represents a more revolutionary time than the Western world has ever known, therefore, researchers state in their analysis of transformations with the focus at the change normalization and pluralism of meaning (E. Ericson, D. Risman, Z. Bauman, W. Simon, M. Foucault, I. Zizek et al). On the one hand, the complexity of changes at the social level explains the uncertainty of the justice. On the other hand, political institutions are assessed from the point of determining by individuals their own interests, i.e. the political process is analyzed as a mutually beneficial process.

The problem of neoliberalism in connection with the category of justice in the postmodern philosophical discourses is complicated. Many social and political factors are interwoven due to interrelations with the concepts that have contesting meanings. The philosophic approach to this problem is not used that testifies to the significance of the scientific analysis based on philosophic methodology. The aim

of our article is to analyze the category of justice at the beginning of the XXI century with the focus on its intrinsically contradictory character due to the contestation of discourses incorporated by neoliberalism in the expanding de-democratizing context of the first decades of the XXI century. The main tasks are connected with exposing manifestations of the conflict interaction of different discourses of justice in the complicated processes of 'liquid modernity' (Bauman, 2008).

## **MATERIALS AND METHODS**

The complex relations of justice ideas and liberalism theories, represented in many scientific studies (J. Habermas, J. Rawls, F. Hayek, etc.) are well known. The idea of social justice has been at the center of political disputes throughout the XX century. The idea of social justice is very controversial; e.g. right-wing liberals consider it as a threat to the individual and economic freedom, which is necessary for the market economy functioning. Classical liberal ideology has evolved into neoliberalism enriched by the Keynesianism ideas, i.e. the need for the state intervention in the economy and social sphere, the duty on the state to support the most vulnerable categories of the population. During the past decades, the concept of neoliberalism becomes widespread in the philosophic and political debates with the meaning of ideology and policy model with the emphasis on the idea that modern self-organized individuals are more predisposed to care for themselves than to receive help from the welfare state (Eagleton, 2016). Because of obvious reasons, this doesn't give hope for a decent and rational development of life: the contradictions of liberalism in socio-economic and political life are not overcome, but are preserved in the "rules of the game" of neoliberalism between guarantees of justice and interests of private sector. On the other hand, the problem of neoliberalism is complicated due to its uncertain and difficult relations with concepts that have contesting meanings (e.g. democracy). Thus, the inclusion of the democratic paradigm at the basis of understanding the justice accentuates the idea of the transformation of actors of the contemporary social and political changes through the prism of the "free" subject in the "free trade" represented the theories of neoliberalism (Olssen, 2009).

Despite the fact that neoliberalism, as a rule, accentuates the belief in sustainable economic growth, the financial crisis of 2007 forced scientists to question the neoliberal confidence in the advantages of the free market. It requires certain state regulation of the financial and banking sector (Miller, 2007). One of the most significant problems of modern neoliberalism is the problem of globalization. Even today, the formal definitions of neoliberalism are often focused on the values of globalization (Foucault, 2002).

The insufficient theoretical and methodological elaboration of the philosophical principle of justice in the discourses of neoliberalism is evidenced by the fact that in the educational literature this subject is not represented. Results are focused on the elucidation of the contiguity of recent discourses of neoliberalism in their interaction with discourses of postmodern theories. The article is based on the complex methodology due to the interdisciplinary character of the research. Conducting the discursive analysis necessitates the usage of such methods as deconstruction, hermeneutics, neomarxism, equally with the approaches of the gender methodology.

## RESULTS

The usage of the term "neoliberalism" has been changing during the end of the last century. Primarily it meant "new" liberalism as the XX century revival of the XIX century ideas, associated with the liberty of individuals against the excessive power of government. Although neoliberalism is distinct from the modern liberalism. In the postmodern perspective, neoliberalism is considered as a moral philosophy and economics. Nowadays the predominance is being taken by the idea. Encyclopedia Britannica defines neoliberalism as ideology and policy model that emphasizes the value of free market competition. Neoliberalism is often characterized in terms of its belief in sustained economic growth (Eagleton, 2016). Beginning in 2007, the financial crisis in the US and Western Europe led to reject the neoliberal insistence on maximally free market and to rise government regulation of the financial and banking spheres. In the postmodern perspective, neoliberalism is considered as a moral philosophy and then as economics. As postmodern challenges have proved to be open to appropriation from the Right, Left, or Center, they are always paradoxically compromised and critical (Miller, 2007).

This opens a problematic field of discourse despite all the contradictory views on postmodernism. In the "Archaeology of Knowledge" M. Foucault (2002) has used the term "discourse" to denote a historically contingent social system that produces knowledge. He notes that discourse is distinctly effects producing what he calls practices that systematically form the objects of what individuals speak. Postmodern scientists assert that we live in a discourse world and society is a text that individuals read in different ways in different epochs. Before investigating the relations between sign and structure, J. Derrida writes (2007), one must see what can be the meaning of the sign, since the sign already possesses the autonomy of philosophical discourse.

It is important precisely in the context of the "name" of justice. Both the "clash" and "struggle" of the justice understanding lead society to value disagreements, which in the end are always negative. Ideological transformations of justice are connected with the change of civil institutions, first of all, the state. The category "social state" has appeared in the discourse of political and social sciences in the middle of the XX century. It should be noted that the functioning of the social state and differences in the content of social policy are caused not so much by the difference in the economic development of modern democracies, but by the leading political ideology (Jagger, 1983). In our opinion, this represents quite convincingly the feminism relations (as a doctrine and ideology) with liberal and socio-democratic tendencies in the beginning of the XXI century.

It is necessary to remember: liberalism is based on an incomplete understanding of human nature and motivations of both man and woman. A. Janar describes the liberal notion of human nature as political solipsism: each person is considered rational, competing and independent. Although feminist philosophers have been able to prove that such views are formed by a specific ideology, it must be acknowledged that the profound changes in gender regimes that have happened over the past 100 years indicate that the liberal "feminism project" was successful. Celebrating the triumph of liberal democracy, F. Fukuyama has proclaimed the "end of history" with

clarification: the only political goal that unites nations and cultures on a global scale is a free market economy (1975). The theory and the practice of neoliberal democracy with the maximum inclusion of free market mechanisms developed actively. Social democracy compared with neoliberalism, aims to deepen democracy by regulating capital and markets in the interests of the majority of the population. Both neoliberalism and social democracy represent state initiatives with the transition from the project to the state program, then with the strengthening of the influence of certain ideas, practices and institutions on social formations. As an axiom, it is perceived now that neoliberalism and social democracy are the most important in the modern Western world. It is significant since feminism, having successfully achieved many goals, has faced new challenges, among which the strengthening of neoliberal discourse. The inequality growth and the deepening of injustice within the framework of neoliberalism create complex conditions for the practical feminism actions aimed at broadening the democratic principles of the state. The neoliberal "turn" can have a variety of potential consequences for feminism. On the one hand, the feminism may be incorporated into neoliberalism; on the other hand, neoliberalism can produce a context that is hostile to feminism, as it increases economic inequality in the processes of "de-democratization" (Walby, 2012). Some researchers believe that feminism provided a key component in the "new spirit" of neoliberalism. The main argument is that neoliberalism brings good to women, however, in which way (?) There is no evidence that a certain feminist group really agrees with. On the contrary, neoliberalism makes achievement of the goals of feminism a more difficult task (Walby, 2012).

The importance of trade unions, an alliance with political parties in matters of equality and democracy in neoliberalism are reduced to the power problem. Moreover, the growing importance of business as a political force initiates those projects that coincide with the corresponding business interests. As a result, public welfare has a disproportionate impact on women. As S. Walby (2012) writes, feminism can change not only the gender regime nature, but also the capitalism nature, viz. labor regimes, the working time regulation, the democracy deepening, the intensification of the struggle against violence in both the public and private spheres. Each of these factors affects the issue of social justice. If democratic processes in the strengthening of civil society will indeed take place, then the feminist projects of gender justice and equality will be able to influence both the form of capitalism and the form of the gender regime.

## CONCLUSIONS

To understand the essence of the category of justice is possible only if the conflict interaction of various understandings of justice is acknowledged in the complex processes of "liquid modernity", involving both philosophical, political discourses and discursive practices. In the real socio-economic situation at the beginning of the XXI century, the understanding of the essence of the category of justice is possible only if the conflict interaction of neoliberalism is recognized with the other leading political trends. At the same time, it is the discourse of neoliberalism that determines

the social justice policy representation: social policy is reduced to the legitimation of political power and social justice shows tendencies toward rhetorical maxims. Basing on the example of the relations between neoliberal concepts and feminism, it is visible that this "complicated" project reflects the inclusion of neoliberal ideas in the discourses of feminism, but it is clear that at the moment the category of justice has not become a mechanism for improving the protection of human rights for both men and women.

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## PART II: ACTUAL ISSUES OF MACRO- AND MICROECONOMICS

JEL: M14

### CORPORATE STRUCTURES AND THEIR IMPACT ON DEVELOPMENT OF BOOKKEEPING AND ACCOUNTING

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**Abstract:** *A long-standing ideology in business education has been that a corporation is run for the sole interest of its shareholders. Corporations are now engaging in environmental and social causes with multiple stakeholders in mind. The article attributes this phenomenon to the increasing concentration of economic activity in the world's largest corporations, which has led to a larger social and environmental impact from the activities of few corporations that can be more easily located and held accountable by an increasingly activist civil society. The article also presents a corporate structures and their impact on development of bookkeeping and accounting. Specifically, we encourage for research on the materiality of environmental and social issues for the future financial performance of corporations, the design of incentive and control systems to guide strategy execution, corporate reporting, and the role of investors in this new paradigm.*

**Keywords:** *corporation, impact, accounting, corporate structures, holding companies, shareholders, corporate relations*

### INTRODUCTION

The sustainable growth of the Gross Domestic Product and improvement of the investment environment give evidence of the positive dynamics in the socio-economic development of Ukraine, strengthening of market relations and stabilization of the domestic economy. To a large extent, it comes out of the operating efficiency of corporations, as well as their business, financial and investment activities. Nowadays, the corporate structures become consolidation centers of property and integration of capital in Ukraine.

*The aim of the article* is to explore definitions of corporations that will allow conclusion that these definitions contain a number of formal features: (1) voluntary association of legal entities and individual proprietorships for entrepreneurial activity; wide range of activities; (2) developed system of economic relations; (3) professional staff; (4) activity based on the national legislation. It creates a need to collect, record, analyze information about corporative formation.

*The main tasks of our research are:* (1) scientific review of the definitions of corporations; (2) investigation of corporation advantages and disadvantages; (3) discovering of the corporative structures impact on development of accounting.

## MATERIALS AND METHODS

From the Adam Smith's time, through the age of industrialization, the Great Depression, and the recent half-century of globalization and prosperity, the purpose and role of the business enterprise (viz. the large corporation) has been the focus of debate. Some governments have attempted to tame the corporation through regulation. Others have taken major spheres of economic activity into the public sector, often with unsatisfactory results and subsequent privatization. Whatever the terms of debate, the fundamental questions remain the same: What is the corporation and to whom and for what are it and its managers responsible? The corporate form originated in medieval times, when governments to grant special institutional status to cities, religious institutions, and universities used it. During the XVIII-XIX centuries, business corporations were increasingly chartered in North America and Europe, typically in order to pursue narrow purposes, viz. financing ocean voyages and building canals, turnpikes or railroads. By the XX century, governments in many countries were granting corporate charters with broad and general purposes, such as "to carry on business for a profit". As a result, corporations operating within market-oriented environments became free to pursue almost any legal business activity and to change their purposes, activities and organizational structures. Freedom of action is limited for corporations operating within authoritarian settings. However, the scope of market processes has been widening globally and the extent of government control over business correspondingly declining, and this trend is expected to continue.

Let us consider definitions of the term *corporation* from various sources for correct interpretation and full understanding. The explanatory dictionary of the Russian language defines the corporation as a community, a society, an association, a partnership, a social category, a union of people of the same rank or mechanical and industrial arts. F. Brokgauz & I. Efron (2002) understand *corporation* as a common name for many types of unions that have an internal organization rallying the members of the union into a single whole, being the subject of rights and obligations, a legal entity. In the modern dictionary of the Russian language (1991), a corporation is (1) a united group, a set of people of the same profession and the same social category; (2) one of the forms of monopoly association. The large commercial dictionary (1996) defines a corporation as a form of entrepreneurship administration widely used in developed countries, providing for the equity ownership, legal status and concentration of management functions in hands of the employed professional chief executive officers (managers). Corporations can be both public and private. The legal status of corporations determines the system of profit taxation. According to the foreign vocabulary, a corporation is a society, an alliance, a group of persons united by the communion of professional or class interests (1964). The Explanatory Dictionary of Terms for Corporate Relations and Securities (1994) offers the broadest definition of the term *corporation* as a legal entity registered by a state governing body and acting in its individual capacity separately from its owners. The corporation can own property, have debts, institute court proceedings or be subjected to persecution. It has three main features: (1) limited liability (corporation is liable for debts with its own property, i.e. the owners can lose only what they have invested in the corporation);

(2) simple transfer of ownership by the sale of shares; (3) specified period of existence (it may be unlimited). Nowadays in economics and legal literature corporation is identified as the economic category. Open joint-stock companies or corporations are the highest form of capital flow, the advantage of which is in the adequateness of corporate property to the regulatory and market mechanisms of the mixed society economy (Andronov, 2003). Foreign specialists in the area of corporate relations note that "a corporation is an association of persons having certain rights, privileges and obligations appropriate for an independent economic entity, distinct from the rights, privileges and obligations inherent to each member of a corporation taken separately" (Chernyshov, 2000). P. Stepanov (1999) considers *corporation* (from the Latin "*corpus habere*") that denotes the rights of a legal personality. Other authors consider *corporation* (from the Latin "*corporatio*") as the union. J. Van Horn (2000) defines a corporation as an impersonal enterprise created by law allowed to own assets and incur liabilities. A number of authors consider a corporation as an association of several legal entities that do not have the status of a legal entity. Yu. Vinslav (2001) noted that in most cases the modern large corporation appears as a set of legal entities that jointly accomplish common purposes and interests. I. Mazur et al (2005) contain the extensive definition of a corporation. A corporation means a profit oriented business (legal entity including joint-stock company and other types of business entities) having developed organization structure; wide range of activities (developed system of strategic economic zones) or a limited range of activities, but occupying a significant position in the relevant market); developed system of economic relations; professional staff. V. Andronov (2003) defines modern corporations as large enterprises and associations, where business entities voluntarily pooled their resources in the consolidated capital and created the system of management based on free division of labor and cooperation, as well as common strategy for the purpose of sustainable acquisition of entrepreneurial income. E. Novitskij (1999) considers the corporation as a group of legally or economically independent enterprises (entities) engaged in the joint activities based on consolidation of assets or contractual relations in order to achieve common purposes. A big bookkeeping dictionary defines a corporation as a form of entrepreneurship administration widely used in developed countries, providing for the equity ownership, legal status and concentration of management functions in hands of professional chief executive officers. Corporations can be both public and private. The legal status of corporations determines the system of profit taxation. V. Grey & B. Nidls (2006) emphasize that the corporation differs from other forms of organization by the fact that it is legally separated from its owners (shareholders). Shareholders, whose property is represented by shares, do not exercise direct control over the corporation activities. They elect a Board of Directors to manage the corporation for their own benefit. Notwithstanding the fact that the number of corporations is less than the number of individual proprietorships and partnerships, they contribute much more to the economy in monetary terms.

We can conclude that corporation is: (1) association of persons, who joined forces to achieve common goals, conduct joint activities and establish a separate legal subject, i.e. legal entity; (2) joint-stock company with a multidivisional structure; (3) type of

international economic cooperation evident as creation of international corporations; (4) separate joint venture company established by the companies from different countries; (5) creation by means of acquisition of the controlling parcel of shares in a foreign company by the national company; (6) creation by means of amalgamation of companies from different countries; (7) acquisition of the national companies by the foreign corporation. Abovementioned definitions allow underlining such formal features as: (1) voluntary association of legal entities and sole proprietorships established to carry out entrepreneurial activities; (2) wide range of activities; (3) developed system of economic relations; (4) professional staff; (5) activities based on the national legislation.

## RESULTS

The corporate property acts as the social and economic basis of the corporation. The main features of the corporate property are: integrated property of economically self-supporting entities that voluntarily pooled their individual capitals in order to ensure sustainable production on the innovative basis; corporate property that denies the personal appropriation of production means by the owner, which is the associative property of the various owners of capital, labor and entrepreneurship within the framework of a corporate association. As a rule, the legal organizational form of such associative property is an open joint-stock company. The Law of Ukraine "On Joint - stock companies" governs the activities of Ukrainian joint - stock companies (2008). Corporations are also consolidated groups of entities formed as a result of intra-industry and inter-industry capital flow. Modern market economy is presented by large industrial corporations or financial and industrial groups, which sphere of interests is not only the resources pooling and receiving profit, but also the use of advanced technologies, application of modern equipment, mobilization of financial resources and productive diversification. Financial and industrial groups are distinct in the forms of industrial integration, sectoral affiliation, spheres of activity (national, regional, international) and diversification degree. They combine industrial, financial, commercial and banking capital under the responsibility of the central leading company. The principal company of the financial and industrial group forms various entities that are full members of the share capital and manages a multifaceted cycle – from production, management, financial support to the sale of products in the domestic and foreign markets. Law of Ukraine "On financial and industrial groups in Ukraine" (became invalid in October 02, 2010) defined financial and economic conditions for their activities. Nowadays Law of Ukraine "On Holding Companies in Ukraine" (2006) is the holding model basis, as a holding company is organized as a joint-stock company, which owns, uses and manages the holding corporate shares (participatory interest or equity interest) of two or more corporate enterprises.

The internationalization of production and productive forces development have contributed to the emergence of transnational corporations, i.e. enterprises that own or control the industrial complexes or services sectors located outside the national territory, where these corporations are based (in Ukraine transnational corporations are regulated by the Convention for Transnational Corporations (1998)).

Transnational corporations (*TNC*) are active centers of economic globalization. They operate in different countries regardless of national boundaries and become global corporations. *TNC* link thousands of enterprises formally independent, but closely connected with them, acting as the suppliers of components, whose activity is predetermined by the concern behavior. The *TNC Concept* includes different companies at the level of concerns, holdings, financial and industrial groups and joint-stock companies. Significant production scales provided by *TNC* in many branches of industry ensure the economic efficiency; high production concentration provides capability for competitive activity, opportunity to reduce costs and to increase profit. *TNC* are economic associations including the parent company (holding company, mother company) and foreign subsidiaries. The parent company participates in the enterprises capital and controls participants. The trans nationalization process is typical for the modern world economy. *TNC* hold key positions in the productions and sales. *TNC* does not depend on the origin country and the ownership form; it has branch offices operating based on single policy and strategy. The *interstate corporation* operates in the territory of another country based on the agreement between the governmental authorities of the origin and another country. The *state-owned corporation* operates on a national level. Organizations registered in the territory of the same region constitute as *regional corporations*.

*TNC* keep a considerable part of global industrial production (0.25-0.33%), trade and banking operations. They cover about 67% of the world trade and own about 80% of the world bank of patents and licenses for innovations. E.g., in the US they own 80% of the value of all sales and 90% of all profits, while sole proprietorships and partnerships own 13% and 4% respectively and 7% and 6% respectively.

The corporations' development requires significant capital investments and pooling the capital of several owners. The need to create an adequate system of invested capital accounting, capital flow in the process of capital turnover, costs and profit assessment has promoted the development of accounting and emergence of new accountable items. Yu. Vinslav (2001) wrote that organizational and managerial relations regarding the formation and use of the share capital are the subject of corporate analysis and regulation. V. Palić & Ya. Sokolov (1988) noted that the accounting subject is a capital, as the amount of funds invested in the economic activity, movement and transformation of funds in the process of turnover. They emphasize the role of accounting in the reflection of ownership at the capital, capital division into owned capital and borrowed capital, contributed capital and accumulated capital, basic capital and floating capital, etc. At the stage of growth and maturity of corporation, the amount of internal capital can change. The capital increase is accounted for the allocation of undistributed profits of the corporation to the creation of new assets, revaluation of assets, additional issuance of shares, etc. Structural changes in the own capital is due to the capital restructuring, asset flow and buildup of reserves. The liquidation stage assumes the repayment of own shares for subsequent cancellation, reflection at the withdrawn capital and subsequent impairment of authorized capital.

The definition of the capital is absent in the domestic legal framework for the accounting, but in accordance with the National Generally Accepted Accounting

Principles (Standards), the own capital shall include authorized capital, additional capital and reserve capital, undistributed profits and other reserves. According to the concept of accounting in the market economy, the capital is considered as a balance of economic assets after deduction of creditor indebtedness, i.e. it is considered equivalent to the net asset value. According to Anthony, R. & Rees, J. (1993), the capital is also known as net assets, because the amount of internal capital is always equal to the assets after deduction of liabilities. It is just own capital, i.e. assets after deduction of liabilities. At the same time, it is impossible not to note the subjective nature of the net asset value, which depends on the valuation methods of assets and liabilities. Establishment of subsidiaries by means of acquisition of shares or ownership interest, as well as by conclusion of joint venture agreements influenced over the development of corporate bookkeeping and accounting. Associations of legally independent entities linked by the relations of economic dependence in the legislation of foreign countries are considered as groups of related companies, etc. S. Puchkova (2004) determines the consolidated group of enterprises as an association of legally independent entities, based on the acquisition of title by the parent company and control over subsidiaries and dependent undertakings. V. Plotnikov & V. Shestakova (2004) point out that the group acts as a single business entity and implements the general financial and economic policy with the aim of making profit and implementing investment projects. Law of Ukraine "On joint-stock companies" (2008) provides for the participation of joint-stock companies in business associations. Acquisition of shares and emergence of other forms of control generated a need for reflection of the charter capitals of other entities, business reputation (goodwill), minority ownerships et al in the corporate accounting and consolidated corporate reporting.

For the first time, consolidated statements were published in 1901 by the US based company *United States Steel Company*. In 1939, the London Stock Exchange for the first time demanded consolidated reporting. Consolidated report was firstly mentioned in the UK legislation in 1947, in West Germany in 1965 and in France in 1986. Elements of consolidated report combining the indicators of a subsidiary company and a holding company are business reputation (goodwill) representing the difference between the current market value and the net assets value, as well as the minority ownership reflecting in the balance sheet the amount of authorized capital and in the profit (loss) statement the amount of financial results of activity of the subsidiary company not belonging to the parent organization. Investments in the associated company and capitalized earnings (loss) value reflecting the share of the parent company in the profits (losses) of the associate company are the elements of consolidated reporting combining the indicators of affiliated company and the parent company. After conclusion of the joint venture agreement, venturers should reflect in the corporate statements jointly conducted operations, jointly controlled assets, contributions of partners to joint activities and associated economic events.

Transaction, i.e. economic event associated with the exchange of property rights, is one of the items inherent to the corporate accounting. Transaction is a key concept in modern institutional theory, which is often defined and considered as the transaction-cost-economics. Modern accounting does not consider economic

transactions as independent accounting items. However, expansion of economic relations and corporations' emergence and development intensified the need for presenting in bookkeeping the economic events associated with the entrance to the market, property rights protection, maintenance of business relations, affording access to resources, integration of entities et al. Transacting inevitably causes costs, defined as transaction expenses.

The information formed in the corporate accounting is an indicator of the agency problems resulting from the agency relations defined in the scientific literature as a contract, whereby one (or more) principal employs an agent for the provision of certain services that involves delegation of property control powers to the agent (Rudyk, 2004). It is assumed that the manager acts in the interests of shareholders and takes measures to increase the market value of shares. However, in practice, in the corporate management course often focuses on personal views of profitability and risks, which contribute to the conflicts of interest between principal and agent. Agent costs influence significantly the investment, operational and financial policies of the corporation and its value. The typology of agency problems for researchers: (1) *problem of efforts*: managers use insufficient efforts from shareholders' viewpoint; (2) *problem of the investment horizon choice*: managers will always prefer a short-term investment project to a long-term one; (3) *problem of different perception of risks*: manager's welfare directly depends on the availability of the working place and business reputation; the reputation loss depends on the riskiness of investment projects. The extent of potential losses of shareholders is limited by the amount of assets invested in the corporation, and therefore, they prefer to realize investment projects, where the risk is compensated by higher yield; (4) *problem of inefficient use of assets*: manager's welfare does not depend on the effective assets use and the current market corporation value. Advantages of the corporation structure are as follows: (1) *limited liability*; (2) *source of capital*; (3) *ownership transfers*; (4) perpetual life. Disadvantages of a corporation are as follows: (1) *double taxation*; (2) *excessive tax filings*; (3) *independent management*. One of the main functional advantages of corporations is that they have the ability to raise capital for their business through the ownership interests' sale in the business in the form of stock offerings. Another functional advantage of corporations is that they are generally able to attract and hire highly qualified staff, because they tend to offer competitive benefits and the potential for partial ownership through stock options. Third functional advantage of corporations is that their ownership interests can be freely transferred (via transfers of stock shares) unless limited by the bylaws or some other agreement.

Corporations are often considered most advantageous concerning liability.

A corporation is, for all purposes, treated as a separate and distinct entity from its owners. It means that owners of a corporation (shareholders) are not liable for the debts or obligations of the corporation – if the corporation incurs large debts or obligations, the owners' assets are protected. The most that an owner/shareholder of a corporation can lose is the input amount, however, if the necessary formalities of the corporation are not maintained or if the corporation is used merely as a *front*, then owner/shareholders could lose the limitation of liability and be held personally

responsible for debts and obligations. In addition, corporations have tax advantages, i.e. they typically file taxes separately from their owners. Therefore, owners only pay taxes on the corporate profit that are actually paid to them in the form of salaries, bonuses and dividends. Functionally, corporations are costly and timely consuming to operate. Incorporating requires start-up costs, operating costs and tax costs that are not typically required to form other business entities. Furthermore, there are raised paperwork and recordkeeping duties, because corporations are highly regulated by federal, state and in some cases local agencies.

### CONCLUSIONS

Globalization of entrepreneurial activities of the corporations promoted the development of the derivatives market, which was actively developed in the XX century. Making transactions with postponing of execution, standardization of contracts and the sale of associated rights and obligations gave rise to forward contracts, futures contracts, option contracts and swaps. Regulatory documents governing the accounting in Ukraine do not consider the arrangements for accounting for derivative tools. There is no definition of forward contracts, futures contracts, option contracts and swaps as accounting items. Modern economy is characterized by the significant fluctuation of prices for different types of assets and participants in the market are interested in creating protection against price changes and adverse consequences. Derivative tools give the possibility to share, limit and manage risks. The change in the accounting price of derivative products influences a company's profit (loss) and requires continuous monitoring. E.g., commodity futures and options help producers to take out insurance against the risk of price changes in the commodity markets. *TNC* hedge the risk of currency depreciation by means of forward contracts, futures contracts and option contracts. Increasing the range of possible investments choice is one of the important functions of derivative tools. The derivative market in Ukraine is on the rise generating a need for presentation of the initial cost of basic asset, valuation changes and transaction expenses associated with the asset flow in the corporate accounting.

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**JEL: C19, F02, F20**

**THE EUROPEAN UNION AT LARGE:  
COULD FLEXIBILITY MODEL WORK BETTER?**

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***Abstract:** Repeatedly, different initiatives and developments in the EU been occasionally challenged and even impeded by certain member states. Meanwhile, as the Union enlarges and diversifies repeatedly, the chances of acting and speaking with one voice become lesser and lesser. One way to deal with this matter safely is to resort to flexible approaches that can accommodate the ever growing diversity of the EU. Along these lines, those countries that are less able or willing to sustain and trace the deepening integration trajectory can still militate within the common framework of the EU, while simultaneously allowing the continuation of the union's widening policy without causing a reasonable stir. Seen from this perspective, the goal of our research is to explore the flexibility puzzle as a consistent and viable model that can enable not only the present, but also the future mixity of EU member states (including the six Western Balkans' aspirants) to face the increasing challenges of the European integration journey as effectively and successfully as possible.*

***Keywords:** flexibility, diversity, enlargement, integration, European Union, Western Balkans*

**INTRODUCTION**

The history of the European Union has been one of continuous growth and change. It started with a relatively homogenous group of six countries and has evolved into a big heterogeneous entity of twenty-eight Member States. While it is impossible to identify a specific point in time, when this metamorphosis occurred; it can be said that over years the uniformity paradigm, homogeneity and one-directional integration is gradually being replaced by one of flexibility, mixity or differentiation (De Burca & Scott, 2000, pp. 1-2). On one hand, some Euro-sceptic member states with strong national identities, by threatening to block deeper integration, have managed to secure differentiations in treaty reform, particularly regarding certain core state powers. On the other hand, during the EU enlargement process, some 'old' member states impose differentiation on newcomers due to their fear of economic disadvantages, and low administrative capacity (Winzen & Schimmelfennig, 2015).

Indeed, as internal cooperation within the EU countries has not been dominated by standardization, occasionally certain states have already experienced embarking outside, alongside or within the Community's framework with limited numbers of participants. Prominent examples, which sometimes even predate the European Community or deal with issues that were not within its competences at that time (La Serre & Wallace, 1997, p. 10), can be seen in regional groupings, such as the Benelux

and the Nordic Council; the special bilateral relations, such as the Franco-German couple or the UK and Irish one; in the defense field, such as the now defunct Western European Union; in the particular formula adopted in the Schengen Agreement; the Eurozone specifications regarding the use of a common currency; in the Social Charter UK exemptions; etc. Such aforementioned arrangements and other comparable ones provide priceless information about circumstances, which influence the flexibility model, its successfulness and ability to replicate.

In the framework of the 2004, 2007 and 2013 enlargements towards the 11 former communistic countries of the Eastern block the EU has already become diverse and large enough. Logically, the subsequent question raised is whether the future EU can sustain further enlargements with additional Western Balkans' states and still run things smooth enough? In the EU-Western Balkans Summit held in Sofia in May, 2018, the French president, Macron, claimed that enlargement weakened Europe and that he is not in favor of future enlargement "before having made a real reform to allow a deepening and better functioning of the EU" (Sofia Globe, 2018). Indeed, considering the variety of historical experiences, geopolitical interests and socio-economic structures that the current EU countries have to share amongst one-another, this article argues that a diverse future Union of three dozen member states or so, could function safely only in the framework of flexible integration.

In order to understand better the way, how flexibility has emerged as a viable model of the EU integration processes – by concentrating the analysis mainly on secondary sources of research – the paper begins by outlining a couple of outstanding issues and viewpoints related to the flexibility theme. Furtheron, the focus of this piece of work targets some of the existing pros and cons of the flexibility mode of integration seen from the context of an ever-increased heterogeneous and diverse membership. Finally, keeping in mind the challenges of the union due to the perspective of further enlargements – mainly towards the Western Balkans' region – the paper attempts to clarify the existing dilemma of the flexibility EU integration model, given the context of certain areas of application noticed so far and possible successful replications in the upcoming future.

### **First evaluations on the flexibility matter**

The question is whether the flexibility recipe is a viable solution to the EU operating framework? It mainly comes from the need to reconcile those efforts that seek to maintain the old *status quo* for unified integration with those efforts that tend to reform it. On one hand, the advocates of accelerated deepening of the EU have reached conclusion that flexibility is the best choice, because it recognizes the existence of diversity while maintaining the framework of integration (Kelemen, Menon & Slapin, 2014, p. 644). On the other hand, "those committed to European integration as a process of state-building continue to view flexibility as the antithesis of their objectives, and one which is thus to be avoided at all costs" (Warleigh, 2002, p. 57). In fact, as Alexander Stubb points out, the biggest challenge is to strike a balance between preserving the cohesion and coherence of the Union and safeguarding prerogatives of all its member states, while at the same time allowing some willing and able

member states to pursue further integration subject to compliance with certain conditions (1997, p. 47). While the EU continues expanding to other countries, it is likely to have an increasingly diverse membership with heterogeneous preferences and capabilities. Indeed, the old member states have always granted new member states temporary exemptions from the obligations of membership to facilitate their adaptation to market pressures and regulatory obligations or to forestall popular fears and concerns (Winzen & Schimmelfennig, 2015). It is especially true for the 11 former communist countries that have made up the bulk of EU membership during the last three enlargements. Considering the notable examples of free-labor movement restrictions, the Schengen limitations and monetary union exclusions for certain member states, it is obvious that whenever there is a will to apply flexible arrangements, there is an existing way to accomplish them and keep the integration perspective going.

In the past years many scholars and politicians overemphasized the trade-off between widening and deepening, advocating the first would obstruct the second. However, the long and winding road of the EU demonstrates the contrary: deepening and widening go hand in hand (Solioz, 2014, p. 88). Indeed, the relations between enlargement and integration is a very complex issue, but it is worth emphasizing that enlargement has affected the EU's functioning constantly by bringing systematic deepening too. As Kelemen, Menon & Slapin suggest, widening facilitate deepening "first by generating legislative gridlock that in turn increases the room for maneuver of supranational administrative and judicial actors who exploit their discretion to pursue their preferences for deeper integration. Secondly, because it encourages legislative bottlenecks, enlargement creates functional pressures for institutional reform that eventually facilitate deepening" (Solioz, 2014, p. 88-89). In this context, in order to elaborate the matter further, it is worth tackling on some of the weaknesses and strengths of the flexibility puzzle.

### **Weighting the pros and cons**

Indeed, the flexibility implementation adds certain complexities to the EU system. As it is generally argued, an increase in the number of flexible arrangements implies that different member states will participate in different policies at different times. In turn, it will necessitate the legal accommodation of all the countries' diverse needs through special provisions, such as the case of Schengen (Jensen & Slapin, 2015, pp. 73-74) or the European and Monetary Union (EMU). Consequently, it will cost the complexity and opaqueness within the Union's legal system as the number of derogations and other *opt-out* exemptions will increase. In such circumstances, it is possible that the level of democratic control and institutional scrutiny will be reduced. This is a risk that Monar (1997) has identified, when he argues that democratic control requires transparency and the multiplication of frameworks of integration, aims, principles, measures and differentiated legislation makes effective control difficult and reduces transparency.

Another inherited drawback that the issue of flexibility generates debate has to do with the creation of a so-called *hard core* Europe, which will raise the potential to exclude the so-called *laggards* from further integration. According to Philippart

& Sie Dhian Ho (2000, p. 16), the absence of any reference to bridging mechanisms in the provisions (i.e. helping non participating member states to catch up with the front-runners) is a clear indication that the unable should rely on self-help rather than assistance, if they wish to join closer cooperation. Indeed, such risks of possible fragmentations that might be created within the membership of the EU, especially in the context of future enlargements towards the Western Balkans, cannot be excluded entirely. The example of EMU provides us with a good evidence on how the Euro-19 Group has constantly made a careful separation of issues on the Council agenda. The same trend is also evidenced in the nominations made at the European Central Bank, which consist of individuals only from the countries of the Euro-zone (Stubb, 2002, p. 157; European Council database, 2018). By reversing the argument from possible drawbacks to the benefits, it is worth emphasizing that one of the good elements of flexibility is that it can be used to facilitate compromise in future EU work (Ibid, p. 155). Indeed, the day-to-day business of the EU, as well as Intergovernmental Conferences, are shaped by negotiations, which lead to agreements (disagreements). As long as a member state has the formal right to block EU decisions than it becomes hard to persuade that country to avoid exercising the veto power. Even a minor disagreement can undermine the whole initiative or block the integration process. Indeed, it is not a speculation, if we recall the difficult experiences that the Community has had with the Greek government ally regarding the formal recognition of the EU aspirant Former Yugoslav Republic of Macedonia, thus being seen by its partners as both [a] perverse and diverse EU member state (Wallace, H. & W., 1995, p. 95).

Along these lines, if the treaties provide enough flexibility to escape deadlock, the negotiation process will practically become easier and effective. Any reluctant EU member state, '*new*' or '*old*', will be more disposed to reach compromise rather than to harness controversy. In this prism, flexibility can be seen as a facilitating instrument to ease the way out of deadlock and make a decision possible (Deubner, 2000, p. 53; Winzen & Schimmelfennig, 2015). Without underestimating the cons, however, it is worth emphasizing that the increasing complexity of the EU system is something unavoidable. In a constitution-building process, which has taken almost half a century and which has doubled and tripled the number of players involved, it is natural that there should be an increase in complexity (Stubb, 2002, p. 156). In such circumstances, the urgent question is whether there is an alternative form to flexibility that can solve the aforementioned complexity better. Unfortunately, the answer thus far seems to be no. Indeed, if the flexible model of cooperation require reassessment, then it is more preferable that it operates within rather than outside the EU institutions. This particular choice is based on two reasons. Firstly, it prevents the creation of parallel structures outside the Union system, which allows member states to by-pass its instruments and procedures. Secondly, it reaffirms the Union system's political role as a framework for creating *an ever closer union*. In addition, there can always be some legitimate expectation that those member states proceeding with deeper integration would pave the way for the non-participants to follow later (Monar, 1997, p. 11; Downs, Rocke & Barsoom, 1998). It applies in the context of particular Euro-sceptic member states regarding the deepening integration aspect of

certain core state powers, as well as in the context of EU widening, which typically produces "concerns among old member states that some of new entrants may not be fully ready to participate in integrated policies" (Winzen & Schimmelfennig, 2015).

### **Flexibility in the perspective of further enlargements**

Whilst enlargement to some former communist states has been the EU's biggest success, on the negative side, the Union has been castigated for being slow to enlarge (Marsh & Rees, 2012, p. 118). Seen from this point of view, flexibility can be regarded as [an accelerating] useful tool also for the eventual enlargements of the EU (Stubb, 2002, p. 154; Monar, 1997, p. 12). It is easy noticeable that in the present EU there are visible differences in economical, operational and technological capacities between the 'new' or 'old' member states. Plainly, this dissimilarity will be manifested further more in the upcoming years as the Union expands to the Western Balkans or so. In such circumstances, on the one hand, the application of flexibility arrangements can assure the *avantgarde* member states that their objectives and enthusiasm will not be disturbed by the increasing heterogeneity. On the other hand, the skeptic level towards the enlargement process will tend to shift away as the risks posed by membership diversity diminish. Practically, those EU countries, who want to push ahead quickly in particular policies rather to sideline and wait, will not have a strong reason to say 'no' to further enlargements of the EU or, at worst, threaten to replicate the Brexit case in return. The simultaneous presence of 'traditional' Euro-sceptic countries and 'fledging' democratic states of Central and Eastern Europe has already diversified a lot the composition of the EU. While all member states want to secure advantages from this broad community membership despite their various needs and interests, the subsequent concern is related with the handling of the Union, given the possible future inclusion of the remaining Western Balkans' six. What binds these states together in regional terms are geographical proximity, a common and troubled recent history, and late post-communist development politically and economically (Economides, 2008, p. 11), which some critics believe they may serve to dilute EU and make it more diverse. In line with this reasoning, it is understandable, why some of the old and more sceptic EU member states are concerned about losses resulting from inefficiency, competition and redistribution due to enlargement (Winzen & Schimmelfennig, 2015).

While the concept of flexibility has been viewed with distaste in some quarters, it is a potential solution to the tensions induced by enlargement, as long as this is a historic opportunity that brings the two halves of the continent together and overcomes more than half a century of division (Marsh & Rees, 2012, p. 109). Just like the EU project, the enlargement process has emerged from the bargaining and competing visions of its membership and it remains, even today, a work in the progress. Therefore, considering that the unions encircling boundaries have brought it into contact with a much difficult territory, such as the Western Balkans region, then the flexibility formula can serve as a successful accommodating alternative rather than as an expelling one. As long as the process of enlargement to Western Balkans is that of a 'regatta not a convoy' – where there is a defined finishing line towards which

all are striving, but some will get there sooner than others (Economides, 2008, p. 14), these aspirant countries should be continuously shown the green light on every possible areas of marked progress. In this way, they will increasingly feel being part of the same club and consequently contribute by sharing their values rather than indecency. Abovementioned proves, the flexibility application helps the simultaneous deepening and widening of the EU. By allowing cooperation firstly within a limited group of member states, the integration strategy can be tested better before it is applied further by other countries, be they present or future EU members (Solioz, 2014, p. 88). If the proposed cooperation marks a failure, the damage would be less than if all member states had participated at the same time. Alternatively, if the closer cooperation marks a success, than it could function as a magnet pulling the hesitant member states along towards a deeper integration (Stubb, 2002, p. 156; Marsh & Rees, 2012, p. 111). Membership in the Eurozone represents a prominent example and seen from this angle, flexibility should be regarded as a force of dynamism rather than division between "integrationists and laggards" (Jensen & Slapin, 2015, p. 67). It is a tool that facilitates deepening and widening hand in hand and ensures all present and future member states to continue coexisting within the highly inclusive umbrella of an enlarged European Union.

## CONCLUSION

This paper explores some of the issues pertaining to flexibility in the context of the EU integration process. Indeed, finding the balance between deepening and widening has been accompanied by a plethora of challenges. The close interrelation between these two processes has been increasingly problematic given the "wide variety of attitudes towards the character and goal of European integration" (Junge, 1999, p. 57). Indeed, the flexibility matter has been considered by some as a strategy, which dilutes integration and by some as a way forward (Stubb, 1997, p. 50). Although the '*founding fathers*' of the Community articulated openly their vision for '*an ever closer union*', the increased diversity of the membership shows that this principle has become rather difficult to be achieved in practice. Given the historical, political and economic differences between the present member states as well as additional future ones, this should not be considered a surprise. Hence, flexibility is regarded as a possible and viable means that could help the EU to move ahead with the integration goal uninterruptedly. However, some criticizers are worried about the complexity degree added to the EU structures with implications in the search of greater transparency and legitimacy. Others are more concerned about the potential risks on the creation of a '*hard core*' Europe, which can raise the chances for exclusion of the '*laggards*' from further integration. Certainly, without underestimating the existing dilemmas it should be emphasized that the EU has provided enough safeguards in order to minimize the fragmentation risks between the countries that participate in flexibility initiatives and those who do not. One of them is the legal provision that grants the right for subsequent participation to every member state that fulfills some objective criteria. The other one has to do with the obligation of the participating member states to encourage the others to join the flexibility

initiative in due course. Seen from this perspective, flexibility should be considered as a means towards an end, i.e. a gradual unification. It should be seen as a method of accommodating diversity within a single political and institutional framework (Grevi, 2004, p. 2).

Indeed, the flexibility initiatives that start with a limited number of member states usually serve as a driving force that pulls the other countries at a later stage. The deepening of integration in new policy areas such as EMU and Schengen could not have reached at the community level without the application of relevant flexibility models. While theory points at certain problems related to common integration goals, the practical side demonstrates that flexibility has already had the chance to explore successfully within the Union's institutional structure. As such, it has managed to accommodate the needs of different member states, it made successive enlargements possible, viz. it has fueled reflections on the future development of the EU. In this context, as the paper argued, the flexibility principle can successfully respond to the increasing heterogeneity of preferences and capabilities resulting from the deepening of the existing EU membership into certain policy areas, as well as the eventual widening of the EU with new member states (Solioz, 2014; Winzen & Schimmelfennig, 2015) from the Western Balkans, for as long as these two processes continue to be mutually complementary.

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**JEL: M 14; O 30**

**CORPORATE IMAGE AS A KEY FACTOR OF PRESENTATION  
OF THE COMPANY'S INNOVATIVE ACTIVITIES**

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***Abstract:** To compete successfully in Industry 4.0 modern companies must manage professionally and their innovative image. Its competent management is in the corporate PR domain. The article presents the ways to maintain the image in the public sphere based on a nationally representative survey of the top managers and owners of 1000 Bulgarian companies.*

***Keywords:** corporate image, competitiveness, innovation, corporate PR, corporate culture*

**INTRODUCTION**

*Corporate culture* is the invisible nature of an organization that makes sense of organizational life (Schein, 1992; Martin, 2002). It is defined as an "automatic pilot" who guides the actions of managers and employees in organizational routines, shaped by corporate philosophy, values and norms, in which newcomers are socialized. Corporate culture predetermines organizational behavior and organizational climate. It is directly related and interdependent with the management of the organization. It "learns" through the organization's communication, and the existing corporate culture determines the understanding of the importance and implementation of the organization's overall communication policy. Among the most explored aspects of corporate culture is its relation to the competitiveness of the organization (Kotter & Heskett, 1992; Dimitrova, 2012), as well as its study as a necessary precondition for creating and introducing innovations in the organizations (Dimitrova, 2017).

Corporate culture is the framework in which the other "intangible values" of the company exist and are managed, including the corporate image.

**CORPORATE IMAGE**

The *corporate image* is a multi-dimensional, fluid construct, regarded as internal / owned by the members of the organization / and external / to the stakeholders outside the organization / (Dutton, Dukerich & Harquail, 1994). The image is determined by its constant interactions with organizational / the corporate brand, identification with organization and reputation covered by corporate culture. Proper management of these constructs is a result of the established communication strategy and ensures a significant competitive advantage for the company (Dimitrova, 2013). In the context of the contemporary development of the business environment, boundaries between the organization and surrounding environment are very contingent; its stakeholders can be both internal and external, which implies the tendency for the integration of

communications (Christensen & Cheney, 2001; Quirke, 2012). The integration of communication aims to send consistent messages to all groups related to the organization. The image is the result of both the controlled and uncontrolled messages of the organization, as well as the experience that the different stakeholder groups have with the organization and each other. Every company that creates and implements innovation needs to manage its innovative image steadily. For this purpose, it is necessary to present and manage it among the key groups of stakeholders.

The *company's innovative image goal* to internal stakeholders is to promote support for innovation, to promote the pursuit of it and to motivate sustainability of attitudes towards innovation. For external stakeholders, it is necessary to be acquainted with the innovative discoveries of the company. However, the innovative image cannot be achieved without the existence of corporate culture and communication that determine organizational behavior that encourages dialogues and interactions between company members and external stakeholder groups.

It is of utmost importance to maintain trust between the organization and its various stakeholder groups, as well as minimize the uncertainty in making contacts between them. The latter is possible only in the conditions of open, interactive communication and transparency. It is imperative that the image conforms to the organizational reality.

## INNOVATION

*Innovation* is becoming an increasingly necessary condition for achieving, maintaining and enhancing the companies' competitiveness operating under Industry 4.0. Innovation is defined as recreating an idea or invention into goods or services that create value; satisfies certain needs, minimizes prices, adequately utilizing resources. It is also found in all the parameters of the changed organization, i.e. the innovative culture management, innovative leadership, value co-creation, orientation to participation in business ecosystems, etc. The types of innovation are a process, product, marketing and organization. It is considered to be radical and incremental, open and closed. Innovation directly related to organizational learning, knowledge management, changes (Dimitrova, 2017). Maintaining and managing the innovative image of the company is in the corporate PR domain.

## CORPORATE PR

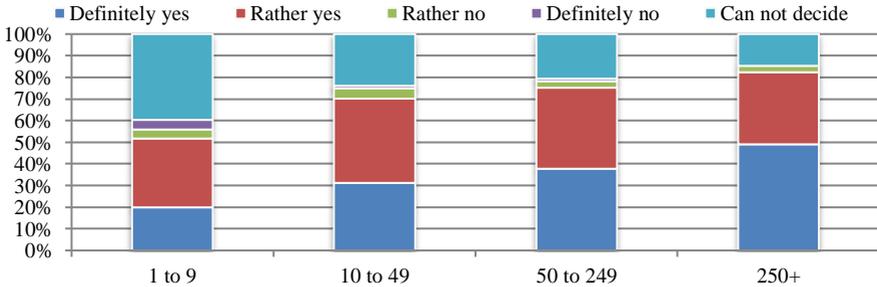
*Public relations* (PR) is a strategic communication process that builds mutually beneficial relations between organizations and their publics (PRSA, 2012). PR is a management function. The Corporate PR or PR specialist is an integral part of the organization's structure. The domain of corporate PR is the implementation of internal and external communications through traditional channels and those of new media, to preserve the brand and image of the company. The ultimate goal is to maintain and enhance the reputation of the company.

In the large companies, the experts from the corporate PR department have different profiles, in the smaller companies; PR specialists are of the generalist type. In the context of implementing specific projects in companies or capacity shortages, additional PR agency specialists, who have a variety of expertise and skills, can be involved. There are also companies that use of the services of an external PR agency.

## QUESTIONNAIRE SURVEY

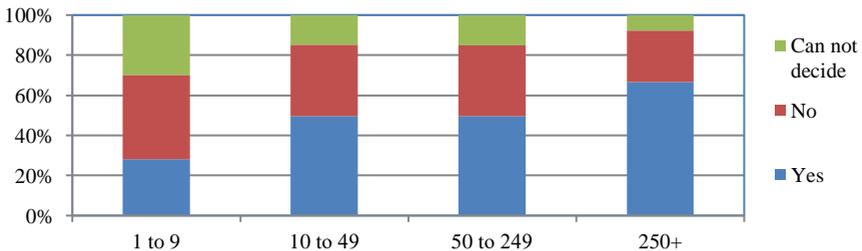
For this article, we will look at the results of the *National Business Survey, July-August 2015*<sup>22</sup>. It is based on a closed-ended questionnaire including a representative sample of 1.000 companies doing business in Bulgaria. The ratio of micro / small / medium / large businesses is 60:30:10. Respondents are owners and top-managers of companies. The method used is a standardized interview. The article focuses on the management of innovative corporate image through professionally realized corporate PR in the context of the positive nature of the relations between corporate culture and competitiveness. According to the size of the company, there is no significant difference in confirming the understanding of the positive nature of the relations that exists between corporate culture and competitive performance.

In analyze to the respondents that the enterprise they are working on is oriented towards the creation and deployment of innovative products and services, we can note that this is not yet an effective organizational policy for the respondents. Only 20% respond positively to the question. These are mainly large companies, followed by medium, small and micro-companies (*Figure 1*).



**Figure 1: Number of Employees/Does your company's corporate culture support its economic performance (results)?**

Source: Dimitrova, Y. *Culture of Innovation* (2017)



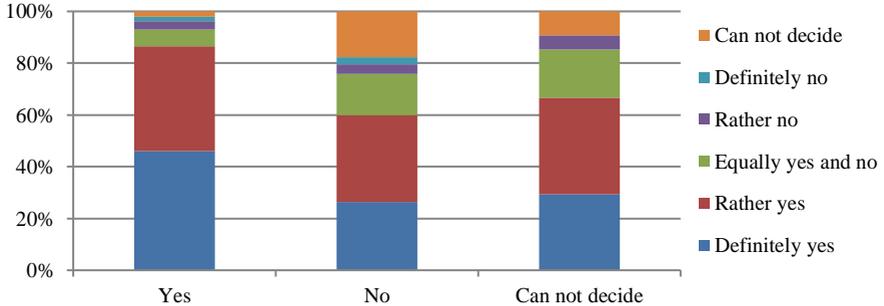
**Figure 2: What is the number of employees in your company? / Has your company developed innovative products and services?**

Source: Dimitrova, Y. *Culture of Innovation* (2017)

<sup>22</sup> Project No. BG05 IPO001-3.3-06-0053 "Improving the quality of education and research in the field of business engineering for building a knowledge/ innovation/finance economy". The author of this article is a participant in the project

Through the answers to the next question, it is possible to trace the link between the innovation processes and resources and HR-capital owned by the companies. Notable is that among the Bulgarian business, the innovative practices application is most typical for the large and medium-sized companies (*Figure 2*).

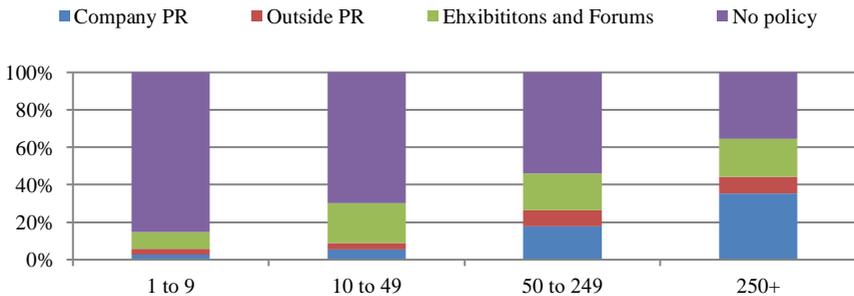
Positive support finds the link between developed innovative products in the answers of respondents and relations between corporate culture and competitive advantage (*Figure 3*).



**Figure 3: Does your enterprise have innovative products and services developed / Does your company's corporate culture support its economic performance (results)?**

Source: Dimitrova, Y. *Culture of Innovation* (2017)

As we have noted in theory, the integration of the organization's communications is essential for the competent management of all the processes in the organization, including *intangible values*, such as the corporate image and the corporate culture. The surveyed companies point to a good understanding of the importance of internal communication. They realize it through a variety of communication channels. Applying a purposeful policy to maintain the corporate image is a top priority for a very tiny part of respondents. This trend is traced in a dynamic aspect and can be defined as a sustainable one (Dimitrova, 2013; 2015; 2017).

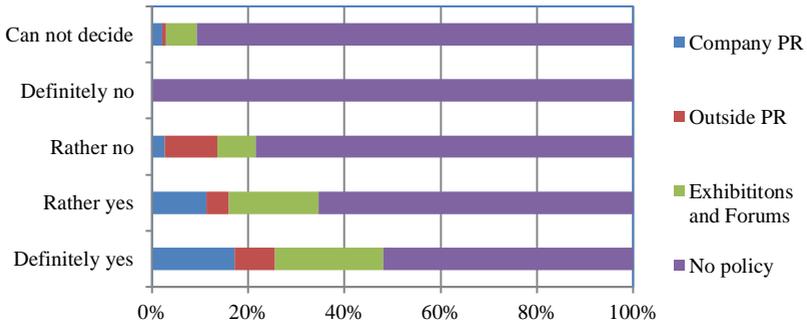


**Figure 4: Number of employees in your company? / How do you maintain your company's image in the public domain?**

Source: Dimitrova, Y. *Culture of Innovation* (2017)

Companies that declare the implementation of corporate PR-policies use the industry's most significant exhibitions and forums. They found it as an opportunity to maintain and positively promote their image. In spite of the PR-aspect, this type of event has mainly economic justification. Depending on the company's size, its PR-specialist/department or use an external expert/agency rely mostly on medium and large companies. We can note that corporate PR is more widely used for large companies in comparison with the participation into exhibitions organized for the small and microbusinesses (Figure 4).

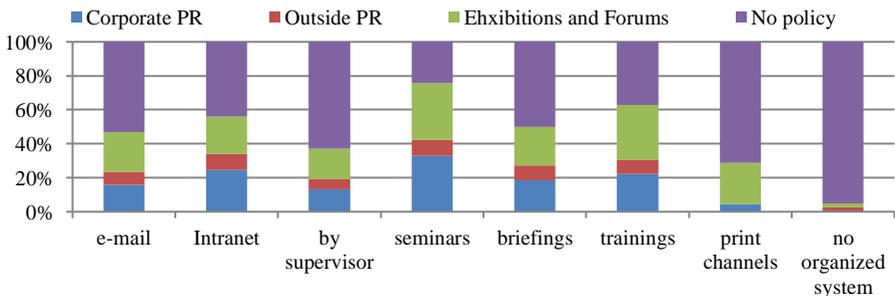
Respondents who support the positive impact of corporate culture on enhancing the competitive advantages are the respondents who are mostly implementing a policy of maintaining the corporate image in the public domain (Figure 5).



**Figure 5: Does your company's corporate culture support its economic results (performance)? / How do you maintain your company's image in the public domain?**

Source: Dimitrova, Y. *Culture of Innovation* (2017)

From the answers to the question of the relations between the internal and external communication of the company, we can draw two conclusions. One underlines the need to implement internal communicational policy support through targeted measures with the help of corporate PR. The second is related to the dissonance in the communicational policy of the respondents (Figure 6).

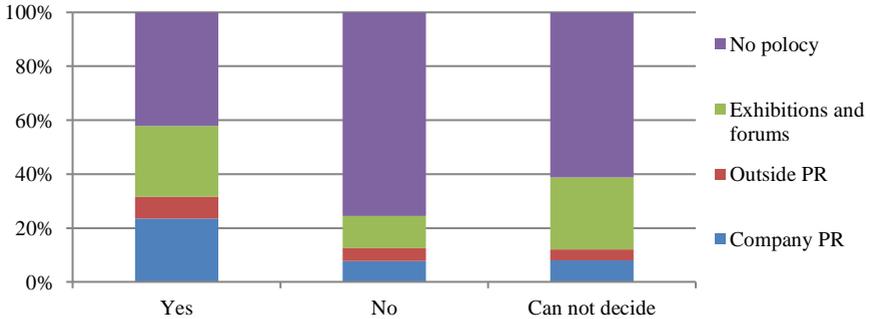


**Figure 6: How do internal communications are implemented in your company / How do you maintain your company's image in the public domain?**

Dimitrova, Y. *Culture of Innovation* (2017)

Company's perception is formed by policies, practices, products and services, socially responsible actions and is managed using communications (internal, external and managerial). Worth mentioned, many of the respondents neglects the use of professional PR for image-management and hence corporate reputation.

Respondents, who develop innovative products and services more than others, pursue a purposeful communication policy maintaining their innovative image. Communication with innovative practices, products and services is essential, because it enhances the understanding of the stakeholders in the company's overall activities, presents data about changes, innovative methods and its reliability.



**Figure 7: Does your enterprise have innovative products and services developed / How do you maintain your company's image in the public domain?**

Source: Dimitrova, Y. *Culture of Innovation* (2017)

### CONCLUSION

Results of our survey show that companies oriented towards the innovations implementation, as opposed to others, rely on a professional PR to manage their image. They recognize the importance of integrated communications and highly appreciate the understanding of the real significance of corporate culture towards their competitiveness. The relations between the implementation of innovations and the propensity to maintain an innovative image through the corporate PR toolkit is also recognizable. Among the Bulgarian business, the trend towards innovation is not yet widely supported. As a result, there is the incomplete understanding of the importance of managing the innovative image.

Adopting the idea of innovation as an essential part of the corporate culture and the strategy of the organization should become an imperative for the companies operating in Bulgaria. Given resource constraints, networking approaches should be sought with the assumption that innovation is the corporate mindset.

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**JEL: A13, D71, F20**

**MAIN CHALLENGES FOR GEORGIA'S SOCIO-ECONOMIC POLICY**

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***Abstract:** The article shows the economic situation in Georgia and perspectives the country has. The main problems that concern the population today, as well as the challenges that Georgia faces today and the tasks to be resolved are described in the paper. Along with the economic situation in Georgia, labor market conditions, foreign direct investments, foreign trade and competitiveness of the country are assessed. Paper concludes with the picture of the economic situation in Georgia and setting the ways of economic development.*

***Keywords:** Georgia, economic policy, economic development, FDI, external trade*

**INTRODUCTION**

During the last 5 years, Georgia's economic growth does not exceed 5%, which is very low for the country development. In spite of the low economic growth in the recent years, relatively high growth of the economy in 2017 can be observed compared to the previous years that was mainly conditioned by the inflow of foreign direct investments, growing exports, increased revenues from tourism, large volumes of foreign remittances and increased external debt. Economic growth is reflected in the growth of the well-being of the population in a few years after the sectors of economy are considerably developed and create additional jobs. At the same time, we should note that Georgia is still a developing country, where natural resources and economic assets are not involved in the economic sector, which would further lead to double-digit growth of economy, development of the country and increase of the living standards. In abovementioned period, significant number of jobs has not been created, high levels of poverty and low income still remain as one of the main challenges. Level of competition is low in Georgia, monopoly, oligopoly companies dominate in determining the prices, and quality of the goods and services, hence poor quality products and high prices can often be observed on the market. The important task of Georgia's economic advancement is to develop relevant economic model and approaches that will be based on the synthesis of past experiences. Today we need a new, future oriented model that will be supported by international methodology and experience.

The development of economic models should be based on the realization of short-term and long-term objectives, which implies the implementation of a policy that will respond to the challenges facing the country and maintain sustainable, stable economic environment for the future generations. Economic development should be considered as a mechanism for creating welfare, ensuring high living standards for each citizen. The main focus of economic policy is the citizen of the country whose economic well-being and social security should be ensured.

## OVERVIEW OF MAJOR MACROECONOMIC INDICATORS

For the development of the private sector relevant financial resources, expanding private property in Georgia and the capitalization of existing assets are needed. For attracting additional financial resources and economic development of the country, it is necessary to attract investments (*Table 1*).

**Table 1**  
**Foreign Direct Investments in Georgia, 2013-2017 (million USD)**

Years	Total	Quarter I	Quarter II	Quarter III	Quarter IV
2013	949.9	252.2	208.8	254.8	234.0
2014	1 763.0	312.6	191.2	729.4	530.0
2015	1 576.0	294.6	465.6	486.0	329.8
2016	1 583.8	394.0	408.6	505.5	275.8
2017	1 346.5	404.5	347.5	594.5	-

Source: [http://geostat.ge/index.php?action=page&p\\_id=2231&lang=eng](http://geostat.ge/index.php?action=page&p_id=2231&lang=eng)

According to the National Statistics Office of Georgia, in the third quarter of 2017 foreign direct investments (*FDI*) in the country amounted to 595 mln USD, which is 17.6% more than that of the third quarter in 2016. In the first 9 months of 2017 (January-September), *FDI* to the country amounted to 1.346 mln USD, which is 3% more than that in the corresponding period of the previous year. The largest investor countries in the third quarter of 2017 were Azerbaijan (154 mln USD), Turkey (139 mln USD), United Kingdom (63.4 mln USD) and the Netherlands (62 mln USD). As for the economy sectors, the largest investments were made in communications and transport (178 mln USD), construction (116 mln USD) and energy (72 mln USD).

It should be noted that investments are mainly made in infrastructure sector, but not enough, because for the economic development of the country it is essential to attract more finances in the manufacturing sector. Such fields that are reproductive, create economic wealth and employ economically active people. In addition, private sector should attract *FDI* and the state intervention should be minimal. Participation in the investment project should be based on the market principles and be in line with the country's economic development priorities (*Table 2*).

**Table 2**  
**Georgia's foreign trade, 2012-2017 (million USD)**

Indicators	2012	2013	2014	2015	2016	2017 January- November
Foreign trade turnover	10433	10933	11463	9505	9408	9564
Registered exports of goods	2377	2910	2861	2205	2113	2440
Registered imports of goods	8056	8023	8602	7300	7295	7124
Foreign trade balance	-5680	-5112	-5741	-5096	-5181	-4684

Source: [http://geostat.ge/index.php?action=page&p\\_id=134&lang=eng](http://geostat.ge/index.php?action=page&p_id=134&lang=eng)

Georgia has a very high negative foreign trade balance. The share of imports in the total turnover is 75% and the country almost entirely depends on imported goods. Both final goods and semi-processed products are imported, which clearly indicate on Georgia's low economic development. Thus, it is necessary to develop national production in order to satisfy the local market, then to achieve export growth and

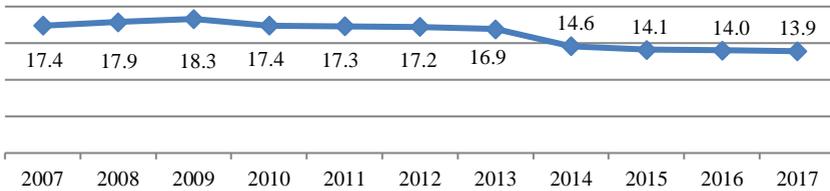
economic development as well. The main export commodity groups from Georgia are as follows: (1) copper ores and concentrates (379 mln USD); ferroalloys (285 mln USD), share in total exports is 12%; (2) auto-export (197 mln USD), share in total exports is 8%; (3) wine export (155 mln USD), share in total exports is 6%; (4) drugs (127 mln USD), share in total exports is 5%; (5) spirt drinks (108 mln USD), share in total exports is 4%; (6) mineral waters (87 mln USD), share in total exports is 4%; (7) nuts and walnuts (74 mln USD), share in total exports is 3%; (8) nitrogenous fertilizers (71 mln USD), share in total exports is 2.9%.

In Georgia, production levels are still very low and cannot satisfy local market. The exports quality to the EU is often incompatible with the EU standards. Therefore, the major trade partner countries are land neighbors, viz. Russia, Azerbaijan, Armenia, Turkey and separately China. Developed sector is processing, aimed at obtaining natural resources and agriculture products. Export are often re-export not produced in Georgia. Private sector in this field is undeveloped. Besides, it is important to increase workforce qualifications in the fields of industry. The academic and business sectors should be linked to each other. Labor market and business should define the workforce demand for the needed professions. The educational system should be developed according to such demands and challenges of the labor market.

From other branches for Georgia, it is important to develop agriculture, as it has great potential due to the geographical and climatic conditions. According to official data, almost half of Georgian population lives in rural areas and this ratio has not been significantly violated during the last 20 years. It should be noted that a large number of workable population has gone to work in the cities or abroad. In case of encouraging agriculture, it is possible to create new workplaces and to employ people. For the rural development, innovative technologies and knowledge, agricultural land and capital market development, basic infrastructure, substituting imported agricultural products with local products are needed. It is possible providing soil and climatic conditions of Georgia, which can contribute to the development of processing industry and implementation of the necessary measures for opening foreign markets.

## **LABOR MARKET AND EMPLOYMENT CONDITIONS**

Unemployment is one of the main problems for Georgia and the main priority of the country is to solve this problem. Although unemployment rate is 13.9% in 2017, such a data is a source of public discontent. Experts believe that these figures do not reflect reality, given country's severe socio-economic situation. The main reason for this is the high share of self-employed in the total number of employees. Self-employed people do not consider them as officially employed as most of them are employed in rural areas and cannot receive the amount of revenue that will put them in a group of actually employed. *Incomplete employment problem* should also be mentioned. To research labor market problems fully, it is necessary to carry out a large-scale survey in order to create more or less complete picture of labor supply and demand, which will become the basis to meet market requirements and identify most needed specialties. In the employment process, it is important that not only the workplace is provided, but also the labor rights of employees are secured.



**Figure 1: Unemployment rate in Georgia, 2007-2017 (%)**

Source: [http://geostat.ge/index.php?action=page&p\\_id=146&lang=eng](http://geostat.ge/index.php?action=page&p_id=146&lang=eng)

The employee must be paid the appropriate compensation, which will provide them with decent living conditions. In addition to the existing reality, it is important to create a labor inspection service in line with European experience that will protect the rights of employees in order to have safe and suitable working conditions.

In recent decades, the state did not conduct any reforms in the field of education and labor relations. All reforms and initiatives including creation of Employment Agency or bringing in other standardized methods in the educational sphere, were socially disoriented short-term populist policy. On the labor market there is more workforce and less employment opportunities, i.e. excessive labor supply on the market can be observed. At the same time, there is a deficit on qualified staff, thus, the labor market is characterized by excessive supply of low qualification workforce and excess demand on highly qualified workforce.

### **ROLE OF FREE COMPETITION IN ECONOMIC DEVELOPMENT**

Historical experience show that an effective economic development is impossible in the conditions of the planned economy. Georgia must timely move to the market economy, where the products of high quality or low price are achieved within the conditions of free market competition. The economic policy must be determined by developing free market relations that will ensure the implementation of macroeconomic goals as minimum. The important task of the state economic policy is to support free and fair competition for all economic entities in Georgia. Under free competition, business expansion will not be hindered. Business should be free from politics; the state should consider it as a major source of job creation. The private sector should be dismissed from state regulations and be able to accelerate its economic activity. Free competition is the best way to achieve economic well-being. In terms of competition, the manufacturer should do business activities to provide decent working conditions and provide high quality available products that will be competitive on the market. Under free competition, the market functioning is determined by the consumers.

The governmental economic policy should be based on the principles of free market economy; it means property rights' protection, free market competition and private sector freedom. It is important to protect competition in the country, as the market should be "free" for the distribution of all resources effectively. This means freedom of the choice, where the choice implies the market diversity in terms of the price and quality.

Currently the Competition Agency functioning in Georgia is an independent public legal entity headed by the Chairman appointed by the Prime-Minister of Georgia. The aim of the Agency is to promote market liberalization, free trade and competition. To protect competition in Georgia, the Competition Agency will have to ensure: (a) inadmissibility of administrative, legal and discriminatory barriers to entry new business entity into the market from the side of the state and/or local self-government bodies; (b) proper conditions for a free access of the economic agents on the market; (c) inadmissibility of an unlawful restriction of competition between economic agents; (d) equality in the activity of economic agents; (e) inadmissibility of the dominant position misuse; (f) ban of exclusive rights by the state, autonomous republic's authority and/or local self-government bodies to economic agents that cause unlawful limitations of the competition; (g) maximum publicity, objectivity, indiscrimination and transparency in decision making by the authorized body.

### **CONCLUSIONS**

The country's economic development should be based on the principles of free market and a strong private sector. Strengthening the private sector in the country will increase jobs and accelerate country's economic development. An important part of the country's economic development is foreign trade and economic relations. It is important that Georgia use its unique geographical location to maintain and enhance its transit function, as well as to develop the perspective of turning the country into a regional trading center. It is important that geo-economic location of the country be supported with a safe and stable business environment in order to implement important regional economic projects including transport and communications, as well as energetic resources within investment policy. To be transformed into a regional trading center, the state should ensure the improvement of the business environment, free market principles and healthy competition. It is important for the human capital development to achieve compliance with labor market requirements and promotion of innovative and high-tech sector, stimulating export and rehabilitation/development of needed infrastructure for doing business. To ensure competitiveness/attractiveness across the region and also achieve the recognition and attractiveness of Georgia on the global level, it is important to ensure the leading positions in various international rankings (Ease Doing Business, Human Development Index et al). To enhance the economy's competitiveness, it is important to expand the area of free trade agreements. Thus, attention should be paid to the consistent and effective implementation of the Deep and Comprehensive Free Trade Agreement with the EU.

The capital market existence and development is very important for the country's economic development; it enables the economic entities to attract long-term financial resources in parallel with bank lending. This means that the capital market creates a competitive environment not only for lending, but also for the redistribution of savings. The capital market's function is not only the supply of financial resources for the business. Well-developed capital market is an additional instrument for placing the savings for the country's population. As a result, the developed and transparent capital market promotes stable economic growth and welfare of the population.

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**THE SEAPORT OF GDANSK  
AS THE HUB OF THE INTERNATIONAL TRADE**

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**Abstract:** *The analysis of the main characteristics of the port of Gdansk (Poland) has been made. The geographical location, the strong and weak economic sides, the main stages of its development, as well as the main cargo transshipment have been studied: (1) as a distribution center, the port of Gdansk is becoming a major link in the Trans-European sea-lane connecting Scandinavia with the South-Eastern Europe; (2) in recent years, the cargo turn-over of the port has significantly increased: annual growth was 10.2%, reaching 35.91 mln tons in 2015; (3) DCT Gdansk is the only port in the Baltic Sea, technical characteristics of which make it possible to accommodate Triple-E container carriers with a depth to the point of 16.5 m. There was concluded whether the port refers to the definition of the port hub.*

**Keywords:** *port, logistics, transshipment, transportation hub, container terminal*

**INTRODUCTION**

In this article, we will look at the third-largest Baltic seaport: the port of Gdansk (Poland). The port is located in the central part of the Southern Baltic Sea coast, one of the fastest growing regions in the EU and is a major international transport hub. As a distribution center, the Gdansk port is becoming a major link in the Trans-European sea-lane connecting Scandinavia with the South-Eastern Europe.

**MATERIALS AND METHODS**

The Gdansk port is formed by two districts: the inner port located along the river Vistula and the canal, and the outer port, which lies near the Gulf. Inner port consists of the following infrastructure facilities: container terminal, passenger ferries terminal and RORO ships, transshipment point for motor cars and food products (citrus fruits), the point for the sulfur processing and other bulk-loaded cargo, phosphorite transshipment point. Other berths equipped with the special equipment and infrastructure are all-class berths and allow to process conventional and bulk cargo (steel products, heavy and OOG, crops, fertilizers, ore and coal). In the outer port, there are wharves, berths and build-up platforms. In this part of the port, there are

the points for the energy commodities transshipment: fuel oil, coal and liquid gas. In the outer port, a modern Deep-sea Container Terminal (*DCT*) is situated. The two-district port structure allows strengthening the terminals specialization increasing the number and length of the berths, promoting the effective environmental problems solution due to the *dirty duties* removal to the outer port (Markusen, 1996).

Establishing the efficient transport routes from Gdansk port and neighboring Gdynia may allow to the Polish seaports extending its own hinterland beyond national borders. However, it should be noted that the Polish ports hinterland significantly crosses the attraction zone of the other European ports, especially port's chain *Hamburg – Havre*. The only managerial body of the port is JSC Gdansk Port Authority – *PGA* with the registered office in Gdansk. *PGA* is a trading company established in 1998 and operating in accordance with the law on ports and harbors, and the Trading Companies Code of Poland.

Thus, in this article the theoretical scientific method on the basis of *synthesis* has been used, i.e. the unification in a single system of all results of the analysis that has been done allowing expanding knowledge to construct something new.

## RESULTS

In the recent years, the cargo turn-over of the port has significantly increased, viz. the average annual growth was 10.2% in 2012-2015, reaching 35.91 mln tons in 2015. The most measurable increase can be observed on the containerized cargo indexes, viz. containers turnover rose by almost 16 times in 2005-2015. The maximum index 1.21 mln TEU was in 2014. In 2015 the container transshipment capacity of the port decreased by 10% to 1.09 mln TEU (*Table 1*). Since 2010, *DCT Gdansk* starts to accommodate the direct shipping routes of the Danish company called *Maersk Line* from the Far East to the EU with vessels carrying up to 8.000 TEU; and in 2011 even larger vessels: Triple-E with the capacity of up to 18.000 TEU. *DCT Gdansk* is the only port in the Baltic Sea, which technical features make possible to accommodate Triple-E container carriers with a depth to the point of 16.5 m.

**Table 1**

**Cargo turnover of the Gdansk port in 2012-2015 (kiloton)**

Type of cargo	2012	2013	2014	2015
Crops	1018	1479	1629	1455
General cargo (including wood)	8888	10514	11229	11814
Other dry cargo	4328	2650	3613	3445
Coal	1989	4589	3322	4487
Fuel oil	10741	11026	12483	14710
<i>Total</i>	<i>26898</i>	<i>30259</i>	<i>32277</i>	<i>35913</i>

*Source: JSC Gdansk Port (2016)*

This fact has become one of the most fundamental in the decision making on the inclusion of *Maersk Line* in Gdansk linear ocean route AE10 from Southeast Asia to Europe (as the final ship entry port). This circumstance has allowed the Gdansk port to start specialization in the transshipment operation and transit in Russia, Sweden, Finland and the Baltic countries. With the introduction of the *Maersk Line* direct vessel calls, the transshipment level has risen in the Gdansk port. In fact, the port

become a hub, the majority of processed cargo in the *DCT Gdansk* had the country of origin (for export) or country of destination (for import) other Baltic countries, mainly Russia and Finland. The percent of the cargo transshipment in the total cargo turnover of the Gdansk port has increased, viz. in 2004 the part of transit cargo passing through the port was 5.0%, according to the experts, in 2008 it rose to 31.0% and in 2012 those cargoes were already 60,3%. Let us consider how the Gdansk port corresponds to the concept of port-hub (*Table 2*).

**Table 2**

**Gdansk port correspondence to the Port-hub Concept**

<i>Features</i>	<i>Variables</i>	<i>Port-hub</i>
Location	Sea network	Corresponds: Strategic location on the main routes of the sea network and the vast back area of the cargo gravity
	Back network	
The role of the hinterland	Transshipment (sea/sea)	Corresponds: 60,3%
	Hinterland coverage	Corresponds: over 500 km is the territory of Poland, Ukraine, Belarus, Russia, Slovakia and Hungary
	Multimodal connections (% of the total cargo capacity)	Corresponds: railroad (43%), motor car (57%)
Service features	Vessel size	Corresponds: the biggest vessel is 18 thnd TEU
	The service frequency of lines route: South-East Asia and vessels over 13 thnd TEU	Corresponds: 2 (Domination of the Maersk Line, a weekly service of AE10 Shanghai – Gdansk)
	The capacity of the container flow	Corresponds: 1,1 mln TEU

*Source: developed by authors*

**CONCLUSION**

*PGA Gdansk port* works as a hub, viz. it has a strategic position on the main routes of shipping companies; a distinct role in the *Marine Network*; a high level of transshipment and it can accommodate larger vessels than the region neighboring ports. The port is regularly entered by *Maersk Line* vessels.

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**JEL: L83, M31**

## **PRINCIPLES OF THE MARKETING STRATEGY FORMING FOR THE TOURISM INDUSTRY ENTERPRISES**

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**Abstract:** *The marketing strategy of a tourism enterprise is the philosophy of managing an enterprise on marketing principles. Its purpose is to develop key ideas, management solutions and tools for analyzing the market, social environment and resources of the tourism enterprise. The article analyzes the basic principles and methods of the marketing strategy formation for the tourism industry enterprises. It is found that the marketing goal of the enterprise is to conquer the market share and maintain market positions and it necessitates the formation of a strategy. In turn, implementation of the marketing strategy of the tourism enterprise is aimed at creating an attractive tourist product. It is determined that the specificity of marketing policy in the tourism sphere consists of the multilevel marketing complex of the enterprise. The basic tasks and necessary conditions for implementation of the marketing strategy of the tourism enterprise are determined. It is summarized that the effective marketing strategy of the tourism enterprise ensures the success of its commercial activity, profitability and becomes an economic development guarantee.*

**Keywords:** *tourism, marketing, strategy, consumer, efficiency, profit*

### **INTRODUCTION**

Today, the tourism industry is the industry that is dynamically developing in the world economy. Given the severe competition on the world market for tourism enterprises, the issues of strategic planning of their activities and the formation of the marketing strategy for enterprise management are relevant.

### **MATERIALS AND METHODS**

Such researchers as A. Balabanyts, S. Briggs, A. Durovich et al made a significant contribution to the study of theoretical issues of marketing development in tourism. However, theoretical issues and practical recommendations for the formation of key principles for the formation of the marketing strategy for tourism industry enterprises are poorly researched. The relevance of these problems has led to the choice of research topic. *The theoretical and methodological basis* of studies is the main principles, developments of domestic scientists and foreign experience of the theory and practice of marketing management and personal assessments of the author. The analytical, monographic, abstract and logical methods of studies are used.

*The main objectives* of the article are to identify and formulate principles and methods of the marketing strategy forming for tourism industry enterprises under the conditions of economic globalization for developing an effective activity of the enterprise, taking into account various factors of influence.

## RESULTS

The tourism company produces services due to material and intangible values acquired on different conditions. These values allow creating services. Material conditions of the tourism enterprise development are the state of the infrastructure complex of providing tourism; and non-material ones are the motivation that determines the specific client benefits. The marketing strategy of the tourism enterprise must take into account both the material and the non-material conditions of its development.

The *main tasks of the marketing strategy of tourism industry enterprises* are: (1) development of the perspective marketing policy; (2) planning of the enterprise marketing taking into account available resources; (3) organization of marketing process, management of marketing programs, means of work and marketing relations; (4) coordination and control of the enterprise divisions' activities.

The *specificity of the marketing policy in the tourism sphere* is the multilevel marketing complex at the enterprise. It is based on the study of the potential demand for its services, the capabilities analysis for its satisfaction, the creation of an optimal service that meets demand and makes possible to generate profits, formation and expansion of the client base, improvement of service quality, provision of uniform annual profitability, etc. Necessary conditions for the marketing strategy implementation for the tourism enterprises are the analysis of market opportunities, choice of target markets, development of corresponding marketing complex for them, marketing measures and evaluation of their efficiency, involvement, customer retention and expansion of the customer base. As part of the marketing strategy of the tourism enterprise, the *main element* is the creation of a tourism product that is qualitative and attractive to the consumer (Balabanyts, 2009). The success of the commercial activity of the entire enterprise depends on it, as well as the formation of an optimal range of tourist services (Briggs, 2005). The process of the marketing strategy creation for a tourism enterprise can be developed in calculations or in the *"entrepreneurial" model* of planning based on prediction of market trends or the scenario approach (Durovych, 2003). The *strategy based on calculations* is more risk-protected and requires highly skilled professionals, objective information on the state of the market and time for development. An important condition of the marketing strategy formation for enterprises in the tourism industry is the market demand estimation and resources of the territory. To do this, it is necessary to develop a plan that links the goals and resources of the destination with the opportunities of the surrounding market and social environment. It determines, which tourism product can be created on the basis of existing resources, which consumer is focused on, how it will progress and what additional resources are needed for this.

## DISCUSSION AND CONCLUSION

In our opinion, the *main issues* to be focused on, when developing the marketing strategy for a tourism enterprise are: (1) priorities and directions of the enterprise development; (2) need for the capital and resources; (3) market and its segments; (4) efficiency of return. The emphasis on the above issues gives the tourism enterprise a number of advantages, viz. ability to forecast perspectives of the enterprise

development, to plan resources rationally, to avoid bankruptcy risks, to update and improve of a tourism product, to replenish the list of services and to increase their quality in accordance with the market conditions, expansion and identification of weaknesses of the enterprise.

In view of our analysis of the existing forms and methods of the marketing strategy development for the tourism industry enterprises, such principles should be distinguished: (1) the enterprise mission formulation reflecting the main content and reason for the enterprise's existence; (2) marketing objectives development; (3) the analysis of internal and external environment; (4) the analysis of strategic alternatives; (5) the definition the marketing period terms; (6) an establishment of marketing goals: the final (strategic) and intermediate (tactical) ones; (7) the development of measures aimed at achieving intermediate and final goals; (8) a direct implementation of the strategy; (9) a control system development (monitoring) in the course of the strategy implementation; (10) control over the implemented strategy; (11) assessment of the implementation and effect of the introduction of an innovative marketing strategy.

The obtained information in the marketing analysis process will serve as a basis for a tourism product development. The most effective tool for the strategic analysis forming the marketing strategy of the enterprise is *SWOT-analysis* (identification of strengths and weaknesses of the innovative tourism product and establishment of opportunities and threats) (Kozhukhivska, 2011).

The goals and objectives are formulated, the tourism segment is chosen, the tourism product is described, as well as the brand structure and the choice of the positioning concept are carried out on the basis of the analysis results. The next step is to develop a plan to achieve goals and budgeting. At the final stage, the control and activities coordination for the tourism sector enterprises are carried out, as well as the evaluation of the implemented strategy. Consequently, the effective marketing strategy of the tourism enterprise ensures the success of its business, profitability and becomes a guarantee of the economic development.

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**JEL: D83, L96**

**OVERCOMING THE PROBLEMS OF DIGITAL DIVIDE  
IN THE TELECOMMUNICATIONS INDUSTRY IN UKRAINE:  
ORGANIZATIONAL AND ECONOMIC ASPECTS**

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**Abstract:** *The research characterizes the phenomenon of digital divide, contains an analysis of its features in Ukraine. A multistage approach was used for the analysis. Based on the results of the analysis of individual indicators (the level of economic development of the country, geographical, social, demographic and gender differentiation of society, the degree of state participation in the development of telecommunication and information technologies), organizational and economic prospects for solving the problems of the digital divide in Ukraine have been established. The research reveals the approaches to the formation of the information community, the identification of negative manifestations in the development of telecommunications that arise in the conditions of intensive development. All these indicators are considered in the example of Ukraine, with an emphasis on the inconsistency of the levels of general economic and info-communication development.*

**Keywords:** *information divide, digital divide, telecommunications, outsourcing, Ukraine*

## **INTRODUCTION**

The most relevant trends in the development of the modern world community include the processes of globalization and informatization. It is their level of development that affects the final socio-economic state of the country. Intensive development of informatization causes various social and economic effects. One of them is the "digital divide".

All the economic processes taking place at the macro level have deep, ambiguous both social and political direct and reverse consequences. In the event that the state does not take an active position in the organizational and economic development of its own telecommunications and info-communication technologies, the national economy falls into the group of countries beyond the "digital divide".

*Objective:* To investigate the peculiarities of the organizational and economic development of the "digital divide" phenomenon in the conditions of functioning of the telecommunication branch of the Ukrainian economy.

## **METHODS**

The issues of the existence of a digital divide are constantly being considered within the framework of the work of the United Nations. In addition, in 1997, in the

Development Program, the definition of "information poverty" was introduced, which is expressed in limiting the access to information, knowledge, innovations and telecommunications. "The IMF researches in this area show that growing inequality creates risks for the strength of economic growth, that the nature of public policy measures affects the distribution of income, and that government agencies can also help improve the situation" (IMF Annual Report 2017 Promoting Comprehensive Growth, 2017). The English term "digital divide" has received several meanings in the Ukrainian version. E. Lobovikova (2007) considers "digital inequality" as an element of information inequality, a kind of social differentiation in the implementation of the possibilities of the latest information and telecommunication technologies. V. Domarev (2002) introduces the concept of "information barrier" as a set of various obstacles that arise during the dissemination and use of information. O. Vartanova & O. Smirnova (2009) point to a generalized phenomenon of unequal access to information and communication technologies, which is due to the increasing polarization of modern society at the intellectual, social, economic and political levels. At the same time, the authors (O. Vartanova, O. Smirnova) singled out information and digital differentiation as the main and priority world problem.

There are also broader definitions of the digital divide. N. Rzhetskaya (2010) interprets the digital divide as an inequality in access to social, economic, educational, cultural and other opportunities due to lack of access to information computer technologies. This approach reflects the extreme urgency of research into the problems of digital inequality.

The problems associated with the limited capacities of individual strata and categories of the population in modern society are paid close attention by both researchers and practitioners. Thus, M. Castells (2010) devoted a whole chapter of his book "The End of the Millennium" to the problems of information capitalism and information poverty.

The Ukrainian researcher O. Anishchenko (2012) pointed out that the dynamics of the modernization process, and, therefore, the pace of the progress of society, depend on how and when the public can obtain new information opportunities.

Digital inequality becomes the basis for further stratification of the world society, according to the criterion of possible access to information (knowledge) that are transmitted through the use of telecommunications and information technology.

Investigating this phenomenon, it is expedient to carry out the analysis according to the logical chain: 1) The overall economic level; 2) the stratification of society by geographical principle (regions, cities, and enterprises), stratification by social, demographic and gender component; 3) state participation in the development of telecommunication and information technologies; 4) identification of development features – outsourcing and out-staffing services.

## **RESULTS**

The stratification of the world information community takes place at the level of countries, the so-called external, and can develop within each state. It is advisable to analyze the external information divide by comparing achievements in the level of

ICT development of different countries. To analyze the internal digital divide, it is necessary to operate with national data and focus on in-country indicators.

**Table 1**

**Dynamics of macroeconomic indicators and wage changes 2013-2016**

Indicator	2013	2014	2015	2016
1. GDP (billions of US dollars)	183,30	133,50	91,03	93,27
2. GDP per capita (dollars per year per inhabitant)	4029	3104	2124	2185
3. Average annual salary in Ukraine without taking into account pensions and social payments, USD	3156	2184	1956	2256

*Source: State statistical service of Ukraine (2017)*

For the objectivity of the judgment, the analysis of the main macro indicators is carried out in the dollar equivalent (see Table 1). GDP of Ukraine, GDP per capita and incomes of the population for the analyzed period unanimously show the peak of the maximum deterioration in 2015. This is primarily due to military actions in the east of Ukraine, as well as the loss of part of GDP from the territories of Crimea, Lugansk and Donetsk regions. 2016 is characterized by the restoration of the positive development of macroeconomic indicators in Ukraine.

GDP per capita and average wage in Ukraine reflect general economic trends, they are among the lowest in Europe. In 2016, the average annual salary in Ukraine without taking into account pensions and social payments by \$ 71 exceeds GDP per capita. This period for the economy of Ukraine can be defined as a period of recession.

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All countries and regions differ in terms of access to the Internet and telecommunications networks. Small towns and villages are subject to additional information gaps, even in prosperous countries. The extent of ICT coverage is also influenced by the enterprise sector, its location and organizational form.

So, the main centers and producers of IT services in Ukraine are the largest cities of Kiev, Dnipro, Odessa, Lvov, eliminating digital inequality in access to ICT could bring additional profit to the industry, because more and more popular is the creation of remote teams that are able to quickly implement project development. According to statistics, in Ukraine in 2016, 95.2% of enterprises in their work used computer equipment, of which 98% were connected to the Internet.

There is also a social and demographic component of the digital divide. There are differences in the use of the Internet and telecommunications between different age groups, men and women, residents of large cities and small towns, between people with higher education and less educated people, and people with different income levels.

P. DiMaggio and E. Hargitai identified five basic characteristics for the division of the population in the revised definition of digital inequality: the availability of technical means and connections, autonomy of access, skills in using information technologies, the availability of social support in the development of information technologies, the use of information technology (DiMaggio & Hargitai, 2001).

There is the project Opinion Software Media© in Ukraine since 2010. It is executed by the InMind Factum Group Ukraine Company (Factum Group Ukraine – Research Holding) on the initiative of the Internet Association of Ukraine, for the purpose of analysis and research. According to their research in 2016, 62% of Internet users are citizens over 15, more than a third – up to 29 years, 36% and 16% are users of the age group 30-44 years and 45-54 years, respectively. The share of the age group over 65 years is about 3%.

On the basis of gender in Ukraine, the distribution is as follows: 46% of Internet users are men, 54% are women.

Access to the Internet among rural residents is 47% and 69% among urban, as small, up to 100 thousand inhabitants, and large. There is practically no differentiation between the number of Internet users in large and small cities.

We should also highlight the regularity in increasing the share of mobile phones in using the Internet, in comparison with stationary computers. Among subscribers who regularly use the Internet 32% of users of mobile devices, 6% only from mobile devices. It is expected that this trend will continue in the future, as well. Mobile phones in their functional capabilities are constantly approaching personal computers.

In the regional context, residents of the city of Kiev have the highest mobile communication coverage per 100 people: 229.8, in the Donetsk region - 163.78, in Kharkov - 163.2. The least provided with mobile communication live in Khmelnytsky region 86.9 and Ternopil region 86.1.

The goals of the state policy for the development of telecommunications are different in each country. They depend primarily on the level of socio-economic development; level of development of the communications industry in the country; legislative framework, etc. Common approaches to the regulation of the telecommunications sphere are improving the infrastructure, improving the quality of services and profitability of the information communications industry itself, as well as the effective use of telecommunications in the development of other sectors of the national economy.

The National Commission, which implements state regulation in the field of communication and information, carries out general regulation and stimulation of development. The Commission determines the priorities for the development of the telecommunications industry, and also regulates and stimulates the development of

the communication and information market with the aim of possibly providing quality citizens with high-quality telecommunications services.

One of the directions of state regulation of this industry is licensing, certification and organization of activities of operators and providers. In Ukraine, the same methods of regulation and management are applied, the result of which is an increase in the number of market participants (see Table 2)

**Table 2**

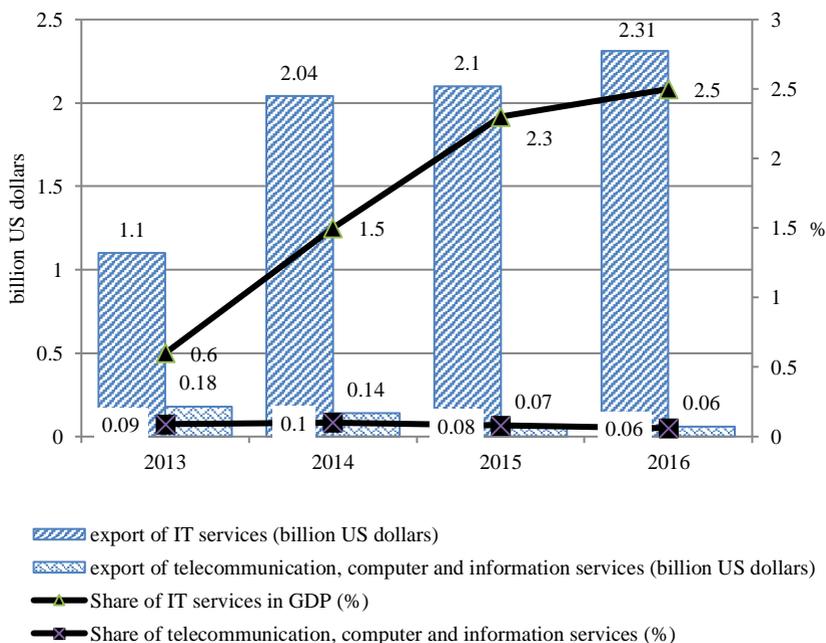
**The dynamics of the number of enterprises in 2013-2016,  
which provide the activity of the telecommunication industry of Ukraine**

Type of activity of the enterprise	2013	2014	+/-	%	2015	+/-	%	2016	+/-	%	During the period	
											+/-	%
There are at the end of the year operators, telecommunication providers, among them:	3752	4255	503	13,4	4656	401	9,4	5709	1053	22,6	1957	52
Telecommunication operators	2600	2973	373	14,3	3229	256	8,6	3453	224	6,9	853	33
Telecommunication providers, from them	1152	1282	130	11,3	1427	145	11,3	2256	829	58	1104	96

*Source: National Commission, which carries out state regulation in the field of communication and informatization (2017)*

For the period 2013-2016, the number of enterprises, major players in the telecommunications services market increased by 1957 units, or by 52%. The largest increase in market participants occurred in 2016. Significant changes are observed in the analysis of the structure of activities, so the growth in the number of telecommunications operators in 2014 was 14.3%, gradually decreasing to 6.9% in 2016. The growth of the total number of telecommunications operators for the whole period amounted to 853 enterprises. The number of telecommunications providers increased at a much higher rate, the largest increase in 2016 was 829 enterprises per year. During the analyzed period, the number of providers increased by 1104 enterprises or by 96%. Thus, the active growth in the number of telecommunications market participants suggests that this business in Ukraine is promising; the services of these enterprises are in demand and bring revenue to enterprises. Telecommunication services, due to the competitive struggle of market participants, become more accessible, as a consequence, attracting additional consumers of this service. In turn, the functional features of telecommunications services are a factor in reducing the "digital divide" within the state.

J. De Haan (2004) notes that when analyzing the digital divide, it is important to consider not just the presence and absence of an Internet connection, but also how it is used. In addition, researchers often confine themselves to descriptive analysis and rarely talk about the consequences of the digital inequality. The results and efficiency of the telecommunications industry and informatization should be analyzed from the perspective of the contribution to the creation of Ukraine's GDP.



**Figure 1: Results and efficiency of the telecommunications industry**

Source: Ukrstat.org (2017), State Service of Statistics of Ukraine

The figure illustrates the dynamics of the achievements of the domestic IT sector in the period 2013-2016. It is obvious that the export of IT services has a clear tendency to increase, since at the beginning of the period it is \$ 1.1 billion and 0.6% of Ukraine's GDP, at the end of the period it is \$ 2.31 billion, and accordingly 2.5% of GDP, with a significant increase in growth in 2014, an increase of more than 2 times. The positive point is that the growth of IT services exports is observed in both national currency and in dollar terms, taking gradually more and more serious positions in the share of Ukraine's GDP, becomes significant in the process of forming export potential. The export of telecommunications, computer and information services directly in the formation of Ukraine's GDP does not play a big role, having a maximum value of 0.1% in 2014. The main source of revenue for the telecommunications services industry is outsourcing and out-staffing services. In most cases, Ukrainian specialists are remote executors of orders of large foreign companies. In 2015, Ukraine strengthened its position by rising to a global ranking of outsourcing in 2015 to 24 seats. Since 2016, Ukraine is one of the TOP-25 best countries in the field of outsourcing (Mitchenko, 2016).

The problems of the success of the industry development are the absence of a stable tax policy, organizational, economic, and regulatory uncertainty, as well as the lack of incentives and support from the state.

The uniqueness of telecommunications services is that they are a component of modern economic infrastructure at not only the national level, but also form the basis for the development of international business and international economic relations. ICTs enable developing countries to use their functional features to stimulate the national economy through the development of this field of activity. The most successful examples include the economy of Ireland, the leader of many international ratings in the field of ICT, or the developing economy of India, which has one of the largest silicone valleys in the world. For Ukraine, the development of this industry can also serve as a driver, the starting point for the growth of the national economy (Gaponenko, 2018).

## **DISCUSSION AND CONCLUSIONS**

Ukraine is subject to the phenomenon of "digital divide". However, to determine its level, generalized indicators have not been developed. Because of this, the study compiled separate characteristics of the standard of living in the country, the development of the ICT industry and general economic development. Comparative analysis showed that with a low standard of living, which in itself is an obstacle to the development of the telecommunications industry, as one of the high-tech, and therefore expensive, successful development of the ICT industry.

On the one hand, this reduces the threat of a "digital divide" and increases Ukraine's chances of stable development. On the other hand, a lack of investment in the industry, in the end, may lead to a sharp increase in information inequality. In the future, digital inequality can become another factor that increases the socio-economic gap between developed countries and the rest of the world.

In Ukraine, the body regulating organizational and economic activities in the sphere of telecommunications development is successfully operating (11), but further development requires more comprehensive national management decisions.

Effective use of the info-communication resource becomes decisive in the development of the national economy. This resource affects not only the economy and politics, but also the emergence of new, social problems. Especially noticeable are "digital divides" in countries with insufficiently high levels of economic development.

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**JEL: C40, D89, M31**

**CONNECTION BETWEEN MARKET RESEARCH  
AND COMPANY'S GROWTH (Case of Republic Macedonia)**

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***Abstract:** How good we know the market is how good our company is going to be there. Marketing research is a process where data from the market is gathered. Need of precise information is essential when bringing decisions about business. It is relevant for everyday activities in the company, because that is the only way of being effective and staying profitable. We have raised interest in the connection between market research and company's growth because we believe that our economy needs to increase knowledge about market research, its positive effects on companies and at the bottom line, company's growth and expansion on the global market is in close connection with market research.*

***Keywords:** market research, company's growth, marketing, business expansion, economy of Macedonia*

## **INTRODUCTION**

Macedonia's economy is very specific example for examination. It is because Macedonia is a small country, and the situation in the past decade, conditions did not give opportunity to have a bigger prosper and development of the economy. What is specific for our economy is that it is composed of small and medium sized companies that are major players.

Market research and information gathering are factors giving another perspective and openness for the company. We find SMEs to be most important and relevant factor in the economy that should trigger better climate and build better competitiveness in the society/economy as a whole. With the characteristics that SME's have, they appear to be more adjustable, flexible, innovative and creative. This is the main reason why they give greater challenge to the economy. Right information used in right moment is basic for company's growth. Companies' part on the market and its positioning comparing to the competition is in close connection with its daily usage of researches and analyses on the market. For such case, organizations need to have more educated employees in order to use their capabilities to research the competition and market as a whole. Expertise of the employees can lead the company to strengthen their competitiveness. Training and continuing education of the employees should help to be more successful and effective in everyday activities and that is the only way for building better

positioning for the company on the market. Democratic leadership should be best way to motivate employees to feel as a very important part of the team.

Percentage of SME's in Macedonia's economy is close to 98%. Employment in Macedonia is 60% and about 92% are employed in these enterprises. Almost 50% of Gross Domestic Product comes from these companies.

Three indicators measure the strength of the SME's in the economy: SME's participation in the employment; SME's participation in recognized benefit in the economy and SME's participation in Gross Domestic Product (Taki, Vasileva-Markovska, Veriva & Milford, 2007).

In order to perceive the situation about SMEs in Republic Macedonia and their influence on the economy we have made a research on 73 SME's in the region. The results should give a clearer picture about the actual positioning of the SME's and the factors that will improve this picture.

### STATISTICAL EVALUATION OF THE RESULTS

In this research, we used SPSS for statistical analyzing and presentation of the indicators. For data realization and testing the hypothesis, we have consulted descriptive statistic, statistical assessment and Correlation and Regression analyze, ANOVA parameters and  $\chi^2$  – test. Dependent and independent variables in this statistical model are shown and defined in *Tables 1-2*.

**Table 1**

#### Dependent variables in the model

RVR	Number of employees
PMPV	Growth dynamic of the company
GO	Annual turnover
BRKL	Number of clients
DRF	Average monthly salary for employee
UFP	Companies part on the market
NFVS	Most invested finances of the company

*Source: compiled by authors*

**Table 2**

#### Independent variables in this model

GRANKA	Field of the company
VRBIZ	Existence on the market
PFP	Company's positioning
FSK	Positioning comparing with competition
SKAP	Everyday usage of market research
VPO	Type of data used
AKRM	Agencies/experts that exist in Macedonia for market research
NKMI	Agencies consulted for market research
PSKMI	Benefits from everyday usage of market research
PMIOP	Support for marketing research within the company
FP	Employee for marketing within the company
SPP	Situations when is necessary to use information from the market
DSKF	Differentiation of the company comparing to the competition
SIKZB	Conducted market research when starting the business

*Source: compiled by authors*

These variables were concluded as a result of analyzing data by using Data Analysis in Microsoft Excel. Appropriate statistical indicators for these variables are shown in *Table 1* and their results of descriptive statistics. Results show average values of the variables. Variables that are more significant have higher values of the attributive model (numerically shown). The highest values of standard deviation have the following variables: NFVS (most invested finances of the company) and SPP (situations, when is necessary to use information from the market). The lowest value in the results have the following variables: PMIOP (support for marketing research within the company) and NKMI (Agencies consulted for market research). Viz. for those questions, we received the most similar answers. The highest value of standard mistake in the answers is noticed among answers of the questions: *For what do company invest the most? In what situations is necessary to have market information? Does the company have employed a marketer or marketing sector exist within the company?* The lowest value of standard mistake has answers, where following variables were found: usage of external capacities for marketing research and respondents agree the most for the cost-effectiveness of their usage.

In *Table 3* are given values of basic statistics calculated on statistical data from questionnaire: range, minimal and maximum statistical value, average value, standard deviation and variance from where we have received present information for 73 SME in Republic of Macedonia.

**Table 3**

**Appropriate statistical indicators and their results of descriptive**

Number	Variable	Average value (M)	Median (Me)	Standard deviation (SD)	Standard error (SE)
1	GRANKA	2,25	2	0,619	0,072
2	VRBIZ	2,479	3	0,626	0,073
3	BRVR	1,630	1	0,773	0,090
4	PMPV	1,904	2	0,581	0,068
5	GO	1,959	2	0,889	0,104
6	BRKL	2,575	3	0,686	0,080
7	PFP	2,205	2	0,552	0,065
8	FSK	2,260	2	0,602	0,070
9	DRF	2,068	2	0,608	0,071
10	UFP	2,014	2	0,905	0,106
11	SKAP	1,671	2	0,554	0,065
12	VPO	1,548	2	0,501	0,059
13	AKRM	1,521	2	0,503	0,059
14	NKMI	1,877	2	0,331	0,039
15	PSKMI	1,329	1	0,473	0,055
16	PMIOP	1,534	2	0,055	0,059
17	FP	2,096	2	0,945	0,111
18	SPP	2,120	2	1,021	0,120
19	NFVS	3	3	1,143	0,134
20	DSKF	1	1	0	0
21	SIKZB	1,370	1	0,486	0,057

*Source: compiled by authors*

From *Tables 3-4*, we can realize intensity of correlations and identify statistical important correlation that exist among dependent and independent variables defined

in the regression model. Viz. there are some statistical important interactions between variables in regression model. Variable PMPV (growth dynamic of the company), on the level of risk of 0.01 in statistical conclusion, is in biggest correlation with positioning of the company, competition in the field and support for marketing research within the company. In addition, variable UFP (companies' part on the market), on the level of risk of 0.01 in statistical conclusion, is in biggest correlation with number of employees, annual turnover and everyday usage of analyses and activities of marketing sector within the company.

**Table 4**

**Values of descriptive statistic for variables included in the regression model**

	N	Range	Minimum	Maximum	Mean		Std.	Variance
	St	St	St	St	St	St	St	St
VRBIZ	73	2	1	3	2.48	.073	.626	.392
BRVR	73	2	1	3	1.63	.090	.773	.597
PMPV	73	2	1	3	1.90	.068	.581	.338
GD	73	2	1	3	1.96	.104	.889	.790
BRKL	73	2	1	3	2.58	.080	.686	.470
PFP	73	3	1	4	2.21	.065	.552	.304
FSK	73	4	1	5	2.26	.070	.602	.362
DRF	73	2	1	3	2.07	.071	.608	.370
UFP	73	3	1	4	2.01	.106	.905	.819
SKAP	73	2	1	3	1.67	.065	.554	.307
VPO	73	1	1	2	1.55	.059	.501	.251
AKRM	73	1	1	2	1.52	.059	.503	.253
NKMI	73	1	1	2	1.88	.039	.331	.110
PSKMI	73	1	1	2	1.33	.055	.473	.224
PMIOP	73	1	1	2	1.53	.059	.502	.252
FP	73	2	1	3	2.10	.111	.945	.893
SPP	73	5	1	6	2.11	.120	1.021	1.043
NFVS	73	5	1	6	3.00	.134	1.143	1.306
DSKF	73	0	1	1	1.00	.000	.000	.000
SIKZB	73	1	1	2	1.37	.057	.486	.236
Valid N	73							

Source: calculated by authors

Results when dependent variable is company's growth dynamic (PMPV) and independent are all other variables are shown in *Table 5*.

**Table 5**

**Results from regression model**

Model <sup>B</sup>	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error	Change Statistics				
					R	F	df1	df2	Sig. F
1	.670 <sup>A</sup>	.449	.252	.503	.449	2.273	19	53	.010

A Predictors: (Constant), SIKZB, FKS, VRBIZ, VPO, GRANKA, UFP, SPP, BRKL, NFVS, PSKMI, NKMI, DRF, AKRM, PMIOP, SKAF, PFP, FP, GD, BRVR

B Dependent Variable: PMPV

Source: calculated by authors

Multiple correlation coefficient between all mentioned independent variables and company's growth dynamic (PMPV), as dependent variable, is 0.670 that shows very strong and significant positive correlation. Coefficient of multiple determination

shows that 44.9% of the changes made in company's growth dynamic (PMPV) are a result of changes that are made in determined variables by regression model. This interaction is statistical significant that is recognized in the value of significant *F* as realized level the risk of error.

From ANOVA (*Table 6*) we can draw statistical conclusion that partial regression coefficients (that considers all mentioned independent variables) are not equal. It means all independent variables have different influence on the company's growth dynamic (PMPV).

**Table 6**

**Test for regression model ANOVA (b)**

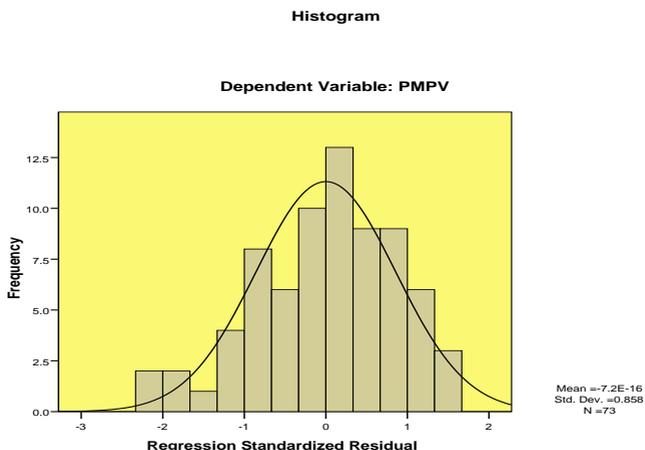
Model	Sum of Squares	df	Mean Square	F	Sig.
1					
Regression	10.924	19	.575	2.273	.010
Residual	13.404	53	.253		
Total	24.329	72			

A Predictors: (Constant), SIKZB, FKS, VRBIZ, VPO, GRANKA, UFP, SPP, BRKL, NFVS, PSKMI, NKMI, DRF, AKRM, PMIOP, SKAF, PFP, FP, GD, BRVR

B Dependent Variable: PMPV

Source: calculated by authors

We can see correlation directions and intensity of correlation between dependent variable company's growth dynamic (PMPV) and all other variables from regression model, primarily statistically most significant. The histogram (*Figure 1*) shows the concentrations of the values of the residuals around the average. In addition, in addition, the value of the average variability of the residuals is represented, that is the standard deviation, which confirms approximation to the normal theoretical distribution.



**Figure 1: Histogram of dependent variable - company's growth dynamic (in standardized form of its residuals)**

Source: built by authors

Table 7

## Regression coefficients and their estimated values

Model		Coefficients <sup>a</sup>														
		Unstandardized Coefficients		Standardized Coefficients		t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics			
		B	Std. Error	Beta				Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF		
1	(Constant)	.586	1.094		.536	.594	-1.607	2.780								
	GRANKA	-.065	.119	-.069	-.545	.588	-.304	.174	.105	-.075	-.056	.647	1.545			
	VRBIZ	.062	.124	.067	.500	.619	-.187	.310	.128	.068	.051	.584	1.711			
	BRVR	.124	.152	.165	.815	.419	-.181	.429	.476	.111	.083	.254	3.932			
	GD	.233	.130	.357	1.794	.079	-.028	.494	.476	.239	.183	.263	3.801			
	BRKL	.067	.108	.079	.622	.537	-.150	.284	.140	.085	.063	.539	1.564			
	PFP	-.174	.170	-.165	-1.020	.312	-5.15	.168	.106	-.139	-.104	.398	2.514			
	FSK	.040	.161	.042	.251	.803	-.283	.364	.112	.034	.026	.373	2.684			
	DRF	.093	.132	.098	.706	.483	-.172	.359	.137	.097	.072	.541	1.848			
	UFP	.013	.088	.020	.143	.887	-.164	.190	.214	.020	.015	.550	1.818			
	SKAP	.340	.156	.325	2.181	.034	.027	.654	-.013	.287	.222	.469	2.131			
	VPO	.072	.138	.062	.523	.603	-.204	.348	.135	.072	.053	.737	1.356			
	AKRM	-.298	.171	-.258	-1.742	.087	-.642	.045	-.444	-.233	-.178	.473	2.113			
	NKMI	.282	.230	.160	1.224	.226	-.180	.743	-.062	.166	.125	.606	1.651			
	PSKM	-.204	.177	-.166	-1.155	.253	-.559	.150	-.338	-.157	-.118	.503	1.990			
	PMOP	-.171	.213	-.148	-.805	.424	-.598	.256	-.298	-.110	-.082	.307	3.255			
	FP	.076	.106	.124	.714	.478	-.138	.290	-.185	.098	.073	.347	2.884			
	SPP	-.048	.067	-.084	-.714	.478	-.183	.087	-.099	-.098	-.073	.745	1.343			
	NFVS	.078	.062	.153	1.254	.215	-.047	.202	-.063	.170	.128	.698	1.432			
	SIKZB	.028	.156	.024	.181	.857	-.285	.342	-.069	.025	.018	.608	1.644			

a. Dependent Variable: PMPV

Source: calculated by authors

In Table 7 there are given results of the values of regression coefficients, standard errors for all regression coefficients. From that value, we have calculated lower and upper perimeter in the interval evaluation. This takes in consideration-evaluated regression coefficients of the statistical sample (all SME's that were examined in Republic of Macedonia). This estimated value is with a 95% significance threshold.

## CONCLUSION

According the results, managers of Macedonia's SMEs are aware about factors that can influence company's growth such as products quality, reasonable prices, good positioning, serving existing customers and finding potential one, good established network of marketing communications, greater investments etc.

Company's growth dynamic is in direct correlation with support from marketing research, positioning of the company and competition. Company's part on the market is in close correlation with number of employees, annual turnover, and everyday usage of analyses and activities of marketing sector within the company. Concerning fact in Republic Macedonia is that more than 60% of SME's do not use marketing researches in everyday activities. This means that SME's are not aware for benefits that regular usage of this process can bring to the company. According to the main SME's characteristics, mainly their limited financial and human resources, they should become aware of the benefits from engaging marketing agency for such process. Service and expertise of those agencies can guarantee to the SME's accurate information that can be useful for bringing right decisions in the precise moment.

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**JEL: F200, F230, L630, O310, O320**

**STRUCTURE OF NANO-ECONOMY AS A COMPOSITION  
OF THE SYSTEM OF INTERNATIONAL ECONOMIC RELATIONS**

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**Abstract:** *The latest phenomenon the nano-economy requires the disclosure of content, consideration of both the system and the isolation of its structure. Note that the structure (from the Latin *structura* – structure is a collection of stable ties of the object, which ensure its integrity and identity to itself, that is, the preservation of its properties with various external and internal changes. Investigates various structures and their development of such a direction of philosophy as structuralism.*

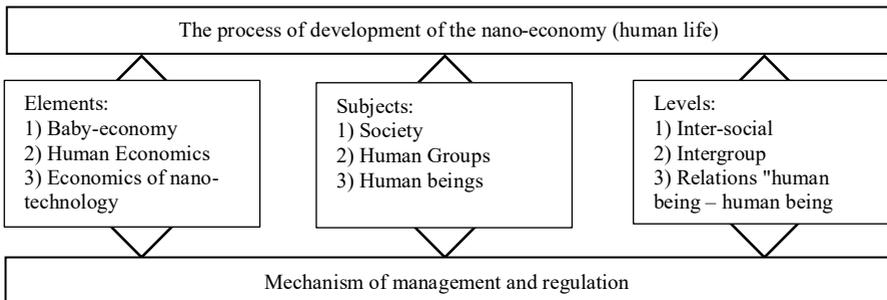
**Keywords:** *nano-economy, structuralism, philosophy as structuralism, management and regulation mechanism*

**INTRODUCTION**

Structuralism, as a direction in humanitarian knowledge, is associated with the use of structural method, modeling, semiotics elements, formalization and mathematization in linguistics, literary criticism, ethnography, history, etc.

**MATERIALS AND METHODS**

Object of study of structuralism is the culture as a set of sign systems (language, science, art, mythology, fashion, and advertising). The basis of the structural method is the discovery of the structure as a relatively stable set of relations; recognition of the methodological primacy of relations over elements in the system; partial distraction from the development of objects. Thus, the structure of the nano-economy is its structure, which, according to the author, consists of elements, subjects and levels as the central relations of the nano-economy system; process and management and regulation mechanism. *Figure 1* shows the nano-economy structure.



**Figure 1: Structure of the nano-economy**

*Source: compiled by author*

## RESULTS

Let us start the study of the structure of the nano-economy from its central part is a person. Man is the highest degree of living organisms on Earth, subject of socio-historical activity and culture. The essence of man is the totality of all social relations. Man arose on Earth because of a complex and prolonged historical-evolutionary process. Man is the center of the universe and the question arises, *What is the mission of man on this earth?* These philosophical questions become the centerpiece of human studies as the main subject of the nano-economy. Let us turn to the main work on the interpretation and interpretation of the role of a person in economic and general life.

Thus, it is necessary to consider the evolution of ideas about rationality from classics to modern concepts, since this aspect defines the behavior of man as the main subject of the nano-economy. The study of human rationality did not occupy an important place either in philosophy or in the economy until the nineteenth century. Rationality (from the Latin *ratio* – mind) in the tradition that goes back to Plato and Aristotle, for a long time, was simply synonymous with the concept of "intelligent". In addition, thanks to R. Descartes, B. Spinoza and G. Leibniz, this value of rationality is used today. Moreover, even though in the nineteenth century. The term "rationality" began to be used especially often, no special changes occurred in his understanding. Much of this was due to the infinite belief in the human mind and the objectively existing truth, which can only be understood by a rigorous mind. Lobbins, who believed that economic science was not limited to the "materialistic definition", laid the foundations for this trend in economic theory, and investigated "human behavior on the part of the relationship between goals and limited means that might have different uses." Human existence from the point of view of representatives of economic imperialism can be characterized as follows: (1) the person has different goals; (2) time and means to achieve the goals are limited; (3) the resources received can be directed towards the achievement of alternative goals; (4) each time point and different goals have different meanings.

The most striking representative of economic imperialism, the Nobel laureate G. Becker argued, "The economic approach is unique in its capacity, because it is able to integrate many different forms of human behavior... and offers a favorable unified scheme for understanding all human behavior" (Stigler & Becker, 1977). Moreover, he believes that "human behavior should not be broken down into certain individual links: in one which has maximizing character, another one is motivated by stable desires, the other is not persistent, in one link leading to accumulation the optimum amount of information, and the other does not lead. Rather, it is possible to predict that all human behavior is characterized by the fact that participants maximize the usefulness of a stable set of benefits and accumulate optimal amounts of information and other resources in many different markets. One of the main works of scientist G. Becker "The Treatise on the Family" touches many issues. Such as: the division of labor between sexes, the functioning of the mechanisms of the marital market, the choice between the number of children and their "quality", the dynamics of divorces, the role of altruism, and the evolution of the family institute in a long

historical perspective. In Becker's interpretation, each family, as the main cell of the life of an individual, is a mini-factory that produces a "product" using "factors of production" (goods, time of family members, etc.). The time spent on a household is estimated by counting the lost earnings: you can eat at home or work more and do not waste time cooking and enjoying the services of restaurants. However, the strangest thing is Becker's attitude towards the decision-making process on children. The decision to have children, in his opinion, is analogous to "investment decisions taken by rational agents". Children are a kind of "good of durable use", being a source of pleasure and certain expenses for parents, including temporary, for maintenance and upbringing. Therefore, the demand for children is reciprocally proportional to the costs of their retention and directly proportional to the level of income of parents. This, obviously, contradicts the current trend of reducing the number of children in families in relatively rich countries. However, even here G. Becker found an explanation. Higher rates of pay increases not only the income of the family, but also the value of free time of parents. And as "the upbringing of children is the process is extremely time-consuming", the effect of prices "outweighs the" effect of income" so that with the increase in wages offered on the market, the demand for these "benefits" (i.e. fertility) is reduced (Shiller, 1981). Thus, rationality is not synonymous with human behavior, and if so, then not all human behavior will be rational, including because of the language we use.

If not every human behavior is rational, there is a place for irrational behavior. As a result, there may be cases where behavior will be unpredictable and fundamentally non-analytic. Analysis of human activity in this case plays a completely different role. There are four types of human behavior: rational, limited rational, irrational-predictable and irrational-unpredictable. If analytical tools are already developed for the first three groups of actions and they are included in an economic theory to a certain extent (including through the extension of the concept of "rationality"), then the last group of actions by economists is ignored.

For the nano-economics, issues of rational and irrational are also important because people are the core of this system. In this system, a person makes decisions and these decisions can belong to one of four groups. When these solutions are rational, they can be predictable. When it comes to irrational (unpredictable) solutions, the behavior analysis is complicated. Note that the basis for irrational is the conscious and subconscious in the essence of man. This subconscious comes from childhood, when laying the foundations for directions of behavior. Therefore, the baby-economy is the basis for the development of an adult and its economic behavior. About the key role of the unconscious, we find answers to all the leading psychologists of the XX century, i.e. Z. Fretsida (Id), K. Jung ("Shadow"), E. Fromm (need for rooting and the need for and infilization), E. Bern ("Father", "Adult", "Child"), etc. (Foucault, 1999).

Our unconscious personality can play the immediate role in perceiving information and making choices. Complex mental processes occurring in each person, question the possibility of adequate knowledge of the objectively existing world. This is especially important given that in the twentieth century, the very

possibility of the existence of objective values, objective truth and knowledge was put into question. The question of rational and irrational can be considered infinitely. However, it should be noted that a person with his conscious, subconscious and unconscious becomes the basis for the development of the nano-economy. A person starting in a family makes a moral, rational and emotional choice by taking a definite decision. The central question, as the author pointed out above, appears to man in the nano-economy *why does a person live? What is the mission of a man in the modern world?* These philosophical questions are the key to human development, its economic behavior and the development of such an innovative sphere as the economy of nano-technologies (which is the third element in the system of the nano-economy).

Let us dwell on this component of the nano-economics system, as a process, namely human life. Note that the nano-economy is an innovative system or its kind, since the goal of the nano-economy is to create a system that would lead to profits through the modification of being. It is known that innovation is an innovation, which leads to a change in the production function (to profit). Innovation is a product or process based on an optimal technological solution. Nano-economics involves considering human life as the preparation, implementation and use of the results of technological solutions that would lead to profit. So, in the childhood, a little person acquires knowledge and skills for the development of creative activities; in a mature age, a person creates and creates new knowledge, but as the quintessence of all human life - the invention of something new, something that was not before, or a change in qualitative and quantitative characteristics (modification) of what was invented before. Of course, such knowledge can be completely different innovations, but in the understanding of the nano-economy, such new knowledge is nano-technology. Consequently, the process of nano-economics as a human life is a process aimed at creativity, the result of which, in turn, is innovation in various fields of knowledge (from culture and philosophy to nano-technologies and the field of biology or medicine). The highest process of creativity is the scientific and technical creativity. The periods of the nano-economic process are as follows: birth, childhood in the preschool age, school period, sociologization, period of obtaining knowledge about the profession, period of acquiring skills in practical activity, creative period (creation of new knowledge), period of using the results of creativity, transfer of experience to a new generation, rest period.

These periods are united in the following stages: (1) Child-economy (birth, childhood in preschool age, school period, sociologization, period of obtaining knowledge about the profession); (2) Human economy (period of acquiring skills in practical activity, creative period (creation of new knowledge)); (3) Economics of nano-technologies (period of using the results of creativity, transfer of experience to a new generation, period of rest).

Let us dwell on the interpretation of such subjects of the nano-economy as a group of people and society. A group of people is the environment of an individual in which a person lives, works and creates. The closest environment is the family. Different authors (in psychology and economics) point out the importance of this environment. *Is the child expected, does the family perceive a small child, what kind*

*of education is given to this baby?* All moments of education are deposited in the subconscious and manifest in adulthood in emotional behavior. Motivation for work is also a history of upbringing in the family.

Let us remind that a family is a small group based on marriage or blood relatives, whose members are connected by commonality of life, mutual help and moral responsibility. How a stable union arises from the schedule of the tribal system? The first historical form of monogamy in the patriarchal family was guided by the father; including his descendants with their wives and children, as well as domestic slaves. Today, the family relationship with domestic production has been lost; leaving only the organization of life for economic functions, the majority of families consisted of married couples and their children (a nucleic family). Today, the family is transformed into a moral and legal union between men and women. Most marriages are made by personal choices of future husbands and wives, and their equal rights characterize family relationships. The household economy is household management. However, if a family is a group of people, the household may be the same. The emotional climate in the family is the basis for the development of the corresponding qualities of a child born in this family. Conducting a household in accordance with the moral and rational values of the family determines the economic approach to life and the implementation of family traditions. For example, when a little American is born, his parents are immediately placed in a separate room and this little person acquires the skills of individualism. Unlike a Japanese child who is up to 3-4 years old in a parent's room, this is the basis for Japanese groupism. In addition to the family, other forms of groups of people are a group in a preschool institution, school, higher educational institution, enterprise. These groups are also the natural environment of a person who plays a role in upbringing and learning, creativity and work, rest and contemplation of a person in a particular society.

Thus, the preschool age is characterized by a new social development situation, when the sphere of interaction and the circle of communication of the child considerably expands. Communication with an adult becomes much more complicated, acquires new forms and content. Note that activity is one of the main conditions for the development of the child's psyche, as well as one of the ways of studying it. The leading kind of activity of a preschooler is a game. She reaches her heyday in the middle of preschool childhood. Important for mental development are productive activities, labor and educational activities, the preconditions of which are formed in preschool age, as well as communication as a specific activity. In addition, the group in kindergarten provides opportunities for acquiring skills of such activities and the first experience of sociologization of the child.

Entering a group - a high school class is also a stage in acquiring new knowledge and skills. In a class, the child lives a large part of life, gaining secondary education. The school provides an opportunity for the child to decide on the future direction of vocational education. Here special role is played by the competencies that are obtained in the senior school after the 7<sup>th</sup> grade. These competencies are an opportunity to use experience in practice. Therefore, if a child wants to become a doctor, she pays a special emphasis on biology, chemistry and valeology. If the child involves working

in the field of human-person relations, then the emphasis is on social sciences (history, literature, etc.). Moreover, before the end of school, in large measure, the adult must clearly identify with the direction of further training of the profession.

The next group is a university (or college or technical school) in which a young person receives higher (secondary technical) education in order to realize his or her abilities and aspirations in practice. By acquiring professional skills, a young man tries to get a job in certain business structures, or in those institutions that are leading in a particular field of activity. University science for the sake of science – this principle is not far-sighted. A high school should be connected with the practical sector and have a career bureau when from the first year the student is practicing at certain practical institutions and keeping in touch with them throughout the study and optimally getting to work after them. The connection between universities and enterprises is a guarantee of the education of young people, which will replace the mature and adult specialists. Yes, the next group that unites individual individuals is an enterprise. It is known that the enterprise is the main link of entrepreneurship, because it is the production of material goods and the provision of services. An enterprise is an independent economic entity created to meet social and personal needs through the systematic implementation of industrial, research, trade and other economic activities (Voronkova, Belichenko, Zhelyabin & Azhazha, 2009).

In the process of its economic activity, the enterprise enters into various relations with other enterprises, organizations, individuals. It is an open system. This system consists of individual specialists who are open to cooperation, implementation, and maintenance of principles of entrepreneurship, in particular: free choice of business activity, self-formation of programs of activity and independent choice of counteragents, commercial calculation and own commercial risk, free disposal of net profit, self-realization of entrepreneurial activity. Moreover, with the rest, the next subject of the nanosecond system is society. Society, in a broad sense, is a combination of forms of joint activity of historically formed people; and, in the narrow sense, historically a specific type of social system and a certain form of social relations. Note that society is interpreted as a common activity of people, again, these are the types of activity that change the world and the main form of such activity is scientific and technical creativity. Society consists of certain groups of people, including those listed above and individual individuals. Symbiosis of different subjects is the key to the dynamic development of society. Society is also the highest manifestation of the subjects of the nano-economy, the connection of such societies to the global economy. There are developed and developing societies, but all direct their activities to the development of a highly humane civil society, the highest manifestation of which is the results of scientific and technical creativity and any manifestations of other types of creative life.

The levels of the nano-economy system are, as indicated in Figure 1, there are inter-social relations, intergroup and the relationship of "man-man". Inter-community relations are interconnections between societies of different countries. These complementary relationships create a common product from the system of production of goods. This may be a common fundamental knowledge, applied,

technological solutions for the manufacture of a particular product, namely the production of new products or services or the application of a new production process, new means and methods of using existing or new products and services, consumption of new products. Inter-community relations form the global economy and are international economic relations.

Intergroup relations in society are ties between families, student collectives, enterprises, etc. In the international environment, such links are foreign economic activities of business entities. Within the same society, it is a family relationship when the older generation's family communicates with the families of young people with the transfer of experience in forming family relationships and educating the growing generation. Relationships between student groups are mostly cultural ties within the clubs of fun and smart (KVN), preparation for competitions and other student competitions, which demonstrate skills of rivalry that help in the future an active life. Of course, this is the relationship of cooperation, when children collide with each other creating common results of creative activity.

In the end, the "man-man" relationship is the basis for all other levels of the nano-economic system, and they are the basis for the formation of a family, a student's staff and internal and inter-community relations. Of course, when creating a family, or when heads of states negotiate peaceful coexistence, the factors of interpersonal relations are emerging in the foreground, in which a special role is played by responsibility and subordination to certain living conditions and development.

The entire nano-economy is subject to a certain mechanism of regulation and management, which is part of the structure of the nano-economy system.

As F. Hayek said, "The purpose of intervention is always to achieve a concrete result that differs from what would have happened if the mechanism were allowed to go their own way..." Thus, interference is always an unjust act that forces someone to coerce (usually in the interests of a third party) in a situation in which the other would not have subjected such coercion even for the sake of solving someone's tasks" (Alchian & Demsetz, 1972).

The fact that regulation is an act of coercion, is very important, many are often underestimated. As soon as we assume the probability that human behavior could be irrational, we subscribe in our impotence to divert an incorrect or unfair decision.

According to Rakiashvili (2009), there are justified questions *how to minimize the ineffectiveness of regulation and how to determine when regulation is needed, in other words, when regulation is doing less harm than lack of intervention?* Speaking of regulation, it makes no sense to consider small groups and simple processes. Obviously, in the interaction of several people to evaluate the effectiveness is quite difficult, if at all we can talk about the existence of regulation. Some researchers point to a certain number of people in a group when conflict situations can be solved by personal interaction, without the development of dispute resolution mechanisms, and regulation. Speaking about complex processes, one should keep in mind such interaction, which requires at least the existence of a certain impersonal mechanism for overcoming the differences of opinion, in which many (thousands and millions) people with different interests and preferences take part.

It may be noted that the regulation of small groups is a process of management (management), when a leader is assigned, who is assigned the function of the strategic planner and the coordinator and controller for the implementation of the decisions made on the tasks. When it comes to managing millions and groups of groups, it is about regulation. State regulation is a function of the state, because in the translation from Latin, *regulo* – I arrange, bring in order and maintain continuity. In the nano-economy, regulation is to bring the nano-economy process into line and make the transition of the baby-economy to the human economy, and then to the creative process of developing nano-technologies.

## CONCLUSIONS

Thus, the structure of the nano-economy is a multicomponent entity, in which elements, subjects and levels are related to the process and regulatory mechanism. The elements are carried out by different actors at different levels and are interconnected by life perspectives and the process of creativity throughout the life of a person, a small group and the society as a whole. We can mention creative individuals, groups of people and societies as a whole. An indicator of the development of creative societies is an innovative approach to those actions of the nano-economy. Yes, innovation must be introduced and it should be profitable. This also affects different kinds of arts (from literature to artistic creation), because the subject of creativity must be unique and should bring income to the owner. We have been innovating in other, except for the scientific and technical sphere, forms of creative activity.

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## **TRENDS OF ENTERPRISES' INVESTMENT DEVELOPMENT IN THE UKRAINIAN MARKET OF INFORMATIONAL TECHNOLOGIES**

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**Abstract:** *The paper considers the analysis of the enterprises' investment trends for the development in Ukrainian market of informational technologies. The most negative factors that restrain the investment development of the IT market in Ukraine are revealed. The measures of government support of investment development of IT market are determined. The imperfection of the legislative framework is identified as one of the main factors that significantly limit the venture financing development. The measures of improving the situation and increasing the interest in the IT sector investing are proposed.*

**Keywords:** *investment development, market, informational technologies, venture capital investment, business angels*

### **INTRODUCTION**

Nowadays in Ukraine, there is a high growth rate of informational technologies. However, Ukraine is still lagging behind not only the leaders of world progress, but also the countries of Central and Eastern Europe, by the level of informational technologies use in the economy, public administration and public life. In order to enter the group of states with a developed IT branch, it is necessary to maintain high rates of its growth. In the absence of successive steps taken by the state, the growth of the industry will inevitably slow down and the lag will be maintained.

Therefore, a set of measures aimed at maximizing the use of favorable factors of investment development of the IT market and removing existing barriers will help to stimulate effectively the further growth of the Ukrainian IT market. Further research into the investment activities management is necessary to achieve significant success in the investment sector. In addition, this is one of those spheres of Ukrainian economy, which will influence on the further development of the state and rapid integration into the global economic space.

### **MATERIALS AND METHODS**

The methodological basis of our research is a dialectical method of scientific knowledge, while general scientific and special methods of research were used. The basic results of research have been received with using of methods of the analysis and synthesis, abstract-logical, deductive and systemic analyzes on the basis of the Laws of Ukraine and the official data of the State Statistics Service of Ukraine.

It should be noted that various aspects of investing have already been the subject of the attention such researches as D. Tobin, J. Bailey, P. Drucker, V. Sharp, P. Kukhta, V. Basilievich, A. Stepanova, T. Mayorova, V. Fedorenko, D. Chervanov et al. Further research on investment management issues is very important to achieve significant success in the investment sector, which is one of those spheres of economy that influences on the development of Ukraine and rapid integration into the global economic space.

## RESULTS

The main problem of realizing the investment development of IT market is the gap between two the most important stages of innovation, i.e. scientific researches and mass production using their results. The essence of modern venture business is that innovative ideas are invested at the stage of the absence of not only the company itself, but more often, of the business plan. Despite this specificity, the Ukrainian IT market needs to stimulate the investment flow, since it is still very weak. The main steps that can be taken to promote the venture investment development in IT are the expansion of the scientific and educational base and the strong research sector; creation and active financial support of powerful scientific schools, research centers; improvement of the mechanism of financial institutes and markets functioning for insurance and pension sectors; creation of well-regulated, reliable stock market; political and macroeconomic stable situation; stimulating demand for IT products.

In leading countries, IT development leads to the directing of investment in highly risky innovation area. Based on our research, we identified the largest negative factors that hold the investment development of IT market in Ukraine. They should be the objects of influence of both the state and the IT sector, i.e. interested representatives of investment objects to feel the recovery of investment flows into the IT sphere:

1. Weak legislative framework. The term "*venture business*" has been found in a number of legislative acts for several years, but the definition of the essence, functions, principles of activity of venture funds and venture companies is still not defined.

2. Lack of sources for investment financing. According to the current legislation, individuals and institutional investors (investment and pension funds, insurance companies) cannot invest in venture funds and this significantly reduces the potential investment base for venture capital investments.

3. The weakness of the stock market and the lack of guarantees for a venture investor that would limit his risks. We are talking about convertible preferred shares and bonds.

4. The underdevelopment of the informal sector of the venture business, which is represented by business angels. They are private individuals and finance projects at an early stage of their development.

5. The deterioration of the situation in the sector of scientific knowledge generation. There is a lack of financing and degradation of the main scientific schools, the apparent loss of research sector communication with the real needs of the economy and production. It shows weak support for the educational development of young people in IT sector, new professional staff and the inability to stimulate their interest.

6. Lack of venture capital investment in "quality" projects, which are determined by a powerful marketing strategy and potential market capacity, i.e. there is insufficient number of projects with high economic potential, attractive for venture investors.

7. Lack of professionals on the venture management, who possess technologies for identifying and evaluating the innovative projects and are able to provide stable financing during the early stages of project development. This factor is linked to the lack of an educational base available in Ukraine, as well as the wide opportunities for practical learning of IT business functioning and the mechanism of venture capital investment.

8. The weakness of the institute for the protection of intellectual property and its commercialization.

9. The general unfavorable government policy to stimulate innovation processes, the absence of a clear policy to promote the development of venture business by the government, the lack of economic interest of the majority of economic entities in the implementation of fundamentally new ideas, innovations of high technical and economic level. Existing control schemes only worsen the situation, since existing corruption bureaucratic schemes do not allow free implementing of any innovative programs.

10. The inefficiency of tax policy, viz. the high level of tax, which does not take into account the competitiveness and novelty of products.

11. High interest on a loan.

12. Lack of economic incentives for attracting the direct investments into high-tech enterprises that provide acceptable risk for venture capital investors.

13. Insufficient informational support of the venture industry, lack of venture capital investment infrastructure and consequently, lack of healthy competition for this sector, which only contributes to the progressive development of ideas.

It is necessary to emphasize the government support of investment development of the IT market. It can be divided into direct (specific mechanisms of government support aimed at increasing the supply of venture capital. They have form of financial incentives or public investment in share capital and government loans) and indirect (include the development of competitive stock markets, the expansion of the range of financial products, the development of long-term capital sources, simplifying the procedure for the formation of venture capital funds, stimulating interaction between large and small enterprises and financial institutions, encouraging entrepreneurship).

Taking into account the imperfection of the legislative framework as one of the main factors that significantly limit the development of venture financing, we believe that it is extremely important to analyze legislative initiatives in this area, viz. the draft Law of Ukraine "On Venture Funds of Innovation Development" created by the State Agency of Ukraine for Investments and Innovations. The bill for the first time in Ukraine attempts to determine the legal framework for the creation of a new financial tool that would ensure the direction of investment flows into innovative sectors of the economy. The venture funds of innovation development can become this tool. This document states that venture funds of innovation development can invest in corporate rights and debt obligations of innovative enterprises; joint ventures created for the implementation of projects of industrial and scientific parks; enterprises

of innovation infrastructure. The founders and participants (shareholders) of the venture fund of the innovation development may be individuals and legal entities, residents and non-residents, as well as the state and territorial communities. The assets of venture funds of the innovation development may consist of corporate rights, debt obligations, and real estate and property rights of intellectual property. Venture funds of the innovation development can receive the government support in certain forms. Venture funds of the innovation development invest in innovative programs and projects, new knowledge and intelligent products, production equipment and processes, infrastructure of production and entrepreneurship, etc.

The draft of the Law of Ukraine "On Venture Funds of Innovation Development" will provide new opportunities for the development of venture capital investment, wider investment attraction into the country's economy and implementation of innovative projects in Ukraine. It was developed in accordance with the laws of Ukraine "On Joint Investment Institutions (corporate and unit investment funds)" and "On Innovative Activities". It takes into account the recommendations of the European Venture Capital Association and the EU Directives on Collective and Venture Capital Investments. Nowadays, Ukrainian venture capital does not invest in innovative projects, because investments in certain sectors of the traditional economy have a high level of returns in relatively short terms of investment and a low level of risk; the organizational form of venture funds performs the "instrumental" function that allows optimizing taxation in a legitimate way.

It is reasonable to assume that the implementing of the abovementioned law will improve the government's policy of the venture capital development and stabilize the economic situation in Ukraine. Another measure that can be proposed to the government is the creation, legitimization and regulation of the venture financing industry, which in western countries acts as an integral part of the economic mechanism and develops in accordance with the needs of innovative production.

Another necessary governmental measure for the effective investment in IT areas is developing the venture-financing infrastructure. The decisive role in the development of infrastructure belongs to the government, because the commercialization of this sphere involves significant cash flows. Elements of infrastructure will be stock exchanges, audit firms, engineering firms, "incubators" of venture business, etc. Unfortunately, there are almost no such institutes in Ukraine or they do not function de facto. "Incubators" are able to form a favorable business environment with a whole range of scientific-production, organizational and financial services. They can be created at scientific and educational institutions, whose activities should include scientific counseling, preliminary examination of projects, financial support through venture capital, state subsidies, etc. However, the main task of the state is to ensure the connection of such institutions with investors, the availability of information flows to and from investors, so that information about new opportunities does not stagnate and lose its commercial value.

In Ukraine, also with the participation of the state, it is necessary to create new forms of management of the cycle "science – technology – production", which includes industrial parks and technopolices. In the modern world, industrial parks

and technopolices have significant role in implementing the mechanism of accelerating scientific and technological progress and investing in the field of high technologies. The creation of techno parks specializing in IT is possible and effective in many areas, depending on the functions, scope and level of collaboration. We suggest that in Ukrainian cities, which have a strong scientific and technical potential, it is necessary to create techno parks in the form of agglomerations of high-tech firms and production enterprises, which are grouped around scientific centers.

In addition, it is necessary to implement legislative and normative measures in order to revitalize the activity of the so-called "business angels". It is worth noting the differences between direct investment funds, venture funds and business angels. Forms of direct investment, as a rule, invest in the company on late stages. Recipients of direct investment have a lucrative or profitable business, and money investments are spent on expansion or diversification of business. There has already become a property structure, management, accounting and audit. Business is well predictable. Therefore, in comparison with venture funds, the risks in this business are smaller, and investors willingly go there (Petruk & Moshensjkyj, 2008). For business angels, the situation is different. The specifics of the "business angels" sector are that business angels act in the riskiest situations, where even venture funds do not reach. Business angels are called "angels" because they invest in the company funds at the seed-stage, when few want to carry out high risky investments. Business angel trusts not financial indicators, but people, their enthusiasm, faith and the ability to bring the project to the end. In general, the basic principle of business angel investment can be expressed in three terms: faith, calculation and team spirit.

In Ukraine, this sector is at an early stage of development. Business angels are not yet identified as entities of economic life, neither by government nor by society. Many individuals and legal entities that could become business angels invest in promising seed-stage projects are not yet aware that this is a highly profitable investment sector. The insignificant experience of venture investments made by "business angels" in Ukraine and a number of unresolved legislative and regulatory problems inhibit the development of investment of business angels as a phenomenon in the market of Ukrainian venture investments. In order to overcome the situation, it is necessary to create the most comfortable conditions for venture investments and the functioning of small innovative companies, as well as for the formation of a pool of competent managers of venture funds using the experience of other countries.

## **DISCUSSION AND CONCLUSION**

Based on the research, it can be noted that the venture capital market in Ukraine is in the formation stage. Unfortunately, there is currently no well-coordinated and comprehensive system for managing innovation processes in Ukraine. Such a system must be created using existing and introducing new elements and especially promote the development of the venture business, which will be the main impetus for investment attraction. Consequently, we considered the main negative factors of the existence of the Ukrainian IT sector and the problem of its investment development. Accordingly, a number of measures were proposed to improve the situation and increase the

interest in the IT sector investing, the main of which are the implementation of a permanent governmental support to venture capital business; introduction of new, more flexible schemes of tax incentives for innovation; regulation of the intellectual property protection system of Ukrainian researchers and entrepreneurs, including through governmental support of international patents for the most perspective development and introduction of more effective protection of intellectual property against violations; implementation of financial incentives for investing in venture funds, small and medium-sized innovative enterprises; creation of the necessary conditions for the development of informal venture financing, which is important in the early stages of the enterprises' development; the development of the innovative infrastructure, viz. techno parks, business incubators, technology transfer centers and venture funds; conducting of innovative competitions, expert councils, venture fairs of the national and regional level; holding venture forums (fairs) in Ukraine that will enable small and medium-sized companies interested in attracting investments for the development of their business, attract the attention of a wide range of investors, establish contacts and business relations with possible business partners.

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**JEL: G21**

## **THE MANAGEMENT SYSTEM FOR THE DEVELOPMENT OF BANKING BUSINESS**

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**Abstract:** *The article defines the content and structure of the management system for developing banking business. It was investigated that the management system for the development of banking business is a coherent set of methods, tools and leverage that are used in the management of the bank to effectively organize its functioning, which promote development and getting the bank more profit. To direct the development of the bank singled methods of financial and non-financial management. Management tools for the development of banking business are divided into payment, financial and legal. The considered levers of influence are grouped into economic, organizational and social.*

**Keywords:** *bank, system, management, methods, tools, levers*

### **INTRODUCTION**

The restructuring of world and domestic economy, the strengthening of globalization processes led to changes in the system of functioning of banks. As there is an increase in the influence of external economic factors on the activity of banks, the internal paradigm of management of the development of banking business also changes. Classic form of business management becomes less actual day by day, as management entities seek not only the current stability but also the flexibility and long-term performance of the business. According to such conditions, becomes actual forming efficient management system of developing banking system. In case of the crisis, it is especially important, as development of banking business depends on results of subjects of market relations and the economy. Intensified competition between banks caused necessary of development and usage by bank system, which will contribute efficient functioning and growing competitiveness of banks.

The *purpose of this study* is to formulate and substantiate a comprehensive system of management the development of banking business

### **MATERIALS AND METHODS**

In modern economic literature, foreign and domestic scholars do not pay enough attention to the problem of forming a management system for the development of banking business. Some aspects are considered in the works of Radkovska (2005) and Sinkey (2007). It should be taken into account that the main tasks of the conceptual nature remained undiscovered. Existing developments contain a generalized nature without creating a systematic idea of managing banking business.

## RESEARCH RESULTS

The "system" in economics and particular in banking science is considered by the majority of scientific workers as a summation of forms, methods and levers of the use of finance in order to solve the tasks of economic and social development of the bank (Radkowska, 2005). We consider the management system for the development of banking business as a summation of methods, tools and levers that are used in the management of the bank to effectively organize its operation, which contribute to the development and receipt of higher profit by the bank.

The application of methods for managing the development of banking business should anticipate a preliminary analysis of the effects of their impact on the finances of the bank. They should also be the main basis for managers of different levels to take the necessary measures wherever and whenever necessary. Depending on the way of influencing the elements of the banking management system, Sinkey (2007) successfully allocated administrative and economic methods. Administrative methods are methods by which management subjects affect the employees and the activities of the bank. These methods are based on the principles of centralized management, which have a direct influence of regulatory nature on subordinate links of the organizational system of the bank. These include orders, commands, regulations, principles, instructions, etc. Economic methods have an impact on the elements of the management system of the bank through financial instruments (profit, interest rate, material liability, value of reserves). Each object of bank management has its own specificity, which determines the choice of appropriate methods. Economic methods are aimed at profit and risk reduction. They should be used in a complex, as they form a single system of influence on the activities of the bank. To improve the efficiency of managing the development of banking business, we have identified a system of more specific methods through which the subjects of management can influence the activities of the bank (*Table 1*).

Proposed methods for managing the development of banking business should be applied only systematically, which will help to build an effective system of influence on the bank activities in order to effectively manage business development. This system is determined by the ability of management subjects to establish effective management of profitability, assets, own equity, balance, bank risks, liquidity, obligations, as well as organizational structure, innovations, marketing, technology and staff.

The next component of the management system for the development of banking business is tools. *Tool* is a mean to achieve a certain goal and the accomplishment of tasks (Perun, 2005).

It is worth noting that in international practice the term "financial instrument" is most often used and interpreted "as any contract that results in the emergence of a financial asset of one bank and a financial obligation of another bank's capital" (Dyakiv, 2002). It is stated, "a financial instrument is any document that is evidence of debt, the sale or transfer of which provides the seller with the obtaining of finance. Examples of financial instruments include bills, bonds and other securities, as well as deposit certificates" (Ibid).

**Table 1**

**Basic methods for management the development of banking business**

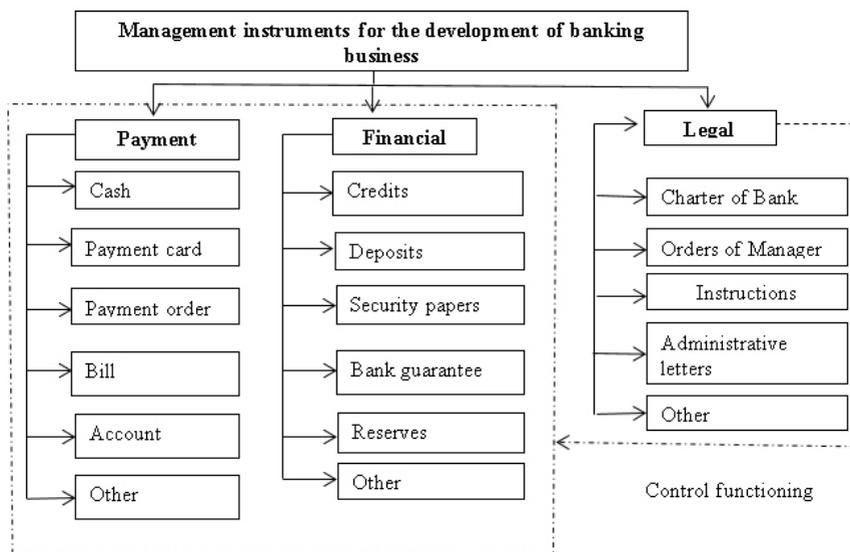
<i>Groups of methods</i>	<i>Names of methods</i>	<i>Characteristics of methods</i>
<i>Financial</i>	Profitability management	Ensure maximum profit from banking activities in the long run
	Asset management	Ensure yield from various types of active bank operations, maintaining an appropriate balance of assets
	Own equity management	Attract and maintain sufficient capital to create protection from possible risks and in order to promote the development of banking business
	Balance management	Management of the bank balance as a single integer in the interconnection and interdependence of its components
	Bank risk management	Development and implementation of measures to minimize losses that may arise under the influence of external and internal factors during the conduct of banking activities
	Liquidity management	Ensure implementation of requirements for obligations, satisfaction of demand for credit resources, optimization of cost of attracted resources in the financial market
	Management of obligations	Attraction of funds with the least expenses for financing active operations carried out by the bank
<i>Non-financial</i>	Management of organizational structure	Development of a system of coordination of activities and rules of internal regulations aimed at coordinated and effective functioning of the bank at all its levels
	Innovation management	Implementation of effective innovations for the development and stability of the bank in a dynamic market environment
	Marketing management	Implementation of marketing measures that increase the volume of sales of banking products, increase the bank's share in the market and meet the needs of existing and potential clients of the bank
	Technology management	The process of selection and use of software and hardware that meets the needs of customers and opportunities of the bank, which helps to expand the range of products and services offered
	Personnel Management	Exercise influence on employees and teams by coordinating and controlling their activities to improve the efficiency of the bank

*Source: compiled by author*

We believe that the tools for managing the development of the banking business, which means certain forms of information that confirm the monetary or other rights or obligations; have legal form and are used by the bank to organize its efficient functioning, as well as profit. Their function is the information transfer, and their main task is to assist in the development of the bank. We identified the following groups of tools for managing the development of banking business, viz. (1) payment; (2) financial; (3) legal (*Figure 1*). Payment instruments are the means of payment that perform a function of information transfer, which includes details of the funds transfer and payment. The main elements of this instrument are an obligation to be fulfilled; the payer is the party making the payment; the recipient is the receiving party; type of payment; banks that write down the required amount from the account of the payer and charge it to the recipient's account.

When making payments, the following instruments are used:

1) Cash: money in a tangible form: paper money and coins. By accepting cash from customers, banks increase their free reserves, thereby expanding their active transactions and providing rise of income. By issuing cash to customers, banks charge a commission that replenishes their income. In addition, in cash transactions, banks can offer additional services to their clients (cash logistics, self-service), which also bring income.



**Figure 1: Main management tools for the banking business development**

*Source: compiled by author*

2) Payment card: an electronic payment instrument in the form of an issued plastic or other type of card issued in accordance with the law, used to initiate the transfer of funds from the payer's account or from the corresponding bank account in order to pay the cost of goods and services, transfer funds from the accounts of the cardholder to the accounts of other persons, receipt of funds in cash at banks' cash offices through automatic teller machines, as well as other transactions provided by the relevant contract (Ibid). For many banks, payment cards have become a new business direction and an effective financial instrument. This is due to the interest of customers to the convenient and reliable means of payment, through which you can receive wages and pension, pay for services in the distributing facilities, make orders and pay for various services, make bank transfers and obtain credits.

3) Bank transfer order: an accounting document that contains the instruction of the payer of the bank to transfer the money specified in it from its account to the recipient's account. Making money transfer, the bank receives commission allocations for services rendered, increasing their interest yields.

4) Bill: a security paper that certifies the money obligation of the drawer or its order to a third party to pay a specified amount to the holder of the bill (promisee) after the due date. Using of bills by bank encourages the development of banking transactions with use of bills, which are composed of lending, guarantee and commission. Paper credits provide an important part of the bank's income. Guarantee and commission operations increase the convenience of bank customers bill payments, and are the source of low-risk income.

5) Account: a type of bank accounting that is opened by banks to legal entities and individuals on a contractual basis for the keeping of cash assets and payments clearing and settlement in accordance with the terms of the contract and the requirements of legislation. Opening of the accounts by banks for legal entities and individuals promotes the preservation and extension of clients. The bank becomes a center of the customer service for a long time, and new sources of income for credits granting are formed.

In general, effecting of payment transactions increases the financial market role of banks as settlement centers and intermediaries, which make payments and transfer funds. With the expansion of the range of payment transactions, banks increase their commission income and contribute to the income growth and own development.

Financial instruments for managing the development of banking business are different assets and liabilities of the bank that are rotated in the financial market and are legal requirements of their owners for the receipt of financial income or other benefits and through which banking transactions are implemented. Financial instruments for managing the development of banking business (*Figure 1*) include:

1. Credits: the funds provided by banks to customers for temporary use on terms of return, payment, maturity and intended use. Granting credits is one of the most important functions of the bank, because credit is the main source of its income, which enable to increase financial resources, expand and develop banking business.

2. Deposits: cash funds that can be in cash and non-cash form, as well as in native and foreign currency, which are put by customers on their personal banking accounts on a contractual basis and for a specified period and are paid to the depositor according to the terms of the contract and the applicable law. Deposits are the main source of formation of the bank's resource base.

3. Security papers: the certificates that certify the participation of their owners in the capital of the enterprise or provision of a loan. Security papers are the form of financial capital, because their owners get the income. Although security papers are bought and sold on the market, they have no real value; this capital is often fictitious.

4. Bank guarantee: a bank's obligation to make a payment within the specified amount for its client in case of failure to fulfil the terms of the contract. One of the biggest advantages of this instrument is that the bank guarantee can cover foreign trade transactions. By providing the bank guarantee, banks receive commission income, although the interest rate is usually less than for credit operations.

5. Bank reserves: mobilized funds of the bank for recovery of unforeseen losses from various types of active transactions or other types of uncertain risks. To cover bank business losses, banks create special reserve funds and general reserves to cover losses that may arise in the banking activities.

For the effective functioning of the banking business development instruments, rules are needed to regulate the rights and obligations of all participants in the transaction or payment. These are the rules formed by legal instruments for the banking business development management, which include the methods and techniques of the influence of the management subjects on the management objects, which is based on the legally established "authority" of the leadership.

Legal instruments for the banking business development management regulate the functioning of payment and financial instruments of the bank. They are subject to such legal acts as the Constitution of Ukraine, the Civil Code of Ukraine, Banks and Banking Act of Ukraine, other acts of the legislation of Ukraine and subordinate legislation of Ukraine.

The basic tools for development of banking business include (*Figure 1*):

1. Charter of the bank: a set of rules that regulate the organization and order of the activities of the bank, its relationship with the parties concerned the rights and obligations of the governing bodies.
2. The orders of the manager: the documents issued by the bank's officials within their competence, which are effective on the employees to whom the order is addressed.
3. Instructions: the documents, in which the rules are established to govern the obligations of the activity parties and the relationships of institutions or conduct of the employees in performance of the official duties.
4. Administrative letters: the main documents that provide the administrative activity of the bank.

Indicated legal instruments for the banking business development management, viz. the Charter of the bank, orders of the manager, instructions and administrative letters are the main elements of the administrative management of the bank, because they ensure the coordinated work of the bank at all levels, and also regulate the obligations of all participants in banking activities. Seeing that the bank is the manufacturer of a specific product, it needs the appropriate instruments to conduct transactions. Banking development management instruments are designed to provide and promote the objectives of the bank, which ultimately reduce to profit and increase the cost of the bank.

The third component of the mechanism for banking business development management are levers. In the "Unabridged Explanatory Dictionary of the Ukrainian Language" the term "lever" is described as "...means by which actions can be promoted; which contribute to the development of something, or enliven, intensify the activity of someone or something" (Dyakiv, 2002). Although this definition has a generalized character, it also clearly emphasizes the effective nature of the levers.

The considered concept of "lever" gives us the opportunity to determine that the banking lever is a combination of means used by the bank creating favorable conditions for the development of its activities in accordance with the tasks and objectives. We believe that the levers of the banking business development management are a combination of means used by the bank to effectively organize its functioning by creating favorable conditions for the implementation of the tasks and objectives that will contribute to the profit realization and development of the bank.

Levers of the banking business development management are composed of three groups: economic, organizational and social (*Table 2*). The proposed groups of levers are designed to ensure the effective functioning of the economic, organizational and social activities of the bank. Economic levers are a combination of economic means of influencing the bank's activities, which are designed to ensure maximum profit in the long run and the development of banking business. These levers pertain: income

distribution, customer engagement, banking business transparency, pricing and more. The use of economic levers will contribute to the achievement of the objectives set in the process of the banking business development management. The administrative levers of the bank are designed for the formation and implementation of measures to create favorable conditions for the efficient functioning and development of the bank. The types of administrative levers are objectives, principles, internal guidelines and planning of the bank's activities. They provide management impact on the bank's activities and provide compliance with the relevant regulatory internal documents, rules and norms by all participants.

**Table 2**

**Levers for the banking business development management**

<i>Groups of levers</i>	<i>Types of levers</i>
Economic	distribution of income; customer engagement; banking business transparency; pricing; other
Organizational	bank's objectives; bank's principles; internal guidelines; activity planning; other
Social	staff work motivation; social responsibility; creation of the appropriate staff morale; constant relationship between the leadership and staff; organizational culture; public relations; other

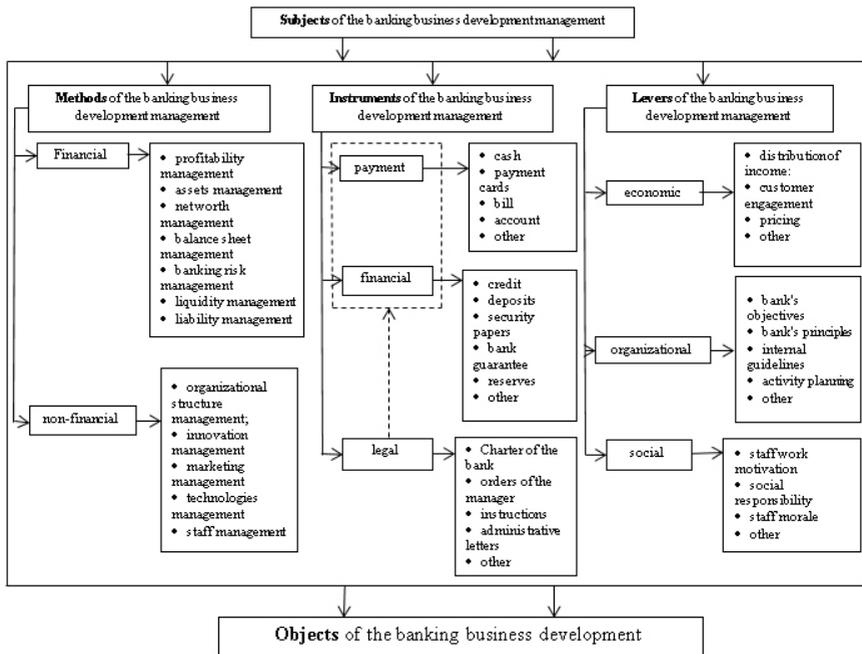
*Source: compiled by author*

Social levers are a combination of means for influencing the bank's activities designed to ensure staff motivation, social responsibility, creation of the appropriate staff morale in the working environment, constant relations between the leadership and staff, organizational culture and public relations. The effect of these levers is designed to create the appropriate conditions for banking business through the bank's operational potential and can be realized effectively only in a coherent manner. Each of the levers of the banking business development management finds its application in the context of ensuring the effective functioning and development of the bank. Using the proposed levers, management entities should take into account their specifics, carefully choose each element and take into account the market situation and the interests of the target audience.

The mutually agreed set of methods, instruments and levers considered in the research, forms a holistic mechanism for managing the development of banking business forming a single system of impact on the activities of the bank (*Figure 2*). Provided that, the development of banking business is determined by the actions of leadership, viz. competent management of the bank's net worth, assets and liabilities of the bank, risks, liquidity, staff, ability to build an effective organizational structure and others.

**CONCLUSION**

At this point of economic development, the activity of banks is characterized by a high level of riskiness, dynamism and instability. This is precisely what determines the necessity to find new ways and methodological approaches that would contribute to the successful development of the banking business. The process of the banking business development management is based on the use of the proposed methods, instruments and levers, which are collectively, create a single integrated mechanism.



**Figure 2: Mechanism of the banking business development management**

Source: compiled by author

In recent years, the problems associated with the banking business development management have become relevant. Global trends have become the main motivating processes. The internal motives objectively arose as a result of the negative change in the conditions of banks functioning, which led to the necessity to develop the banking business development management mechanism, which is the basis for the effective functioning of the bank, its profit realization and development. In the context of the banking business development management, the study of practical aspects of the proposed mechanism introduction to the bank's activities acquires particular significance and it will be the subject of further research activities.

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**JEL: I31, J3, O3**

**A MODEL FOR SOCIAL AUDIT  
OF CORPORATE SOCIAL RESPONSIBILITY**

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**Abstract:** *Corporate Social Responsibility (CSR) is a voluntary initiative of the organization incorporated in their management systems that aims to improve the well-being of their employees, families, society and protect the environment. CSR helps to achieve sustainable development by ensuring a balance between the social, economic and environmental goals of the organization. Different organizations choose different patterns of socially responsible behavior. Some organizations declare their social responsibility through SA 8000 certification, others choose AA 1000 certified. There are also organizations that declare their social responsibility without being certified by a specific standard, but they choose the principles of the UN Global Compact. For them, this article will be offered a model for auditing CSR. CSR's audit is one of the types of social audit that is beneficial not only for the organization, but also for society, because it provides an independent assessment of the degree of correspondence between the stated and achieved social and environmental objectives of organizations.*

**Keywords:** *Corporate Social Responsibility (CSR), audit, social audit, CSR principles*

**INTRODUCTION**

Corporate sustainability starts with the value system of the organization and its business principles. This means that organizations must work in a manner that covers at least the minimum social responsibilities in the areas of human rights, labor, environment and the fight against corruption. According to UN Global Compact data, 47.000 organizations publish a communication on their progress for sustainable development and socially responsible behavior.

The requirement for non-financial declarations to demonstrate the socially responsible behavior of organizations is introduced "in national accounting legislation with the transposition of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain undertakings and amending types Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC and Directive 2014/95/the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial information and information on the diversity of certain large undertakings and groups" (Veysel, 2017). Publishing for organizations' progress, as well as the requirement for large companies to make a non-financial statement is a good start to continue with confirmation from a social auditor.

## **PRINCIPLES OF THE UN GLOBAL COMPACT AS STANDARDS FOR CSR AUDIT**

The basic idea underpinned by the principles of the UN Global Compact is within its influence that organizations set up and develop of core values related to human rights, labor standards, environment and fight against corruption. These core values are divided into four categories as follows: *The first category is Human Rights*. Here are the first two principles. *Principle 1*: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; *Principle 2*: make sure that they are not complicit in human rights abuses. *The second category is Labor standards*. They relate to *Principle 3*: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; *Principle 4*: the elimination of all forms of forced and compulsory labor; *Principle 5*: the effective abolition of child labor; *Principle 6*: eliminate discrimination in respect of employment and occupation. *The third category is the Environment*. It includes *Principle 7*: Businesses should support a precautionary approach to environmental challenges; *Principle 8*: undertake initiatives to promote greater environmental responsibility; *Principle 9*: encourage the development and diffusion of environmentally friendly technologies. *The fourth category is anti-corruption*. It refers *Principle 10*: Businesses should work against all forms of corruption, including extortion and bribery.

Declaring compliance with the principles of the UN Global Compact is not enough. As required by the UN Global Compact, organizations must provide information (in a transparent and public manner) on an annual basis to stakeholders on its progress on sustainable development.

### **MODEL FOR SOCIAL AUDIT OF THE CSR**

In the theory, there are various proposals for CSR audit. E.g. V. Dineva (2016) offers a model for auditing CSR elements and groups of stakeholders. Interesting is the manual of self-assessment of CSR companies that offer UNDP (2010). Although its goal is self-assessment, social auditors that are external to the organization can also use it. In this model, self-assessment is made on 5 key elements: Governance, Environment, Labor Relations, Relationships with the Local Community and the Business Environment. Each element has own indicators that are subject to evaluation.

The idea of our model for social audit is to present the sources for collecting information, which expresses an independent opinion on the organization's assertion about implementation the UN Global Compact principles. For each of the 4 group of principles, the model provides 3 sources of information, viz. documents, interviews and observation. Each of the 4 groups of principles have 5 key documents to be verified, 5 key questions that have to be asked during an interview and 5 main objects that will be monitored during the audit.

*Limitation*: This article presents part of the model, i.e. informational sources collection without analyzing the methodology of the final evaluation. Questionnaire for the interview with external stakeholders do not take place here.

### **ADVANTAGES, DISADVANTAGES AND RISKS OF THE MODEL IMPLEMENTATION IN THE PRACTICE**

**Table 1**

**Sources of information for Principles 1 and 2**

UN Global Compact Principles	Sources of information			
Human Rights	Documents for the verification	Subjects of the interview	Questions for the interview	Observation
Principle 1: Business should support and respect the protection of human rights proclaimed internationally Principle 2: Make sure, they are not complicit in human rights abuses	1. Organization's Policy for Equal Opportunities 2. Organizational rules for monitoring that ensure that its human rights policies are implemented 3. Rules for filing complaints 4. Rules to verify that business partners are not involved in acts that violate human rights 5. Labor contracts	Internal and external stakeholders	1. What do you do in your free time? 2. Would you please show me your identity card? 3. Do you know to whom you have to complain if you become a victim of violence at work? 4. When did you last see a child working in the firm? 5. When did you receive a copy of your employment contract?	1. Staff appearance 2. Work conditions 3. Life conditions 4. The reputation of business partners 5. Jobs

**Table 2**

**Sources of information on Principles 3, 4, 5 and 6**

UN Global Compact Principles	Sources of information			
Labor	Documents for the verification	Subjects of the interview	Questions for the interview	Observation
Principle 3: Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining Principle 4: Elimination of all forms of forced and compulsory labor Principle 5: Effective abolition of child labor Principle 6: Elimination of discrimination in respect of employment and occupation	1. Collective agreement 2. Equal Rights Policy/ Policy declaring that the owner does not use forced labor 3. Labor contracts 4. Certifying info on participation of the organization in work groups & committees for the elimination of child labor 5. Partners contracts for the goods/services supply	Internal and external stakeholders	1. Do you know what does it mean "a forced labor"? 2. What amount of money did you pay to start to work? 3. What amount of money did you deposit in the company? 4. Where do children work in the firm? 5. When did you receive your salary?	1. The reputation of the employer 2. The reputation for business partners 3. Age of staff 4. Psychological status of staff 5. Trade union members

**Table 3**

**Sources of information on Principles 7, 8 and 9**

UN Global Compact Principles	Sources of information			
Environment	Documents for the verification	Subjects of the interview	Questions for the interview	Observation
Principle 7: Business should support precautionary approach to environmental challenges Principle 8: Undertake initiative to promote more environmental responsibility Principle 9: Encourage the development and diffusion of environmentally friendly technologies	1. A code describing the commitments of the firm and environmental care of health 2. Docs for functioning of Managing Committee of environmental risks from the activity of the organization 3. Documents proving effective communication with stakeholders for potential risks 4. Documents for the raw materials used by the organization 5. Sustainability indices	Internal and external stakeholders	1. In what way the firm is controlling the risk of the environment harm? 2. What investments has the organization made to save the environment? 3. In what initiatives took part the organization to protect environment? 4. What materials does the organization use for their work? 5. Do you know to whom you have to call, if you see that organization polluted the environment?	1. Relations with external stakeholders 2. Landscaping the space around the organization 3. The product (material, from which it was made) 4. Amount of paper used 5. System for economical use of electricity and/or water

Source: *The Ten Principles of the UN Global Compact (2017)*

**Table 4**

**Sources of information on Principle 10**

UN Global Compact Principles	Sources of information			
Anticorruption	Documents for the verification	Subjects of the interview	Questions for the interview	Observation
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	1. Anticorruption Policy 2. Training to overcome corruption 3. Ethical Code/Corporate Culture 4. The internal controls to prevent the corruption risk and fraud 5. The annual reports the organization's practice in the corruption fight	Internal and external stakeholders	1. In what trainings did you take part in connection with an anticorruption policy? 2. What should behavior be according to organization's code of ethics? 3. What are main elements of anticorruption policy of the company? 4. Do you know to whom you have to call, if you have been asked to give bribed to an institution or company to which you deliver products/services? 5. Does the company have a "hotline" for reports of corruption?	1. The reputation of the organization 2. Professional competence tools

*Source: The Ten Principles of the UN Global Compact (2017)*

*Advantages:* (1) The model is easy to use. (2) The model can be applied in any sphere of activity of organizations. (3) The model is open. It can be complemented and further developed. (4) Some of the suggested questions look for information in an indirect way, which reduces the risk of manipulating responses. (5) The presented model provides an opportunity for cross analysis that provides more objectivity in assessing the real situation. (6) The presented model will make it easier for people, who do not have enough experience in conducting social audits.

*Disadvantages:* (1) On some of the questions may give answers that the auditor wants to hear. This has the potential to distort the information received. The risk in the model is managed through the information from different sources and the possibility of asking additional questions. (2) It is possible for the audited entity to submit the documents for the purpose of the social audit only. In this way, there is a risk that the organization to be socially responsible only on paper. The risk in the model is managed by asking questions, which answers will show the presence or lack of practical application of the prescribed rules and procedures.

**CONCLUSION**

The interest in CSR is growing up as more as growing up "moral risks" in managing organizations, the "shadow economy", the growing need for a "sense of fairness of wages" (Stefanov, 2015).

The results of a survey conducted between 2014 and 2018 show that 77% of 477 respondents indicate that when applying for a job, for them it is very important whether the firm is certified according to social responsibility standards. It proves that the social responsibility of the company is crucial for the motivation of the staff (Peicheva, Miteva & Harizanova, 2017).

As Ya. Dimitrova (2012) says: "Companies that have adopted the principles of corporate social responsibility should not do so in order to obtain approval from

outside..." The principles of CSR must be found in the decision-making processes within these companies, i.e. they should become an integral part of business processes and company policies". In the future, CSR will be part of the "Human Resource Training in the Organization" (Atanasova, 2015).

The proposed model aims to facilitate a social audit of CSR. The model provides an opportunity to uncover inconsistencies between organizations' claims to be socially responsible and their actual behavior.

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**JEL: F13, F21, F23, F42**

## **ASYMMETRIES OVERCOMING IN THE SPHERE OF FOREIGN ECONOMIC ACTIVITY OF ENTERPRISES**

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**Abstract:** *The article summarizes the asymmetries types that arise in the foreign economic activity of enterprises implementation. The reasons of asymmetries occurrence, in particular in the sphere of foreign economic activity, were defined. It was suggested to take into account the asymmetries in the activity by determining the complexity factor of the work performed. Consider possible ways to reduce asymmetries, in particular, through training and development of personnel of the enterprise involved in the sphere of foreign economic activity.*

**Keywords:** *asymmetry, information, work complexity, HR training and development*

### **INTRODUCTION**

Global processes in the international economics are distributed to certain regions, and then to countries and economic entities whose activities form the prerequisites for economic development. First of all, globalization leaves its imprint on such areas of enterprise activity as foreign economic activity, scientific and technological development, labor migration, human resource development, and others. Exactly in these areas of activity there are significant inconsistencies caused by different levels of economic development of countries, the degree of use of the latest management methods in organizations, etc. In studying of foreign economic activity of enterprises management issues, it is necessary to pay attention to asymmetries that characterize precisely these discrepancies, contradictions, disproportions, divergence-categories having synonymous meaning.

The *aim of the article* is to define asymmetries in the foreign economic activity of enterprises and to substantiate the ways to their overcoming.

The *main tasks for our research* are: (1) to generalize the types of asymmetries that arise when carrying out foreign economic activities of enterprises; (2) to define the causes of asymmetries, in particular, in the sphere of foreign economic activity; (3) to consider possible ways of asymmetries reduction, in particular, through training and development of personnel of the enterprise.

### **MATERIALS AND METHODS**

According to domestic scientists, asymmetry, unlike other almost identical definitions, is not only a more capacious, universal and general form of economic development, but also a driving force of social progress, since it serves as a tool for the simultaneous detection and temporary solution of its contradictions (Lukyanenko,

Kolesov, Kolot & Stolyarchuk, 2013). One of the contradictions that generates asymmetry is information, in the conditions of which the enterprises carry out the activities. The occurrence of asymmetry is due to limited access to information; variability and rapid aging of information; incomplete assimilation of information; confidentiality; the costs for information obtaining; opportunistic behavior of the parties. In these cases, we talk about information asymmetry as a situation, in which the parties have different information. As for the theory of information asymmetry in the economics, its foundations were laid by Arrow (1963) and Akerlof (1970). Arrow (1963) has noted that the reduction of information uncertainty is achieved through the creation of various public institutions with regard to the possibility of carrying out certain activities and producing goods on the basis of application of such alternative approaches: licensing of activities; certification and marking; or own consumer's choice. Akerlof (1970) has built a mathematical model of the market with imperfect information, for which he was awarded the Nobel Prize in 2001. The scientist has emphasized the need to develop guaranty institutions and promote the reputation of market participants. Problems of asymmetric information are effectively solved in economics in which brands, trademarks, franchising, branded stores, licensing and state protection of contracts play an important role.

Investigating foreign economic activity, it is worthwhile to pay attention to the concept of spatial asymmetry, which is defined as a general form of global economic development and a tool for identifying the system of its contradictions [4]. In this context, geographically disproportionate development of countries is considered asymmetric, in which the gap between economically strong and underdeveloped regions is widening, characterized by a discrepancy in regional development indicators. It affects the organization and management of activities related to the penetration and performance on the external sales markets of national producers' products and realization of imported products on the national market.

Thus, in the process of foreign economic activity, there is a need to identify possible asymmetries and choose ways to avoid their occurrence or reduce the consequences of negative impact. At the enterprise level, we propose to carry out this activity by defining the complexity factor  $C$  and its use in the process of evaluating the performance of a particular service or enterprise. We propose to calculate this factor on the basis formula (1):

$$C = k_u * \frac{k_{at}}{k_{rt}}, \quad (1)$$

where  $k_u$  is the uncertainty factor of the work performed;  $k_{at}$  is the factor of the additional time consumption for the performance of the particular work;  $k_{rt}$  is the factor of the required time consumption to solve the task.

## RESULTS

Overcoming or avoiding of asymmetries in the sphere of foreign economic activity requires their identification. Common asymmetries are: (1) Countries development level, with which contracts are concluded by domestic enterprises, is determined by the scientific and technical potential, the management level, the exchange rate; (2)

Current international regulatory documents, which are not always harmonized with domestic ones; (3) Differences in terms of settlements with foreign counterparties; (4) Nonconformity of goods/services to international quality standards; (5) Consumers' needs and motivations are the driving force on the market of products/services.

The main ways of asymmetry overcoming in the foreign economic activity of enterprises are to reduce the uncertainty of the environment, where the enterprise operates. To achieve confidence of managers is possible by increasing their professional level, additional training, encouraging attendance of special trainings. Nevertheless, the implementation of foreign economic activity requires consideration of certain features, which are not typical for activities at the national level. Managers in this field are daily faced with a large amount of tasks that may be incomprehensible, unpredictable and much larger than the planned amount and are characterized by a complexity that takes into account the components listed in formula (1).

In everyday work, there is a need to reduce the work complexity that is achieved through optimization. Optimization of the task performed by the complexity measure can be achieved by reducing complexity and increasing the number of known tasks (e.g., through training); in turn, it will reduce the time for the task execution (due to the time reduction for the analysis of new tasks), which will reduce the complexity of process and give the manager additional opportunities to use the released resources for other processes, viz. activities improvement or new opportunities seeking. As a result, the value of formula (1) should be optimized with minimization criterion (2):

$$C = k_u * \frac{k_{at}}{k_{rt}}, \rightarrow \min \quad (2)$$

## CONCLUSIONS

Thus, our asymmetries study in the sphere of foreign economic activity of enterprises make possible to identify key contradictions in the development of domestic enterprises that do their business on the foreign markets. The asymmetry leads to an increase in the work complexity in the sphere of foreign economic activity and requires searching for the ways for its reduction (optimization). It is possible, in particular, by increasing the skills of managers engaged in the sphere of foreign economic activity through their training and development.

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**JEL: E20, O16, L94**

**INVESTMENT PLANNING FOR THE DEVELOPMENT  
OF UKRAINIAN ELECTRIC POWER ENTERPRISES**

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***Abstract:** The relevance of investment performance for the development of domestic electric power enterprises is substantiated. Basic characteristics of this process for electric power enterprises are determined. The weaknesses of investment performance are characterized. Possibilities to improve this process through the activation of project performance are considered.*

***Keywords:** investments, planning, development, electric power, tariff formation, project performance*

**INTRODUCTION**

The enterprise development planning means choosing and reasoning the opportunities of achieving long-term development goals. Considerably, such an opportunity is determined by the availability of sufficient investment resources. In the domestic industry, electric power is one of the sectors with rapid changes. Besides, now electric power is implementing tasks, which are strategically important for the national economy. Therefore, an important issue for enterprises of this sector is the research of enhancing investment possibilities for the implementation of necessary changes, which are declared in state and sectoral development programs. Consequently, investment performance is one of the priority directions of electric power enterprises. It is aimed at financing the production quality improvement and reliability for the consumers. Typically, investment performance is implemented through investment programs.

For the domestic industry, investment programs are primarily aimed at modernizing and updating technical and technological resources. However, existing investment programs do not solve the issues of investment support for the sectoral enterprises development.

The *purpose of our scientific paper* is to research preconditions of the formation and development of the investment component planning of electric power enterprises and to determine ways to improve its implementation.

The *main tasks of this research* are: (1) to determine the place of investment component in the process of planning the development of electric power enterprises; (2) to characterize directions and investment sources for the development of electric power enterprises; (3) to substantiate intensification ways of investment performance of the abovementioned enterprises considering existing weaknesses.

## MATERIALS AND METHODS

While studying economic development theory, J. Schumpeter (2011) considered 5 development cases. One of them is the reorganization of any industry, particularly through the destruction of monopoly position. Today domestic electric power industry is being reorganized and needs certain changes. Investments play a significant role in supporting development processes and include investing money, efforts, time and other resources in objects, processes, systems, to gain profit or other benefits and advantages. Financial component of investments is characterized with assets, which are owned and used by enterprises for profit (Gitman & Jonk, 1999). Economic component characterizes expenses for modernization, reconstruction, renovation and technical re-equipment of fixed assets. It also makes sense to accentuate managerial component, which determines the process of targeted influence of an investor based on the reasonable alternative of optimal result through the correlation of benefits and risks of such performance or some another effect. Combination of these theoretical aspects of investment performance is reflected in its actual legislative essence. Viz. investment performance considers all types of tangible and intellectual assets, which are invested in the objects of business performance or any other performances that generate profit (income), and/or social and ecological effects are achieved.

Investment performance is connected with the involvement of investments. In terms of financial constraints, investments allow to support necessary changes in business performance and to plan possible ways of innovations. Investment process is considerably slowed down because of the lack of investment attractiveness for investors. This shifts the vector of investment sources to the usage of sources of the Ukrainian companies (ex. depreciation, part of their profit), part of funds, obtained from privatization of the objects of the Ukrainian fuel and energy supply sector (*FESS*), private capital, including bonds for investments in state *FESS* development programs, costs of wholesale electricity market (by target investment tariff premium).

Market investment mechanisms are based on decisions, which take into account the percentage of return on investment. A potential investor should be interested in benefits, which will be obtained while investing in the development of a certain object. Discount rate level is the guideline for involved and invested money, which is the limit of profitability, the investor might be interested in. Considering investing in electric power industry, the state regulation in the field of energy efficiency is an important. It is aimed at supporting sectoral enterprises and is based on such levers as direct budget financing; value-added tax exemption, import duty exemption, partial income tax exemption; special electricity tariff; state guarantees concerning appropriate credit lines. Today, stimulating tariff formation method (*Regulatory Asset Base – RAB*) is one of methods of involving investment resources into the development of electric power industry. Stimulating tariff formation experience appeared to be successful abroad. E.g., during 15 years Britain achieved reduction in expenses of electricity distribution companies and double reduction of electricity transportation tariff. Britain has extensively used the *RAB* to provide investors with privatized network utilities with comfort that their investments will not be treated unfairly (Stern, 2013). In Romania, the introduction of such tariffs made possible to decrease

depreciation from 75% to 48% in 2004-2011 (Development of investment and innovation performance in the world energy sector, 2016). Stimulating regulation means setting profit margin at the level, sufficient to involve the required amount of investments. For investors, the introduction of stimulating tariffs provides income predictability, as well as increase of the market value of companies. Thus, today it is important to identify components of investment performance, which are based on internal and external financing sources and focused on the implementation of modern development objectives.

## RESULTS

Development plan of the *United Energy System of Ukraine* for the next ten years determines total needs in investments for the development of generating capacities and mainline electric networks of the *United Energy System of Ukraine*. Their value is 493.6 billion UAH. Approximate distribution of investment needs in this period is planned in the following way: funds of enterprises (29.5%); loan funds (66.8%); other sources (3.7%) (Natural monopolists vs. competitive business: ways to improve cooperation, 2017). State, regional, sectoral management authorities work to intensify investment component in solving development issues of domestic electric power using the system of investment and innovation programs aimed at increasing investments through credit and tax privileges. Regulatory authorities in energy sector decided to introduce stimulating tariffs. It includes long-term regulation of tariffs aimed at involving investments for the construction and modernization of electric networks infrastructure and stimulating expenses effectiveness of electricity distributing companies. Considering all advantages of implementing this investment method in the industry development, we should remind about the main barrier and disadvantage of this tariff formation method in the short-term period – *a significant increase of electricity tariffs for an ordinary consumer*, who is not able to pay more.

Researches show that if the total share of electricity expenses and other utilities exceeds 20% of the total household income, the payment level decreases rapidly and causes non-payment crisis in energy supply system (Barannik, Zemlianyi & Shevtsov, 2003). Today, the question of creating institutions, which would estimate people solvency, considering payments for energy, is discussed. The issue of attractive conditions for a potential investor is controversial.

One of the possible ways of solving the problem of activating investment performance at the level of an enterprise is project performance; I mean a special proposal concerning changes of business performance of an enterprise to achieve certain goals (Savchuk, 2005).

Investment project is a category, which allows arranging investment performance of an enterprise in compliance with a specific project. It is achieved through the project cycle definition. For electric power enterprises, project performance is possible considering both strategic and tactical tasks an enterprise's development. Viz. strategic projects mean radical changes of ownership and the nature of production, and can be fulfilled in privatization process of FESS objects through the creation of joint-stock companies, private companies and joint ventures.

Tactical projects have great importance for the maintenance of operational performance. Such projects are connected with the improvement of production quality and quantity, equipment modernization, and other tasks, which are solved by electric power enterprises today.

## CONCLUSIONS

Today the electric power enterprises' position requires technical modernization and needs considerable investments in development goals. Available investment programs do not allow solving this problem. Stimulating tariff formation is just on its implementation stage and the amount of investment component in electricity tariff is controversial. It stimulates enterprises to look for additional ways of involving investments in the development. In our opinion, the activation of project performance will bring an investor closer to solving certain problems and make investment process more transparent; recipients of funds will become more effective and responsible for the results of their work.

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**JEL: G21, C53**

**RISKS INFLUENCE ON THE ACTIVITY OF COMMERCIAL BANKS**

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**Abstract:** *The article deals with the impact of risks on banking activities, especially with credit and interest-rate risks. Classification of bank risks is of great importance in the bank's management system and in the assessment of its activities. The authors propose to evaluate these risks taking into account combinations of different methods based on the ratio method. In banking, great attention should be paid to assessing the credit process effectiveness and the balance of active and passive operations.*

**Keywords:** *risks, banks, management, minimization, assessment, analysis, indicators*

**INTRODUCTION**

One of the main strategic tasks of a bank is provision of the optimal combination between profit and risk (Lavrushina & Valentsova, 2013). The more the profit, the more the risk that demands the increase of the capital. The strategy connected with highly risky operations leads to losses, decrease of liquidity. On the contrary, if the profit is lower than the market level, the bank faces complications in attracting the resources, which need the definite level of expenses, etc. Consequently, the bank is retested in profitable functioning in the point of optimum of competing processes, i.e. in the optimal level of profits and sufficient capital. For providing normal development aimed at stability of the risk level, it is necessary to increase the capital while the assets are growing.

The risks that the commercial banks face can be either purely bank risks spontaneously connected with the specificity of the activity of the credit institutions or general risks appearing in credit institutions and the risks appearing under the influence of external factors. It is rather difficult to differentiate precisely all the risks the commercial banks face in the process of their functioning: concretely banking or general (Belyakov, 2003). Grouping of banking risks into different types often occur in the economic literature: e.g., the risk of calculating operations, the credit risk, the risk of operations with foreign currency, the risk of deposit operations, the risk of banking operations with securities. Under such classification on each group the reared on side red the risks depending on the peculiarities of different types of banking operations and the dependence of these operations on external risks is

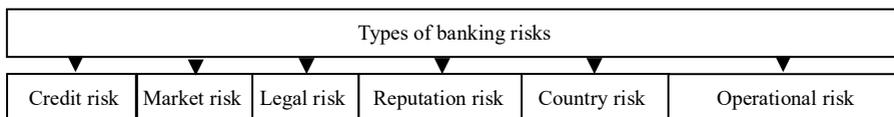
also studied (Beloglazova & Krolivetskaya, 2011). Specialization of the bank on certain types of services influences on its profile of the risks. E.g., the bank actively working on the market of crediting the enterprises of non-financial sector, on the inter-banking market, on the market of consumer crediting, will be subjected at a great extent to the credit risks and the bank depositing significant resources in a fund market, is subjected to the market risk (Beloglazova & Krolivetskaya, 2015). The system of managing risks, the availability of which is an obligatory condition of successful activity of the credit organization, must minimize the risk taking into account the influence of the external environment and specificity of the bank activity. The availability of such system of ten allows avoiding significant losses. Assessment and managing risks, especially financial, in banking legislature are becoming more urgent and in for motive due to their great importance for all the participants of the banking system of Russia and other countries. Generally, assessment of the risk is reflected in calculating absolute in dices: in the absolute assessment, the risk determines the absolute amount of losses, in the relative assessment – relation of probable amount of losses to the volumetric indication, characterizing the assessing operation (Miller & Van-Huz, 2000). In the basis of the risk assessment, there is dependence on definite amounts of the bank losses and possibilities of their appearance (Holmes, 2014). This task can be solved by different methods: statistic, expert assessing, analytical, and economic-mathematical and others (Markowitz, 1991). It is important to remember that all the risks are interconnected and make influence on the result of the activity as profits, capitalization of the bank.

### MATERIALS AND METHODS

In the process of the research the scientific methods of analysis and synthesis, system and complexity of the study, processes and phenomena, comparison of analogues, the dialectical method of cognition of connections, different methods of economic analysis, mathematical statistics, grouping, expert estimation, regressions and other exhaust scientific practice methods were used.

### RESULTS

The risks constantly accompany banking activity. That is why the question raises about their identification and neutralization. Based on the complex classification of banking risks it is possible to model the banking activity, to continue searching the internal resources aimed at improving the effectiveness of operations implementing. Having the variability of classifications and approaches it is advisable to be oriented for the "Basic principles of the effective supervision on bank activity" developed by the *Basel Committee* on banking supervision and published in September, 1997 as a consulting letter, which represents the following key risks (*Figure 1*).

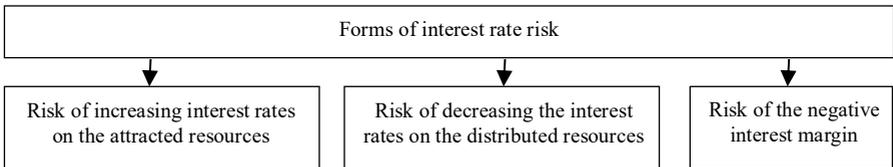


**Figure 1: Classification of banking risks by the Basel Committee**

*Source: composed by the authors*

The *credit risk* is the main and means threatening of non-implementation of the contracts or agreements (*Figure 1*). This risk refers not only to the bank credits but also to the balanced and out-balanced articles of the bank to which we refer bank guarantees, accepts, investment portfolio of valuable papers. Influence of the credit risk on the bank can be minimized by creating reserves for writing off unreliable credits from the balance and in case of necessity the charged interest on them. In addition, special attention should be paid to the connected credits given to borrowers belonging to one corporation or affiliated group that exceeds the credit risk determined for one borrower. The international borrowings, which are closely connected with the credit risk as a necessary part of crediting in clued the country risk conditioned by the economic, social and political situation in the country of the borrower that is becoming more evident in giving loans to foreign states.

One of the components of the country risk is the risk of the international transfer payment occurring while nominating the commitments of a borrower in foreign currency which may also become non-acceptable for the borrower regardless of the conditions, for example, in case of declaring moratorium by the country for implementing commitments on external borrowings. In bank practice, there are two traditional most important components of the market risk: (1) interest risk connected with changeability of the level of the interest rates (*Figure 2*); (2) currency risk, conditioned by changeability of the cost of currency as a result of fluctuation of the currency courses.



**Figure 2: Forms of the interest risk of the bank**

*Source: composed by authors*

Three basic forms are subjected to the interest risk (*Figure 2*): (1) Risk of interest rates increasing on the attracted resources (liabilities), making the bank carry the expenditures more than it was expected on servicing their commitments; (2) Risk of interest rates decreasing on the distributed resources (assets) having negative influence on the level of the interest profits of the bank; (3) Risk of the negative interest margin characterizing as the development of a large degree of the interest risk, beginning when the interest expenditures of the bank paid on the means of the central bank, other banks, on the accounts of commercial and non-commercial organizations, exceeds the interest profits according to the distribution of the resources. However, this risk is usual for the bank activity it may significantly threaten the profit and the bank's own capital. That is why management of the risk of the interest rate is very important in conducting the operations on complicated financial markets where the participants themselves form the market interest rates, viz. in the countries with misaligned interest rate. Another classification of the bank risks is likely to be right because it is rather difficult to draw a firm line among different types of risks. As a

rule, many risks are interconnected and the changes in one of them cause changes in another one; but all of them finally influence the balance of the bank as a whole.

The bank risk is the probability of having losses or worsening liquidity of the credit organizations because of unfavorable vents, connected with internal factors (complexity of the organizational structures, the level of qualification of the employees, organizational changes, staff turnover, etc.), and the external factors (changes of the economic conditions (of the activity of the credit organizations, new technologies, etc.), which are characteristics of the bank activity.

The main task of the scientific management of the risky operations of the bank is determination of the degree of admissibility and legitimacy of any risk and taking an immediate practical decision directed to using risky situations or working out the system of measures (choice of means and methods), decreasing the possibility of losses from conducting any operation.

To the main ways of decreasing the risks in a bank, we can refer: (1) use of the principle of risks weighing; (2) taking into account the external risks (branch, regional, assurance); (3) making systematic analysis of the financial state of the bank client, his payment ability, creditworthiness, rating, etc.; (4) application of the principle of dividing risks, refinance credits; (5) pursuing the policy of diversification; (6) giving big credits only on the consortium basis; (7) using floating interest rates and others.

The key elements of the effective management of the credit risk are as follows: the well-developed credit policy and procedures; good management of the portfolio; effective control of the credits; and more important well-trained personnel for the work in this system. Effectiveness of the credit process depends on the right credit policy developed by the bank that determines the order of the work at all stages of the credit process: from the application on giving loans till the repayment of the credit and closing the credit case.

The analysis of the effectiveness of the credit process shows that the general coefficient of the portfolio provision in 2015 was 0.5; in 2016 it was 0.5; and in 2017 only 0.4. The desired meaning of the indicator is  $Kp = 1$ , but  $Kp$  must not be lower than 0.5 (50%). In case, if  $Kp < 50\%$ , the quality of the credit portfolio is assessed as low. In case, if the quality of the credit portfolio is assessed as low, the level of payment by providing the credit investments may be risky in the depositing policy of the bank in case of not returning the loans without the loan provision. The tempo growth of the credit investments increases at each period and in 2017, it was 52.59. This illustrates the fact that demands on credits increase and the profits also increase and the probability of increasing risks grows as well. Aggressiveness of the credit policy exceeds its normative: in 2015 (64.1%), in 2016 (66.50%) and in 2017 (71.80%), this witnesses about overloading of the credit portfolio. The credit policy reflects the strategy and tactics of the bank in the field of crediting and is the basis of management of risks in the activity of the bank. That is why it is necessary to pay special attention to risk tracking during the stage of control over the credit. Thus, the basis of the development of the credit relations between the commercial banks and their clients due to the credit flow is the credit process conditioning the cycle of the loan capital of the commercial bank.

**Table 1****Calculation of the credit risk coefficients**

Coefficients	2015	2016	2017	Change 2016-2015	Change 2017-2016
The pure interest margin on the account of the credit risk	0,06	0,04	0,03	-0,02	-0,01
The share of overdue loans in the total amount of loans granted	0,06	0,03	0,01	-0,03	-0,02
The protection coefficient from the credit risk	0,03	0,02	0,02	-0,01	-
The total coefficient from the credit risk	0,31	0,21	0,17	-0,1	-0,04
The normative of the maximum amount of the risk per one borrower	5,17	6,10	9,64	+0,93	+3,54

*Source: calculated by authors*

While having analyzed all the represented coefficients shown in *Table 1*, we observe a positive tendency of the coefficient of the specific gravity of the overdue credits in a general sum of the represented credits, in 2016 in comparison to 2015, the decrease is 0.02, and in 2017 in comparison to 2016 is 0.01. Because at each period is a decrease of this coefficient that witnesses about a high quality of the credit portfolio and consequently, the credit risk decrease. As for the protection coefficient from the credit risk, the reserve decreases in 2016 in relation to 2015 by 0.01. In addition, it should be noted that creating the additional bank reserve fund for not returning the credits, some part of the means is reserved. Sometimes, the more they created reserve, the more is the bank defense level. The pure interest margin on the account of the credit risk decreases and does not correspond to the normative in 2016 in comparison to 2015 by 0.02 and in 2017 in relation to 2016 by 0.01. This is connected with the liquidity crisis and the world financial crisis in general. The normative of the maximum amount of the risk per one borrower or a group of connected borrowers is constantly implemented in 2017 in comparison to 2016, it increased by 3.54; the bank constantly controls it by establishing the limits of debts. By this, the bank provides the needed sum for the borrower satisfying it interests and simultaneously insures itself from the excessive risk of non-return.

In the process of managing the credit risk in the bank, it is necessary to regulate the interest risk, which includes the estimate of balancing the active-passive operations. Moreover, it represents the fundamental direction of the analysis of banking risks allowing estimating the balance of the active-passive operations according to the periods of conducting, interest rates and on this basis to estimate the bank liquidity, its subjection to the interest risk.

From the analysis of the balance of the active-passive operations of the bank, it follows that the structure of the active and passive bank operations is not balanced from the point of view of sensitivity towards the changes of the interest rates. The coefficients of sensitivity of the assets and commitments of the banks witness high dependence of the financial results of the bank activity on the fluctuation of the interest rates. Almost all commitments of the banks from 80-98 of the assets and a significant part (over 75%) are sensitive to the interest rates changes (*Table 2*).

**Table 2**

**Estimation of the balance of the active-passive operations  
and the level of the interest risk**

Indicators	2015	2016	2017	Growth rate 2017/2015, %
1) Assets are sensitive to changes in interest, mln rubles	717749,5	788272	1115984,7	3,4 times
2) Liability to changes in interest, mln rubles	749634,5	870349,8	1184446,7	3,4 times
3) Money gap, mln rubles (1) – (2)	-31885	-82077,8	-68462	3,3 times
4) Interesting gap (1) : (2)	0,96	0,91	0,94	100
5) Changes in the interest rate, %				
5.1 – on loans	16,2	16,8	17,3	95
5.2 – on deposits	9,5	10,5	10,2	120
6) Maximum amount of interest rate risk, mln rubles (1)*(5.1) – (2)*(5.2)	45060,2	41042,9	72251,8	2,4 times
7) Coefficient of interest risk, % (3) : (1)	-4,4	-10,4	-6,1	95
8) Coefficient coverage of sensitive liabilities	0,084	0,115	0,144	2 times
9) Coefficient sensitivity of obligations, %	97	98	97	102
10) Coefficient financial independence from interest rate risk, %	36,2	38,6	44,5	77

*Source: calculated by authors*

Under preserving the macro-economic situation in the country at the same level, the banks management should reconsider the policy of managing the active-passive operations aimed at minimizing the interest risk and the level of financial dependence on the fluctuation of the interest rates through the reduction of the gap between actives and passives sensitive to the changes of the interest rates. That is why in this situation the estimation of the liquidity risk is necessary.

### DISCUSSION AND CONCLUSION

Represented scheme of management and estimation of the credit risk will allow estimating the structure and the composition of banking operations qualitatively, viz. to estimate of the assets and commitments quality, to analyze the balance in the part of the active-passive operations and the level of the interest risk.

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**JEL: G21**

**AN OVERVIEW OF FINANCIAL INCLUSION, DEPOSIT INSURANCE  
AND FINANCIAL STABILITY**

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***Abstract:** Financial inclusion, which defines peoples' accessibility to financial services, has brought numerous benefits for individuals as well as the stability of financial development. Deposit insurance, as one of the pillars for safety net, helps to alleviate risk among banks and enhance trust between depositors during economic turmoil, also contribute to the financial stability. This paper tries to find the mutual interaction between deposit insurance and financial inclusion on financial depth and banking stability, with the conclusion that deposit insurance stabilizes banking crisis and promotes financial depth, contributes a positive effect to a broaden financial inclusion. This paper also highlights some barriers for achieving higher level of financial inclusion, concluded with future developments that can be made from the perspective of deposit insurance.*

***Keywords:** financial inclusion, deposit insurance, development, bank stability*

**INTRODUCTION**

Evidences of strong relationship between financial development and whole growth of economic were found in a wide range of literature reviews (Beck et al, 2000). An inclusive financial system has highlighted its merits by potentially reducing cost of capital, enhance the management of finances, provide avenues for secure and safe saving or investment practices, hence promote economic growth and depth (Sarma, 2011). Conversely, if access to funds is limited and constrained by people's own funds, a lower level availability of funds thus increases the cost and lower the economic growth.

Financial inclusion, defined as accessibility of deposit and credit service for the integration of households, corporates and financial intermediaries, can enhance the financial stability by increasing costumers' access to the formal financial system, which will increase the aggregate saving (Gortsos, 2015). Higher level of financial inclusion also influences the behavior of individuals and firms and lead to a more productive and efficiency financial system.

For central banks, financial inclusion matters on the macroeconomic level by the way of poverty reduction and long-term economic growth, allow the poor to invest in physical assets and education, reducing income inequality and contributing to the economic growth (Levine, 2005).

An increased financial inclusion also gives a stable deposit-funding basis for depositors, especially when they are backed by an effective deposit insurance. Core principles for deposit insurance also highlights that deposit insurers should stay abreast of initiatives related to financial inclusion in order to protect unsophisticated and small-scale depositors (IADI, 2014).

As an important segment of the safety net, deposit insurance aims at reducing the risk of system failure and prevent bank runs hence to stabilize the financial system during financial turbulences. There are debates and different results from researchers when investigating. If deposit insurance enhances financial depth and banking stability, Deniz Anginer and Asli Demirguc-Kunt (2013) concluded that deposit insurance has a significantly stabilizing effect on bank crisis. But there is also a moral hazard effect of deposit insurance dominating in good times; Cull, Robert J., Lemma W. Senbet (2001) found a limited impact on the financial stability, deposit insurance will enhance financial stability only if the deposit insurance accompanies a sound regulatory; Davison, Lee and Carlos D.'s findings (2016) support that deposit insurance promotes financial depth.

With a proper regulatory authority and efficient bank supervision, deposit insurance can help to enhance trust in banks among depositors, thus overcome the barriers of financial inclusion and further contribute to the bank sector and the financial system.

### **FINANCIAL INCLUSION, DEPOSIT INSURANCE AND FINANCIAL STABILITY**

During financial crisis, bank runs happened as depositors withdraw their deposits. This scenario can be mitigated if bank deposits diversifies the adult population in use of deposits increases. Significant improvement can be achieved to resilience the banking sector funding and financial stability if the financial inclusion in bank deposits increase (Cull et al, 2012). To prove this hypothesis, Han, Rui and Martin Melecky (2013) use a sample of 95 countries' in three categories (Low-income, middle-income, and high-income) during 2007-2010, tried to find, whether the differences in drop of deposit growth over can be explained by a larger share of a country's population. They find that for the entire sample of HICs, MICs and LICs, broader access and use of bank deposits can significantly mitigates bank runs and financial slowdowns during crisis, while at meantime most significant in MICs, where large population still lack access to bank deposits. Their results give implications for policy makers achieving higher level of financial inclusion and stability.

Hannig and Alfred (2010) argue that great financial inclusion presents opportunities to enhance financial stability from the insights of risks and costs that financial inclusion may lead to financial institutions: low-income depositors tend to maintain solid behavior during crisis, which illustrates that these risk posted by financial inclusion can hardly be systematic in nature. While on the other hand, the potential cost that financial inclusion brought are compensated by dynamic benefits in the long run due to a deeper and more diversified financial system. Thus, financial exclusion countering is crucial in helping strengthen financial system.

Findings on effect of deposit insurance to the financial stability is nevertheless not uniformed. Cull, Robert J. (2001) acclaimed that deposit insurance can be counterproductive if the system is not appropriately structured, i.e. in a lax regulatory environment; moral hazard is more likely leading to greater systematic instability.

Lee K. Davison and Carlos (2016) applied a two schemes operative in the US during 1920s, the postal saving system and deposit insurance system to test the

hypothesis that deposit insurance promote financial depth by through its influence on depositor behavior. Using country level data, they examine the relative growth of postal savings deposits in pairs of border cities when bank suspensions occurred within a short radius. Their results show a 16 percent of deposit increase in the neighboring postal savings office located in deposit insurance states than the non-deposit states within only 10-mile radius bank suspension and the effect decrease with bank suspension distance until there it disappears when there is no deposit insurance enforcement. They documented a 56 percent of banking capacity because of the presence of deposit insurance, thus concluded that deposit insurance promotes financial depth.

Cull, Senbet & Sorge (2001) provide an agency-theoretic framework to characterize the impact of deposit insurance. They use a unique dataset developed by World Bank and draw the conclusion that while the regulatory environment of a country is weak and the banking sector unstable, financial depth may decline following the adoption of explicit deposit insurance system.

The literatures investigate the extent to the stability of financial are helpful in quantifying the stability-enhancing component of financial inclusion and deposit insurance, especially during crisis and under certain regulatory environment.

### **FINANCIAL INCLUSION AND DEPOSIT INSURANCE: ISSUES FOR BANKS**

Banking sector has taken a leading role in promoting financial inclusion. Policies that foster the expansion of regional banking services can be an effective tool to enhance financial inclusion by facilitating the access to deposit services, while in return, financial inclusion can expand the base of banking deposits with positive flow of financial stability (Busch, 2017).

Ardic (2011) investigates the legal environment for lending and found that a favorable legal environment may enable banks to operate more profitably, eventually leading to an expansion of deposit services and higher level of deposit penetration, especially with the presence of deposit insurance scheme. In addition, there is a positive link on the business climate to the access of financial services, which is essential to higher level of financial inclusion.

Allen, Franklin et al (2012) focus on the use of deposit account that is typically comparable in countries, analyzed three indicators of account use including ownership of an account, use of the account to save, and frequent use of account. In their results, individuals report lower barriers in countries with lower costs of accounts and greater penetration of financial service providers. Their data proves that increasing ATM penetration and branches can broaden financial inclusion, greater financial inclusion is associated with lower banking costs and greater proximity to branches. They also use a variable measures the scope of explicit deposit insurance which tends to show a positive effect on deposit insurance coverage and political stability among lowest income quintile.

While some of the studies suggest that deposit insurance can induce moral hazard in bank lending and increase the likelihood of banking crisis (Demirguc-Kunt, 2002),

Anginer, Deniz et al (2014) use a sample of 4109 banks in 96 countries to examine the impact of deposit insurance on bank stability for the crisis period and the pre-crisis period. Despite the moral hazard raised, deposit insurance can also enhance depositor confidence and reduce bank runs during turbulences. The net effect of deposit insurance on bank risk and stability depends on whether the benefits of deposit insurance can outweigh its costs. To mitigate the effect of shocks on economy practices, International initiatives focus on achieving higher level of harmonization of banking regulation, such as endeavor of Basel III. The proportionality of banking regulation will create spillovers on financial inclusion by attracting new depositors.

### **BARRIERS TO DEVELOPMENT OF FINANCIAL INCLUSION AND DEPOSIT INSURANCE**

Regulatory burdens and lack of infrastructure may have a negative effect on the expansion of bank services, which will hinder potential level of financial inclusion. What's more, under a not appropriated structure, the enforcement of deposit insurance will more likely to induce higher moral hazard, thus work adversely as the intention of customer protection and bridge the trust in banks.

Cost of bank service and use of accounts is another barrier for higher financial inclusion and stability. With a high cost of bank account and other financial services, some customers can be "voluntarily" self-excluded from the financial system—simply because they cannot afford it. Higher cost of deposit insurance is also associated with higher raised systematic bank risk, moral hazard problems.

Trust in banks can constitute a barrier that is hard to overcome. Depositors' mistrust can amplify the incidence of bank failures and systemic consequences for the real economy. Deposit insurance, designed to build trust among depositors and prevent bank runs, if placed under good bank supervision, will enhance depositor confidence and stabilize the financial system. Thus, through bank supervision can be a key for the trust. Empirical analysis also confirms that income as measured by per capital GDP is an important factor in the level of financial inclusion (Sarma & Pais, 2010). It gives hints that efforts should have made to fight with poverty and income inequality in order to achieve a higher level of financial inclusion. They also found that among banking variables, the proportion of non-performing assets is negatively associated with financial inclusion, which highlights that banking regulation is also a crucial determinant for broadening financial inclusion. On the other hand, banking regulation is a drive for deposit insurance by helping to cultivate an appropriate infrastructure and environment.

### **CONCLUDING REMARKS**

According to the Global Findex Database (Demirgüç-Kunt *et al.*, 2014), 38 percent of adults' population remain unbanked. Access to formal financial services is increasing in many economies, coped with financial inclusion initiatives, all together intends to maintain overall financial stability.

From the perspective of financial inclusion and deposit insurance, this paper investigates the role of financial inclusion and deposit insurance play in affecting depositor and banking behavior. It concluded that a higher level of financial stability and banking system is associated with a higher level of financial inclusion, with the support of explicit deposit insurance that influence depositors' behavior and trust in

banks, thus broaden the access to deposit accounts and financial services, alleviate bank risks. While literatures have documented various ways to prove that increased financial inclusion benefits financial stability, too strong on improving access to credit may also lead to risks, especially when the system is not appropriately structured, deposit insurance may work adversely under this scenario to bring higher cost and encourage excessive risk taking by banks.

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**JEL: M310**

## **SPECIFICS OF THE MARKET OF MARKETING ONLINE RESEARCHES IN UKRAINE**

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***Abstract:** Specifics of the marketing online research services in the domestic market, its main players and trends are considered in the article. The informational and communicational technologies (ICT), the use of which in the practice will allow providing analytical research of the Ukrainian market for making correct marketing decisions focused on the concrete consumers is determined. The expediency of the marketing online researches in the marketing activity is justified. The authors have described "regular" Internet users among customers by income, position and educational level to emphasize the importance of online marketing research as a communicational component between the manufacturers and consumers.*

***Keywords:** online marketing research, informational and communicational technologies (ICT), marketing decision, communicational component, consumer*

### **INTRODUCTION**

Nowadays, online marketing research is the most perspective in terms of the best understanding of the needs and desires of potential and existing customers of the company, as well as for monitoring competitors. This is due to the fact that under informatization of the society, most potential respondents transfer part of their activities to the electronic environment, which creates new opportunities for marketing research providing. Their feature is the adaptation of standard tools in the Internet, as well as the use of specialized tools and services for solving the tasks.

### **MATERIALS AND METHODS**

The article is a theoretical study using the method of logical analysis, based on primary and secondary sources of information on the research problem. The validity of the results obtained is confirmed by the use of various generally accepted and specific methods: theoretical generalization, abstraction, analysis, comparison and systematization, system approach.

### **RESULTS**

It should be noted that the hryvnia income of the Ukrainian consumer is growing at a sharp drop in the dollar equivalent of income. Over the last decade, the average monthly income has fallen from 295 to 264 USD, on the background with the positive trend up to 2012, when this level reached the maximum value of 399 USD. The main income of Ukrainians is salary (44.3%), social benefits, and other current

received transfers (35.2%). Profit and mixed income (17.5%) and received property income (3%) are negligible. The share of representatives of the upper middle layer decreases, while the lower middle layer grows in the status-consumer structure. Today's Ukrainian consumer has the following features: lowering real income; saving; search for new ways of saving; price orientation; openness to new brands and advertisements; increasing the role of the Internet in the life. At the moment, we can reach the consumer at any time using any media. However, it is necessary to be able to combine different types of the content and means to capture the consumers, who are most susceptible to the brand (Ereshko, 2017).

The main "regular" Internet users are consumers with high income (100%), over average income (90%), average income (80%). There is a clear tendency to increase the number of Internet users depending on the educational level (PhD or Doctors (100%), people with two or more higher educations (100%), people with full higher education (84%), people with incomplete higher education (80%)) and depending on position (manager of the middle level (87%), private entrepreneur (92%), office manager (94%), owner of small business (96%), head of the company (100%)). Housewives (79%) and students (94%) make exception (Evdokimov, 2008). Thus, the main Internet users are people, who directly or indirectly deal with the promotion of goods or services and the consumers.

Therefore, it is necessary to pay attention to such marketing tool as online researches, their capabilities and the existing companies in the Ukrainian market, providing these services. First of all, it should be noted that in the provision of online marketing research services, consulting companies should be guided by the Convention for the Protection of Human Rights and Fundamental Freedoms, the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, the Additional Protocol to this Convention on the supervisory authorities and cross-border flows of data, Directive 95/46/EC of the European Parliament and of the Council on the protection of individuals with regard to processing of personal data and the free movement of such data, Recommendation No. R(87)15 of the Committee of Ministers of the European Council, the Constitution of Ukraine, the Code of Ukraine on Administrative Offenses, the Law of Ukraine "On Protection of Personal Data".

On the Ukrainian market, marketing online surveys were formed as follows: (1) copying the foreign companies' practices and the creation of the native research companies; (2) formation of branches of well-known research foreign companies (Sotnikov, 2016). A feature of the national market for online marketing research is the specialization in both business researches and sociological (viz. political) researches: 60.2% is attributed to the market volume measurement; 14.5% for the study of media audiences; advertising/brand tracking (estimation) is 6.5%, the rest 18.8% is attributed to other research in the marketing sector (Anokhin, 2015). Over 100 companies specializing in marketing research operate on the Ukrainian market. The leaders of the Ukrainian market are *GFK Ukraine*, *ACNielsen*, *TNS Ukraine*, which adhere to the above listed regulatory legal acts in their activities. E.g. *GFK Ukraine* working in 4 areas (Custom Research, ConsumerScan, Retail and Technology,

Media), aims to provide a clear understanding of consumer needs and their satisfaction through the implementation of the algorithm: (1) regular analytics at the level of articles and categories; (2) strategic planning; (3) sales forecast; (4) monitoring the sales history. The survey covers more than 10.000 people throughout Ukraine, who report daily on their purchases more than 60 consumer goods groups.

The company *GfK Ukraine* controls the quality of data at different stages:

1. Control during the survey (the questionnaires contain verification questions and statements; the time of the interview, its individual blocks and table questions are monitored, cookies are tracked, "digital imprints" are taken).

2. Control at the data analysis stage (indicated in the survey data are compared with the profiling data and the specified data in other projects; the completeness of filling the open questions and the answers' distribution in tabular issues is controlled; the clustering of respondents is carried out, viz. faultless, negligent, suspicious).

3. Panel management (restrictions on participation for a certain period are applied; multiple registrations using the built-in Doublet Check functions are checked; the panelist's uniqueness when remunerated is controlled; panelists are checking for matches for different logging parameters every month).

A larger company is *ACNielsen*, headquartered in the US that sells marketing information. In 2016, the American Marketing Association gave *ACNielsen* the first place in the list of Top-50 marketing companies in the US. The key activity of the company in Ukraine is the measurement of sales of food products and daily consumer goods (retail-audit). Within the framework of "Innovations", "Marketing Effectiveness" and "Mobile Site" modules, *ACNielsen* provides consulting services in the area of successful start-up, effectiveness evaluation of the complete marketing and sales cycle including measuring the advertising effectiveness, marketing mix, assortment, in-store space, price strategies, retailers' loyalty programs, etc. Company's reporting is structured in 2 business directions, viz. "what consumers are looking for" (media-measurements and analytics) and "what consumers buy" (measurement of retail sales and analytics).

*TNS Ukraine* is a network-marketing agency that is part of the world's leading *TNS group* with headquarters in London. According to the annual turnover, *TNS* ranks first in Europe and the second in the world among research companies. Ukraine is one of the 70 countries, where *TNS* operates. The main tasks of *TNS Ukraine* are: (1) comprehensive study of Internet penetration and its influence on the life; (2) defining a strategy for working with a target audience in Digital, depending on the typology of Internet behavior; (3) tools and forming common positions with own audience, taking into account multidivision and multimedia; (4) measurement of the audience of sites, players, mobile applications in the "here and now" mode; (5) monitoring and pixel-audit of advertising manifestations; (6) effectiveness evaluation of the advertising campaign, optimization of the media plan. The company actively protects the obtained data, using technologies that allow screening of "high-speed" respondents (Stopwatch and skimtime); catching robots that automatically fills in questions (Robotrap); tracking "straight lines" in tabular questions, when the respondent puts the same answer around all the characteristics/options.

It can be seen, companies that conduct online marketing researches open up the opportunity for the enterprises to organize effectively feedback with the clients and to study current demand, to change flexibly their own marketing plans and advertising projects in line with the changing economic situation.

According to analysts of marketing agencies, in the future, the transition to a qualitatively new format for collecting consumer data (information about consumer purchases, behavior in social networks, etc.) and the disappearance of the need to collect information through surveys is possible. Factual information that researchers can receive from different carriers (mobile, bank cards, social networking profiles) will provide comprehensive information on consumer's preferences, frequency of purchases, influence on the choice of purchase place, etc. Today's rapid growth in the volume of consumer information (fixing geolocation, purchasing activity on the Internet, profiles in social networks) contributes to this (Prosvetov, 2013).

## CONCLUSIONS

Foreign companies *GfK*, *ACNielsen*, *TNS* et al are the basis of the market for online research. Their positions are backed up not because of the number of received orders, but by the researches' breadth. It indicates the possibility of further world experience borrowing that will lead to its implementation and adaptation in the native practice. The Internet use in Ukraine is growing at an extremely high pace; it means the further successful dissemination of online marketing researches. Business entities have the opportunity to investigate demand systematically, study constraints and barriers, interpret results and determine the prospects for developing their activities through communication with the consumer.

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**JEL: B52; D82; L14; L66**

**ANALYSE DES FRAIS DE TRANSACTION DANS LE DEVELOPPEMENT  
ET LA VENTE D'ALIMENTS FONCTIONNELS**

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**Résumé:** *Les aliments fonctionnels sont des produits innovatifs axés sur la prévention des maladies à incidences sociales et la promotion de la santé. Ils favorisent le fonctionnement normal du corps humain et améliorent la qualité de vie. Les aliments fonctionnels sont une source de bien-être. Le processus de développement des aliments fonctionnels détermine la synergie de la science, de la recherche, de l'innovation, de l'industrie et du marché. Les interactions intersectorielles dans le développement, la production et la commercialisation d'aliments fonctionnels sont marquées par une augmentation vertigineuse des frais de transaction. L'élaboration et la production d'aliments fonctionnels mettent en évidence les frais de transaction pour la négociation, la coordination et la surveillance. Dans le même temps, le consommateur supporte le fardeau des frais de transaction élevés résultant de l'asymétrie de l'information sur les qualités et l'effet physiologique bénéfique des aliments fonctionnels. Le manque dominant de réglementation dans la production, l'étiquetage et la vente d'aliments fonctionnels augmente encore les frais de transaction pour les parties intéressées. La diminution des frais de transaction et l'amélioration des conditions du marché dans le secteur nécessitent une activité institutionnelle politique et organisationnelle de tous les agents dans le domaine des aliments fonctionnels.*

**Mots-clés:** *aliments fonctionnels, frais de transaction, asymétrie d'information, négociation, consommation*

**Abstract:** *Functional foods are innovative products focused on the prevention of socially significant diseases and the promotion of health. They favor the normal functioning of the human organism and improve the quality of life. Functional foods are a source of well-being. The process of functional foods' development determines the synergy of science, research, innovation, industry and the market. The cross-sector cooperation in the development, production and market realization of functional foods are marked by spiraling growing transaction costs. The development and production of functional foods highlight transaction costs for negotiation, coordination and monitoring. At the same time, the consumer bears the burden of high transaction costs resulting from information asymmetry about the qualities and beneficial physiological effect of functional foods. The dominant lack of regulation in the production, labeling and sale of functional foods further increases transaction costs for stakeholders. Reducing transaction costs and improving market conditions in the sector requires institutional political and organizational activity of all market agents in the field of functional foods.*

*Keywords: functional foods, transaction costs, information asymmetry, negotiation, consumption*

## INTRODUCTION

La poursuite du bien-être est intimement liée à la santé et aux choix alimentaires. La relation entre la nutrition et l'état de santé des hommes a été plusieurs fois vérifiée. La nourriture fournit la qualité de vie.

Le mode de vie dynamique contemporain et les habitudes alimentaires malsaines augmentent le risque de diabète, de troubles métaboliques, d'obésité et de maladies cardiovasculaires. L'approfondissement de ces maladies à incidences sociales et le vieillissement de la population provoquent une tendance au retour aux aliments naturels et organiques et renforcent l'accent mis sur un style d'alimentation sain. Bien-être et les tendances alimentaires, les progrès technologiques et l'innovation dans la science alimentaire soulignent le rôle et l'importance des aliments fonctionnels.

Les aliments fonctionnels vont au-delà de la perception traditionnelle de la nourriture en tant que source de nutriments pour satisfaire la faim. Les aliments fonctionnels ne sont pas seulement des aliments sains. Ils soutiennent la prévention et le traitement de diverses maladies et participent activement à la promotion de la santé. Les aliments fonctionnels sont une source de bien-être.

Les aliments fonctionnels sont développés initialement, mettant l'accent sur les propriétés bénéfiques de certains nutriments. Plus tard, des produits alimentaires innovants sont créés, enrichis en vitamines, minéraux, probiotiques, fibres, antioxydants, oméga-3. Ainsi, les aliments fonctionnels ressemblent aux aliments conventionnels, mais ils ont un effet physiologique bénéfique sur le corps et réduisent le risque de maladies à incidences sociales (Doyon et Labrecque, 2008). Ils peuvent faire partie de l'alimentation quotidienne.

La création des aliments fonctionnels est avant tout un processus novateur dans lequel la science et les affaires se croisent. Bien qu'avec des décennies d'histoire, les aliments fonctionnels sont des produits relativement nouveaux. Leur nouveauté et allégations de santé augmentent l'asymétrie de l'information entre le producteur et le consommateur. Cette hypothèse conduit inévitablement à des frais de transaction élevés dans la consommation d'aliments fonctionnels. En même temps, d'assurer la qualité et la sécurité du processus de création d'aliments fonctionnels et leur nature préventive exige une coopération multilatérale avec les différentes parties intéressées du secteur public et privé, comme des entreprises de l'industrie alimentaire, l'industrie pharmaceutique, centres de recherche, les universités, les ONG dans le domaine des modes de vie sains, des institutions gouvernementales, des organisations de certification, des centres médicaux. La nécessité d'une telle coopération intersectorielle dans l'élaboration et la vente d'aliments fonctionnels augmente les frais de transaction. Ainsi, la création, la production et la vente d'aliments fonctionnels génèrent des frais de transaction multiples pour les entreprises et les consommateurs. Et, les frais de transaction élevés conduisent naturellement à une aggravation des conditions du marché.

Le but de cet article est de décrire les différents types de frais de transaction qui pèsent sur les aliments fonctionnels et de faire des recommandations pour les limiter en vue d'approfondir le rôle de ces aliments pour le bien-être.

## METHODOLOGIE

Les aliments fonctionnels sont des produits innovants dont la création passe par des étapes distinctes mais liées entre elles. Le processus de développement d'aliments fonctionnels relie en synergie la science, la recherche, l'innovation, l'industrie et le marché.

Les parties intégrantes de ce processus sont la production d'aliments fonctionnels, la réglementation du secteur, l'intérêt du consommateur et la commercialisation du produit. La commercialisation des aliments fonctionnels et sa structure de relations transactionnelles sont indissociables de l'invention de la composition et du profil de santé du produit.

Le développement des aliments fonctionnels passe par les phases<sup>23</sup>

- 1) Invention du produit: déterminer son orientation et profil de santé, systématiser les substances biologiquement actives correspondantes qu'il devrait contenir, identifier la source de ces substances, rechercher et tester diverses matières premières et additifs utiles;
- 2) Elaboration innovante: développement des produits variés, analyse organoleptique de produits, création d'un prototype de produit acceptable;
- 3) Garantie technologique de l'allégation de santé, de la qualité et de la sécurité du produit;
- 4) Etudes du prototype du produit: l'accent est mis sur l'efficacité, la qualité et la sécurité établies par la recherche chimique, animale et humaine;
- 5) Publication des résultats des études de prototypes;
- 6) Évaluation de l'efficacité et de la rentabilité de la production de produits;
- 7) Déterminer les sources de financement de la production de produits;
- 8) Planification et mise en œuvre de la production de produits;
- 9) Respect des exigences réglementaires pour la production, la distribution et la vente d'aliments fonctionnels;
- 10) Certification et étiquetage du produit;
- 11) Présentation du produit sur le marché et conduite d'une campagne d'information;
- 12) Interaction avec le consommateur et l'expansion du marché.

La création, la production et la vente d'aliments fonctionnels est le processus d'intégration de diverses transactions. Dans aspect institutionnel, la transaction, comme base de l'action économique est analysée de manière séquentielle par Commons (1931), Coase (1937), Williamson (1985).

Les frais de transaction accompagnent chaque activité de marché. Ce sont les frais de négociation, de coordination et de surveillance. Chaque affaire contient des frais de transaction positifs, neutres et négatifs (Kettunen and Häkkinen, 2014). Des frais de transaction positifs et neutres sont nécessaires et stimulent la mise en œuvre de l'entreprise. Les frais de transaction négatifs montrent une inefficacité et une mauvaise gestion des interactions. Une caractéristique distinctive des frais de transaction est l'incertitude et l'asymétrie d'information entre les parties.

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<sup>23</sup> Adapté selon: Jonesa, P. J. and Jew, S. 2007.

## RÉSULTATS

Chacune des phases de développement et de vente d'aliments fonctionnels est chargée de divers frais de transaction. La conception, la production, le financement et la distribution d'aliments fonctionnels sont associées à de multiples négociations, de relations contractuelles et, par conséquent, d'asymétrie d'information et d'incertitude dans la mise en œuvre des engagements. La nécessité d'un degré accru de coordination augmente les frais de transaction induits par le processus de négociation. Une coordination inefficace peut entraîner une augmentation des frais de transaction négatifs. Assurer l'efficacité, la qualité et la sécurité des aliments fonctionnels nécessite une surveillance plus stricte et augmente également les frais de transaction.

La spécificité du marché et plutôt la demande inélastique d'aliments fonctionnels permettent le transfert des frais de transaction au consommateur, ce qui se reflète dans leur prix. Dans le même temps, l'asymétrie de l'information sur les qualités et l'effet physiologique bénéfique des aliments fonctionnels exacerbe davantage les frais de transaction pour le consommateur.

Le processus d'élaboration, de création, de production et de vente d'aliments fonctionnels est imposé par une augmentation vertigineuse des frais de transaction.

La manque de réglementation juridique dans la production et la vente d'aliments fonctionnels<sup>24</sup> aggrave encore les frais de transaction pour les parties intéressées. En l'absence de réglementation et d'information, les frais de transaction dans le domaine des aliments fonctionnels sont supportés dans le plus degré par le consommateur.

Les frais de transaction négatifs élevés aggravent les conditions du marché dans le secteur des aliments fonctionnels. Le caractère innovatif des aliments fonctionnels en fait une priorité, avant tout, des grandes entreprises transnationales. Les brevets et les frais de transaction élevés dans le développement des aliments fonctionnels facilitent la monopolisation du secteur. Dans le même temps, la poursuite d'un mode de vie plus sain provoque l'expansion rapide du marché des aliments fonctionnels<sup>25</sup> et son attractivité pour l'industrie alimentaire. La modalité technologique, le caractère innovant, la coopération intersectorielle et l'intérêt croissant du marché pour les aliments fonctionnels appellent la réflexion sur des stratégies visant à optimiser les frais de transaction et à améliorer les conditions du marché.

## DISCUSSION ET CONCLUSION

Dans le domaine de l'offre, les petites et moyennes entreprises (PME) sont les plus touchées par les frais de transaction élevés. Dans le secteur des aliments

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<sup>24</sup> Le Japon est le premier pays à introduire la réglementation du secteur des aliments fonctionnels en 1991. Ils y portent le nom aliments à usage médicinal spécifié (*Food for Specified Health Use, FOSHU*). Avant de leur permettre d'être étiquetés comme des aliments fonctionnels, ils font l'objet d'une étude et d'une confirmation de leurs effets bénéfiques sur la santé (voir Doyon, Labrecque et Tamini, 2006, p. 31). D'autres pays où la production et la vente d'aliments fonctionnels sont réglementées sont les États-Unis et le Canada.

<sup>25</sup> Le marché des aliments fonctionnels est principalement construit par L'Amérique du Nord, le Japon et l'Europe, et s'élève d'un montant de 129.39 milliards de dollars en 2015 (*Functional Foods Market Analysis By Product*, 2016).

fonctionnels, ils sont principalement confrontés à deux types de défis: la technologie et la communication (Doyon, Labrecque et Tamini, 2006, p. 4). Les défis technologiques sont liés à la nature innovatif des aliments fonctionnels. Les PME ont des coûts de production plus élevés. L'activité de recherche accompagnant la production d'aliments fonctionnels est insupportable pour eux. Traditionnellement, ils sont dans une position de négociation moins favorable, en particulier avec les distributeurs de produits alimentaires. L'incomplétude ou même absence de réglementation, les variations dans la définition et la classification des aliments fonctionnels augmentent les frais de transaction et soulèvent les obstacles au développement du secteur (Doyon, Labrecque et Tamini, *ibid*, p. 4).

Les défis à la communication sont liés à la commercialisation des aliments fonctionnels et à la nécessité de conduire une campagne d'information et d'éducation spécialisée auprès des consommateurs. Les PME manquent souvent de compétences en marketing pour promouvoir les aliments fonctionnels. Par rapport à eux, les grandes entreprises multinationales produisant des aliments fonctionnels<sup>26</sup> sont dans une meilleure position. Ils réalisent des économies d'échelle et ont les moyens pour faire de la publicité. Ainsi, les consommateurs connaissent et choisissent leurs produits. Les petits fabricants d'aliments fonctionnels et leurs produits demeurent inconnus du grand public. Cette situation nécessite une activité institutionnelle politique et organisationnelle pour réduire les frais de transaction et améliorer les conditions du marché dans le secteur.

La réalisation de l'intérêt personnel, en particulier pour les PME, dans le développement d'aliments fonctionnels innovatif passe par la collaboration avec d'autres entreprises. La maximisation des profits dépend de la relation et du réseau de partenaires dans le secteur et de la réalisation de biens communs tels que les normes de qualité, la marquage et l'étiquetage des aliments fonctionnels.

Dans le domaine des aliments fonctionnels, les normes de qualité et de sécurité ne sont pas tellement importantes (par exemple, ils peuvent être obtenues par la certification *HACCP*), mais la convention collective pour vérifier l'effet physiologique du produit et l'étiquetage de ses allégations de santé. C'est un processus socialement construit pour créer la confiance dans le produit.

Des accords sectoriels communs conduisent à une réduction de l'asymétrie de l'information à travers la chaîne d'approvisionnement. La convention collective sur les qualités des aliments fonctionnels permet la diminution des frais de transaction. Une bonne alternative aux PME du secteur est leur unification dans le soi-disant "forme hybride" (Williamson, 1985, p. 42), qui synthétise les avantages d'une structure de gestion hiérarchique hautement spécialisée avec les mécanismes d'incitation des entreprises horizontales (Ménard, 2000). L'union des PME en une organisation de branche permet la réduction des frais de transaction dans le processus de négociation dans la chaîne d'approvisionnement des aliments fonctionnels par la mise en œuvre des contrats bilatéraux standardisés (Barjolle and Chappuis, 2000, p. 11). La collaboration

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<sup>26</sup> Parmi les leaders mondiaux dans la production d'aliments fonctionnels sont: BASF SE, Nestle S.A., PepsiCo, Danone, Herbalife u òp. [*Functional Foods & Nutraceuticals Market, 2018*]

entre entreprises permet un accès collectif à diverses recherches et bases de données et améliore leur position concurrentielle par des frais de transaction inférieurs (Barjolle and Chappuis, 2000). Les contrats standardisés, les accords de qualité et la capacité de recherche conjointe réduisent les frais de transaction pour les petites entreprises. La pression concurrentielle sur les marchés mondiaux des aliments fonctionnels innovatif dirige la coopération et la concentration des petites entreprises afin de diminuer les frais de transaction.

L'inconvénient de la "forme hybride" d'organiser l'activité pour réduire les coûts de transaction est le risque que les entreprises participantes commencent à agir comme un cartel pour négocier des quotas de marché (Coase, 1972; Williamson, 1975, 1985, 1996). Il est important de noter que le but des allocations dans ce cas n'est pas de maximiser les profits mais de stabiliser le produit sur le marché et d'éviter les fluctuations (Barjolle and Chappuis, 2000, p. 15).

Pour le succès commercial des aliments fonctionnels, il est essentiel que le consommateur perçoive et apprécie leurs différences par rapport aux produits alimentaires conventionnels. L'achat d'aliments fonctionnels innovatif est marqué par un haut degré d'incertitude chez le consommateur en raison de l'asymétrie de l'information sur les propriétés et l'impact du produit sur la santé. Un facteur important dans ce processus est le lien causal entre la nutrition et la santé, le niveau d'éducation, le revenu et le niveau d'information (Doyon, Labrecque et Tamini, 2006, p. 3). La méfiance des consommateurs envers le développement et la production d'aliments industriels modernes approfondit l'écart entre la science alimentaire innovatif et la commercialisation des aliments fonctionnels (Jonesa & Jew, 2007).

La diminution des frais de transaction pour le consommateur est une fonction des efforts législatifs visant à réglementer le secteur des aliments fonctionnels et à mener une campagne d'information par les producteurs. Il faut que la publicité s'associe à des campagnes d'information et d'éducation. D'une part, le coût des aliments fonctionnels s'élève et cela réduit l'éventail des consommateurs qui les utilisent quotidiennement. Le manque d'information et de conscience chez les consommateurs rend douteuse la commercialisation des aliments fonctionnels. Cette incertitude augmente également les frais de transaction pour les producteurs. Ainsi, d'autre part, l'investissement du producteur pour réduire les frais de transaction des consommateurs conduit à une demande homogène d'aliments fonctionnels, à une expansion du marché et à des profits (Rajeev, 2004).

La diminution des frais de transaction dans l'élaboration, la production, la distribution et la consommation d'aliments fonctionnels crée des conditions pour le secteur privé permettant l'expansion du marché et la croissance industrielle. Le soutien les pouvoirs publics dans ce processus consiste à élaboration des politiques adéquates pour le développement des aliments fonctionnels et la protection des consommateurs en imposant des exigences strictes en matière de certification et d'étiquetage. La régulation de la production et la commercialisation des aliments fonctionnels exige un débat public argumenté ouvert avec toutes les parties intéressées. Le débat et la réglementation mènent à la transparence de la composition des aliments fonctionnels et de leurs effets physiologiques. Ainsi, les aliments

fonctionnels peuvent, comme le prévoit la loi, protéger leur rôle dans la prévention et la promotion de la santé à des frais de transaction minimales.

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**JEL: J24**

**STUDY ON REGIONAL HUMAN CAPITAL AGGLOMERATION  
IN CHINA BASED ON GeoDA**

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*Abstract: The paper studies on regional human capital agglomeration of 31 provincial administrative regions in China with methods of GeoDa software and GIS knowledge. The distributive characteristics can be summarized as stable in time trend and unbalanced in spatial distribution. Besides, there are many possible affecting factors including regional economy, which is also a topic worthy of an inquiry.*

*Keywords: regional agglomeration, human capital*

**INTRODUCTION**

In recent years, the stock of human capital in China has increased significantly due to social development and economic growth, but there exist significant regional differences, which is called regional human capital agglomeration in this paper. It is widely acknowledged and studied by scholars. However, current studies mainly focus on its influence as a driving force of economic growth, while studies of regional comparisons and dynamic changes are rarely seen. Therefore, this paper studies current situation of 31 provincial administrative regions in mainland China and their temporal trends in the period of 2011-2015.

**RESEARCH METHOD**

This paper measures the human capital level by the proportion of the population with college or higher education and evaluates regional human capital agglomeration by location entropy coefficient. The formula (1) and its explanations are presented below:

$$HA_i = \frac{\frac{EA_i}{E_i}}{\frac{EA}{E}} \quad (1)$$

$\frac{EA_i}{E_i}$ : The human capital level of agglomeration in region  $i$ , which indicates the ratio of population with college or higher education in that region.

$\frac{EA}{E}$ : The average level of national human capital agglomeration in China, which indicates the ratio of population with college or higher education in China.

$HA_i$ : The coefficient that indicates the rankings of regional human capital. The greater it is, the higher the ranking is compared to other regions.

The data are from the Statistical Yearbook of China (2011-2015) and the methods of Geographic Information System and GeoDa software are used in this paper. In order to illustrate the spatial agglomeration, maps are drawn within GeoDa

and a plot comparison is described in the form of quantile statistics. The 3 colors indicate that the entropy coefficient of the region is top 10%, 10-50% and 50% behind in the total 31 regions.

### RESULTS AND CONCLUSIONS

Results are shown in *Figure 1*. The crimson parts of the picture include Beijing (3.18), Shanghai (2.15) and Tianjin (1.75). In these parts, human capital levels are much higher than average, and it is associated with the fact that they are regions with nearly the most dynamic economy in China; there are many colleges and universities.

The light red parts indicate that these regions' human capital agglomeration are not the best but still above the national average, mainly including the T-shaped areas above the map, as well as relatively developed provinces of Shandong, Zhejiang, Jiangsu and Fujian in the southeast coastal areas. For the rest, human capital levels are below the national average in blue parts. Due to the lack of data, colors of Hong Kong, Macao, and Taiwan and South China Sea islands have no specific meaning.



**Figure 1: Regional human capital agglomeration in 2015**

*Source: researched by authors*

In order to show the temporal trend, the distribution map in 2011-2014 is also drawn, as shown in *Figure 2*.

On the map, the high-level areas display the distribution of  $U$ , while the low level areas display the distribution of  $\pi$ . In the time period of 2011-2015, the shapes of the corresponding maps remain almost unchanged that indicates that regional human capital agglomeration in China holds relatively stable distributive characteristics. Coefficients of the local entropy are calculated and given in *Table 1*.

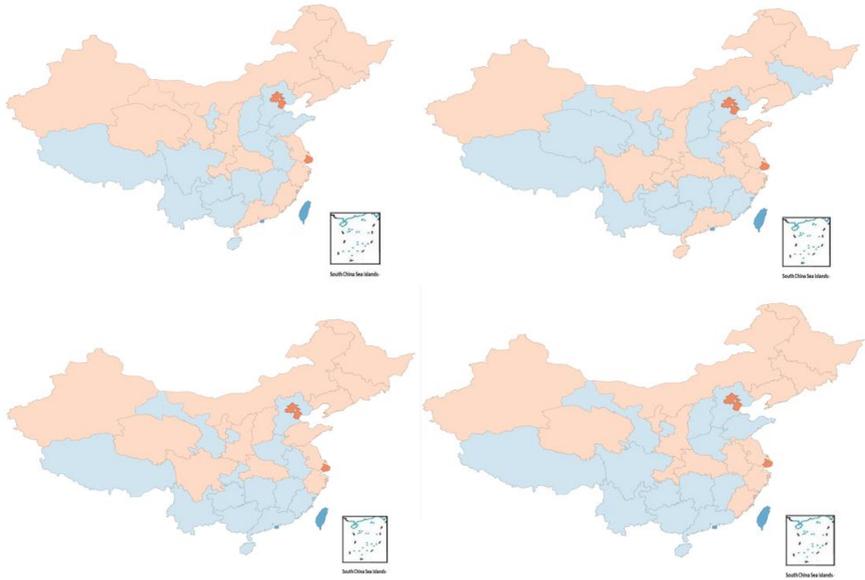


Figure 2: Regional human capital agglomeration in 2011-2014  
 Source: researched by authors

Table 1

**Coefficients of the location entropy between 2011 and 2015**

Regions	Years and values				
	2011	2012	2013	2014	2015
Beijing	3.3743	3.5263	3.6405	3.3097	3.1763
Shanghai	2.1058	2.1785	2.1815	2.3532	2.1530
Tianjin	2.0870	2.1569	2.0367	1.9822	1.7497
Shanxi	1.0096	1.0079	1.0588	0.9581	1.3312
Liaoning	1.2460	1.7466	1.7515	1.4934	1.2703
Jiangsu	1.1986	1.2703	1.2130	1.2387	1.2319
Neimenggu	1.2577	1.1388	0.8906	0.9451	1.2113
Ningxia	0.8908	0.8602	0.9939	0.9255	1.1436
Hubei	1.1173	1.1541	1.0531	0.9916	1.1244
Zhejiang	1.2486	1.4119	1.5312	1.3100	1.1001
Xinjiang	1.4063	1.2685	1.1353	1.1492	1.0916
Shanxi	0.8063	0.9003	0.9467	0.8543	1.0310
Heilongjiang	0.9363	0.9540	1.0817	1.0715	0.9966
Jilin	0.9029	0.8467	1.0214	1.0308	0.9881
Fujian	1.2060	0.7382	0.7858	1.0139	0.9755
Shandong	0.8900	0.9222	0.8740	0.8520	0.9478
Chongqing	1.1440	0.9417	0.8270	1.1154	0.9423
Gansu	0.8787	0.8404	0.7969	0.8947	0.9393
Guangdong	1.0513	0.9216	0.7241	0.8136	0.8993
Hunan	0.7873	0.6927	0.7508	0.7981	0.8921
Anhui	0.6797	0.9681	0.8087	0.9097	0.8799
Sichuan	0.8250	0.9361	0.9308	0.7860	0.8249
Hainan	0.7640	0.9674	0.7756	0.7054	0.8143
Jiangxi	0.7210	0.7823	0.8295	0.7070	0.7931
Hebei	0.5334	0.5464	0.6833	0.6890	0.7659
Qinghai	0.9040	0.9048	1.1109	1.1124	0.7564
Yunnan	0.6938	0.6391	0.6852	0.5907	0.7113
Guangxi	0.8749	0.6121	0.6802	0.6946	0.6908
Henan	0.7600	0.6288	0.7148	0.8989	0.6730
Huizhou	0.8192	0.6199	0.8032	0.9006	0.6343
Xizang	0.4939	0.4008	0.2113	0.2259	0.5337

Source: researched by authors

Beijing, Shanghai and Tianjin stably occupy the Top-3. Figures show that in 2011-2015, the proportion of people with high education degrees in Beijing is more than 3 times the national average. For Shanghai, the figure is twice and Tianjin nearly twice. Considering population base and density, highly educated populations in these 3 cities are quite concentrated. In addition, they are also cities with the highest GDP per capita in China. The situation of human capital is not optimistic in Tibet, which has been listed at the bottom in the five years with a figure below 0.5. In 2013, its stock of human capital was only 1/5 of the national average level. In view of its vast area and sparse population density, human capital in Tibet might be distributed in a quite dispersed state. Among the three northeastern provinces, Heilongjiang and Jilin are very close in terms of the location entropy coefficients, while Liaoning is 0.3-0.8 higher than they are in the same period with a top 20% national ranking. The difference is also a reflection of economic development and opening policies. In general, North China is superior to South China in terms of human capital agglomeration. Meanwhile, there is a gradient distribution in East, Mid and West China, which indicates a close link to regional economy. However, for a single province, there are many factors affecting its human capital agglomeration, far more than just economic factors. For instance, figure for Chongqing are not only higher than that in Yunnan and Huizhou, but also higher than that in Sichuan, which is very similar to Chongqing in economy, location, climate and culture. As a rich province in China, Guangdong seems have no advantage in human capital, which might be explained by its large number of low-skilled migrant workers. The central region of Hubei Province has a relatively high level of human capital, which might be due to its abundant university resources and strength of science. As for two populated northern provinces, Hebei and Henan, figures are not inconsistent with their overall economic strength. The possible underlying reason might be a lack of high education resources and the absorbing power of their competitive neighbors, viz. Beijing and Tianjin.

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## RECENSION

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L'ouvrage réunit les contributions d'une vingtaine de chercheurs européens, maghrébins et asiatiques sur la problématique complexe des notions "caméléonesques"<sup>27</sup> de Dit et Non-Dit. En ouverture du recueil, la parole est donnée, d'abord à **Sonia Berbinschi** pour souligner les nombreuses perspectives sous lesquelles les deux notions pourraient être envisagées (sémantique, pragmatique, logique, phonologique, traductologique et terminologique) et ensuite au doyen de la Faculté des langues et des littératures étrangères de l'Université de Bucarest le professeur **Liviu Franga** qui place la dichotomie en question au centre d'une "constellation" axiologique et conceptuelle.

Les contributions des participants s'enchaînent selon plusieurs axes fondamentaux sans exclure naturellement certaines interférences:

1. *discursif-argumentatif (niveau verbal)*: **Alice Ionescu** fait une première distinction entre un "implicite conscient" chargé d'intentionnalité, de subjectivité et un autre "inconscient", fruit du contexte socioculturel où l'auteure situe la plupart des effets implicites actualisés à travers des structures linguistiques tandis que **Khristina Adeishvili** procède à une analyse argumentative du discours politique - le discours présidentiel de F. Hollande; elle constate le penchant des politiciens pour les sens cachés, même doubles orientés vers un message subliminal susceptible de favoriser un vote positif.

L'auteure géorgienne conclut sur le fait que "l'orientation du discours politique (...) est en relation directe avec le positionnement institutionnel à un moment donné de l'homme politique"<sup>28</sup> en question.

2. *lexicologico-terminologique*: **Sonia Berbinschi** prend comme point de mire la problématique complexe du figement et propose un terme nouveau, celui d'*item discursif figé* (IDF) – un terme en puissance, car il couvre toute la diversité des mécanismes de construction des expressions. Elle constate que le phénomène en question "enrichit la langue d'un fond lexical renouvelable. Son caractère pragmatique assure les échanges entre les interlocuteurs tout en laissant voir une grande variété de comportements"<sup>29</sup>.

Poussant plus en détail sa recherche terminologique, **Michele Paolini** s'attache à étudier sur un corpus italien les effets de sens contextualisés des termes "rosso" et "infrarosso" allant jusqu'à briser la circonscription purement sémantique et emprunter des moules syntaxiques différents.

Toujours dans le domaine de la lexicologie, mais cette fois-ci associée à l'anthropologie, le travail de **Dragana Drobnjak/Ksenija et Šulović/ Snežana**

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<sup>27</sup> Franga, L. dans le texte d'ouverture du volume, *Les avatars du dit à travers le non-dit*, p. 3

<sup>28</sup> op. cit.: 156

<sup>29</sup> op. cit.: 119

**Gudurić** réunit sémantiquement et anthropologiquement une série d'unités phraséologiques appartenant au français, à l'espagnol et au serbe tout en essayant de construire un modèle cognitif de la mort, une image qui soit propre aux trois peuples différents. Les deux chercheuses serbes constatent que la mort est un concept "tabou" autour duquel seules les "images détournées trouvent leur meilleur endroit de manifestation"<sup>30</sup>.

Puisant elle aussi ses recherches dans la terminologie, **Luisa Messina** nous fait remarquer la capacité du français de créer des néologismes par divers procédés et met en évidence l'intérêt des terminologues français à intégrer les nouveaux termes aux structures morphosyntaxiques du français.

3. *langues de spécialité*: deux intervenants se sont penchés sur la problématique du non-dit dans ce type de textes: **Loredana Ruccella** et **Zoran Nikolowski**. La première, plus attachée au détail, étudie le rôle tropologique de l'euphémisme et de l'hyperbole en soulignant leur capacité de réduire ou d'augmenter une factualité sujette à l'intentionnalité de l'auteur. La deuxième contribution s'occupe de la nomologie économique anglaise telle qu'elle apparaît dans les textes français et remarque une série de phénomènes liés à l'adaptation grammaticale et phonétique subis par la terminologie en question. On assiste à une sorte de "francisation de la terminologie" bénéfique pour l'enrichissement de la langue.

4. *rhétorique et pragmalinguistique*: le statut de l'ellipse verbale dans le zeugme fait l'objet de l'intervention de **Houda Melaouhia Ben Hamadi**; le zeugme est une stratégie rhétorique "d'évitement" jouant sur l'implicite à divers niveaux: phonétique, sémantique, morphosyntaxique, etc. Ainsi, "le non-dit, même si sur le plan tout à fait cognitif (...) peut être représenté, il n'en demeure pas moins que ce besoin de suppléer le manque n'est pas toujours nécessaire"<sup>31</sup>.

Les articles de **Iulia Claudia Voevozeanu (Negru)** et de **Cristina Gealapu** se situent sur le terrain du figement tropologique notamment des métaphores (y compris "conceptuelle") et des métonymies; la deuxième prenant pour cible la métaphore conceptuelle démontre l'insuffisance de ce type de trope (voir "le caractère partiel de la projection métaphorique"<sup>32</sup>) pour représenter la totalité d'un domaine; ce qui reste de côté, ce sont les aléas du non-dit.

Dans la même perspective, Iulia Voevozeanu cherche le non-dit derrière la métonymie qui cache des informations, évidemment implicites, derrière le contenu propositionnel.

Et l'auteure de conclure: "L'expression métonymique (y compris le non-dit correspondant qui se forge de manière indissociable dans le texte) constitue un procédé cognitif et discursif de structuration des informations"<sup>33</sup>.

5. *pragmatique et anthropologique*: chez **Mahamadou Lamine Ouedraogo** le non-dit est analysé sur un support vidéo. L'auteur reconstruit le discours sur la base des silences qu'il cache, notamment des sentiments qu'on éprouve.

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<sup>30</sup> Berbinschi, S. *Ce que le langage dit sans le dire (invitation à la lecture, en ouverture du volume)*, p. 11

<sup>31</sup> *op. cit.*: 37

<sup>32</sup> *ibid.*: 130

<sup>33</sup> *ibid.*: 147

Parfois, le tabou social, religieux et linguistique motivé anthropologiquement est actualisé par le non-dit. Ceci forme l'objet de l'article de **Tassadit Yahiaoui-Bouafia** qui s'efforce à justifier les tabous civilisationnels féminins dans une société où la femme est encore inférieure à l'homme.

Toujours dans le même contexte, **Monica Alina Toma** fait la philosophie de la fonction auctoriale et de l'image de l'auteur à partir des modèles en vogue proposés par Eco, Maingueneau et Foucault. Elle conclut sur le fait que "Le terme d'*auteur* ne fait plus référence ni à la personne physique du producteur de l'œuvre ni à l'énonciateur du texte, pendant que l'image d'auteur représente une réalité instable, le résultat d'une interaction entre divers facteurs"<sup>34</sup>.

6. *analyses de corpus différents*: mêmes silences actualisés sous la forme des "voix absentes", nous les retrouvons dans l'analyse de **Yomna Safwat Salem**; il s'agit de l'analyse de l'Autre siégeant dans tout un roman - *La promesse faite à ma sœur* -, d'un effort constant de nommer "l'innommable" ou de dire "l'indicible".

**Ana Maria Neacsu** travaille sur un corpus différent - les média sociaux (le Twitter), notamment sur le football féminin. Elle constate l'existence d'une série de stéréotypes typiquement allemands qui dénotent une certaine attitude machiste des Allemands vis-à-vis des femmes pratiquant un sport normalement réservé aux hommes.

Toujours sur un corpus allemand, **Ioana Maria Cousin** tout en dressant une typologie assez poussée de l'interview situe le non-dit au niveau des stimuli non verbaux et des déclencheurs verbaux.

À partir, cette fois-ci, d'un corpus poétique, **Violeta Bercaru Oneata** procède à une "analyse du jeu des connotations et des dénnotations, des implicites et des moins implicites"<sup>35</sup> caractérisant le langage poétique. Elle place la "non-finitude associative de la chaîne signifiante" et la "flexibilité" des fonctions poétiques dans le cadre d'une sémiotique dynamique, processuelle, susceptible d'engendrer une "nouvelle" poétique.

7. *discursif-argumentatif (niveau visuel)*: parti de la célèbre analyse des pâtes Panzani de Roland Barthes en 1964, le discours iconique fait l'objet de deux interventions: la première celle de **Jaouad Zerrad** pour la publicité et la deuxième celle de **Oana Ilinca Moldoveanu** qui elle aussi travaille sur la publicité.

Selon Zerrad toute publicité est parsemée d'implicite; ce qui est très important, c'est d'ajuster le message visuel aux règles socio-historiques et culturelles de la population à laquelle on s'adresse; s'il s'agit d'une population arabe, en l'occurrence marocaine, il faut donc "arabiser" le message pour qu'il soit accepté et surtout éviter les effets de sens inconvenables.

Le récepteur doit "se reconnaître"<sup>36</sup> dans le message souvent construit sur des sens implicites du *franglarab*<sup>37</sup>, la graphie, le lexique utilisés ne devraient pas avoir

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<sup>34</sup> *op. cit.*: 254

<sup>35</sup> *Berbinschi, S. op. cit.*: 14

<sup>36</sup> *op. cit.*: 188

<sup>37</sup> *Ce terme est une "superposition de trois systèmes linguistiques dans un seul message ou un seul mot. C'est une sorte de 'novlangue' qui suit l'évolution linguistique au Maroc" (p. 185)*

des aspects étrangers qui produiraient des chocs interculturels et des défauts de réception. Le travail de Oana Moldoveanu constitue une partie de sa thèse sur les mécanismes discursivo-argumentatifs fonctionnels dans la publicité.

Elle remarque la présence constante de l'implicite, les effets de sens que l'iconicité publicitaire produit allant jusqu'à la création d'un objet à vendre correspondant à l'horizon d'attente du client. L'implicite fonctionne comme un "fil" rouge orientant le travail interprétatif: "Entre ses trois composants principaux - le présupposés, les posés et les sous-entendus - il y a un va-et-vient permanent qui s'appuie sur la compétence encyclopédique du récepteur"<sup>38</sup>.

Certes le volume présent paru dans la *Collection LangTrad* a pleinement réussi à rendre l'image de la complexité presque infinie du phénomène que la relation Dit - non-Dit revêt, de la processualité dynamique et continue du langage "qui construit et s'autoconstruit au cours de la communication"<sup>39</sup>.

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<sup>38</sup> *op. cit.*: 219

<sup>39</sup> *Berbinschi, S.op. cit.*: 6

## NACHTRAG

Die Autoren der Publikationen übernehmen persönliche Verantwortung für das Ergebnis der eigenen wissenschaftlichen Forschung.

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