

# *The International Science Conference SER 2018*

April 26<sup>th</sup> – 28<sup>th</sup>, 2018  
Igalo, Herceg Novi, Montenegro

## **"NEW TRENDS AND BEST PRACTICES IN SOCIOECONOMIC RESEARCH"**



# **Book of Abstracts**

**Organized by:**

**Economic Laboratory for Transition Research,  
Podgorica, Montenegro**

**Adriatic University Bar,  
Faculty for Mediterranean Business Studies Tivat,  
Montenegro**

**Center for Sociological Research  
Szczecin, Poland**

**University "Mediterranean, Podgorica  
Montenegro**



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## Foreword

We would like to thank all the contributors, discussants and participants of the International Scientific Conference SER 2018, entitled “New Trends and Best Practices in Socioeconomic Research”, successfully organized and held in Igalo (April 27th-28th, 2018), which contributed to the same success and has a high scientific quality.

Special thanks to the organizers:

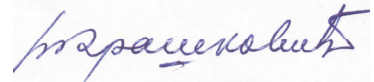
- Adriatic University Bar, Tivat, Montenegro,
- University of Mediterranean (Podgorica, Montenegro),
- Center for Sociological Research (Szczecin, Poland),
- Institute for Physical Medicine, Rehabilitation and Rheumatology" Dr. Simo Milosevic "(Igalo, Montenegro), and
- Economic Laboratory for Transition Research (Podgorica, Montenegro).

We had 110 authors from 21 countries (Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Czech Republic, Grece, Hungary, Italy, Lithuania, Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine, United Kingdom, and USA).

Conference participants submitted 50 expanded scientific abstracts, which were reviewed by the International review board (Professor Dalia Stremikiene, Academician *Veselin Draskovic*, Professor, *Radislav Jovovic*, Professor, *Yuriy Bilan*, Associate Professor, *Sanja Bauk*, Associate Professor, and *Mimo Draskovic*, Associate Professor).

I hope that the conference participants, in dynamic, interesting and original reports and discussions, will succeed in moving the boundaries of knowledge about the current theme of this conference. I believe that many of the old questions, problems and dilemmas will get some new arguments, information and evidence.

Chair of Scientific Committee



Academician Veselin Draskovic, Professor

# PROGRAMME

**DAY ONE:**

**Thursday 26th April 2018**

14:00-15:00		REGISTRATION of the participants	
15:00-15:30	<b>OPENING THE CONFERENCE (Amphitheater of the Institute Igalo)</b> <b>Stevo Nikic</b> , Professor, Rector of the University of of Adriatic Bar, Montenegro <b>Radislav Jovovic</b> , Professor, Rector of the University of Mediterranean Podgorica, Montenegro		
<b>PLENARY SESSION : Introductory Papers – Keynote Speeches</b> Head: <b>Yuriy Bilan</b> , Associate Professor			
15:30-16:00	SCIENCEMETRICS AND HYPERPUBLISHING: THE OTHER SIDE OF THE COIN <u>Keynote Speaker</u> : <b>Radovan Stojanovic</b> , Professor University of Montenegro; Montenegrin Association for New Technologies, Chair of the MECO and ECYPS Conferences		
16:30-17:00	TRANSPARENCY’S PRINCIPLES AND BEST PRACTICE IN SCHOLARLY PUBLISHING <u>Keynote Speaker</u> : <b>Yuriy Bilan</b> , Associate Professor University of Szczecin, Faculty of Economics Science and Management, Poland		
17:30-18:00	ENVIRONMENT AND PROBLEMS OF PUBLICATION IN ECONOMIC JOURNALS FOUND IN THE LEADING DATABASES OF THOMSON REUTERS AND SCOPUS <u>Keynote Speaker</u> : Academician <b>Veselin Draskovic</b> , Professor University of Montenegro, Maritime Faculty Kotor, Montenegro		
18:00-18:30	METHOD IN ECONOMICS AND BUSINESS <u>Keynote Speaker</u> : <b>Radislav Jovovic</b> , Professor Rector of the Mediterranean University Podgorica, Montenegro		

**DAY TWO:**

**Friday 27th April 2018**

<b>PLENARY SESSION – EXTENSION : Introductory Papers - Keynote Speeches</b> Head: <b>Sanja Bauk</b> , Associate Professor		
10:00-10:30	THE PERSPECTIVES OF HIGH EDUCATION IN THE CONTEXT OF MULTIMEDIA CULTURE <u>Keynote Speaker</u> : <b>Stevo Nikic</b> , Professor Rector of the University of of Adriatic Bar, Montenegro <b>Ivana Becagol</b> , MSc Faculty for Metiterranean Business Studies Tivat, Montenegro	
10:30-11:00	PROMOTION SCHEMES FOR RENOVATION OF MULTI-FLAT BUILDINS <u>Keynote Speaker</u> : <b>Dalia Stremikiene</b> , Professor Lithuanian energy institute, Kaunas, Lithuania	
11:00-11:30	PROBLEMS OF DIGITAL TRANSFORMATION IN HIGHER EDUCATION IN RUSSIA BUILDINS <u>Keynote Speaker</u> : <b>Svetlana Akhmetova</b> , Professor <b>Larisa Nevskaya</b> , PhD, Docent Faculty of Humanities, Perm National Research Polytechnic University, Perm, Russia	



16:00 - 16:10	<p>PRACTICE-ORIENTED PREPARATION OF FUTURE PROFESSIONALS</p> <p><b>Larisa Nevskaya</b>, PhD, Docent <b>Svetlana Akhmetova</b>, Professor</p> <p>Faculty of Humanities, Perm National Research Polytechnic University, Perm, Russia</p>
16:10 - 16:20	<p>SOCIOECONOMIC APPROACH TO ACHIEVING SCHOOL EFFICIENCY: INITIAL RESULTS OF EMPIRICAL RESEARCH IN CROATIA</p> <p><b>Niksa Alfirevic</b>, Professor University of Split, Faculty of Economics, Business and Tourism, Split, Croatia <b>Jurica Pavicic</b>, Professor University of Zagreb, Faculty of Economics and Business, Zagreb, Croatia</p>
16:20 - 16:30	<p>LIFE-LONG LEARNING OF THE CIVIL SERVANTS IN RUSSIA AND OTHER COUNTRIES</p> <p><b>Marina Ivanova</b>, Professor Department of Public and Territorial Administration, Saint Petersburg State University of Economics, Saint Petersburg, Russia <b>Tamara Selentyeva</b>, Graduate School of Economics and Engineering, Peter the Great Saint-Petersburg Polytechnic University, Saint Petersburg, Russia <b>Alexander Gorovoy</b>, Department of Entrepreneurship and Commerce, ITMO University, Saint Petersburg, Russia</p>
16:30 - 16:40	<p>BUSINESS EFFICACY INDICATORS ON THE CASE STUDY OF ACI MARINA SPLIT</p> <p><b>Jelena Žanic Mikulicic</b>, PhD student, <b>Tatjana Stanivuk</b>, Associate Professor <b>Josip Fumic</b>, Mrs student University of Split, Faculty of Maritime Studies, Split, Croatia</p>
16:40 - 16:50	<p>THE INTEGRAL EVALUATION OF MACROECONOMIC STABILITY LEVEL BY THE COMPONENTS METHOD: EU EXPERIENCE FOR UKRAINE</p> <p><b>Liliia Liulova</b>, Associate Professor, <b>Oleksii Lyulyov</b>, Associate Professor <b>Ihor Kobushko</b>, Professor Sumy State University, Sumy, Ukraine</p>
16:50 - 17:00	<p>IT INVESTMENT MANAGMENT FRAMEWORK USED IN LOGISTICS</p> <p><b>Borut Jereb</b>, Associate Professor University of Maribor, Faculty of Logistics Celje, Slovenia</p>
17:00 - 17:10	<p>METHODICAL APPROACH TO THE ASSESSMENT OF RISKS CONNECTED WITH THE LEGALIZATION OF THE PROCEEDS OF CRIME</p> <p><b>Nadiya Kostyuchenko</b>, Associate Professor, <b>Mykola Starinskiy</b>, Associate Professor <b>Inna Tiutiunyk</b>, Senior lecturer, <b>Iana Kobushko</b>, Senior lecturer Department of Management, Sumy State University, Sumy, Ukraine</p>
17:10 - 17:20	<p>ASSESSMENT OF FISCAL DECENTRALIZATION INFLUENCE ON SOCIAL AND ECONOMIC DEVELOPMENT</p> <p><b>Olena Chygryn</b>, Associate Professor, <b>Yuriy Petrushenko</b>, Professor <b>Alina Vysochyna</b> Senior Lecturer, <b>Anna Vorontsova</b>, Researcher Sumy State University, Sumy, Ukraine</p>

17:20 - 17:30	<p>RELATIONS BETWEEN ECONOMIC EFFECTS AND EFFICIENCY</p> <p><b>Mladen Ivic</b>, Associate Professor University of Business and Management Engineering Banja Luka, Bosnia and Herzegovina</p>
17:30 - 17:40	<p>PRIORITY DIRECTIONS OF THE STATE EDUCATIONAL POLICY OF THE RUSSIAN FEDERATION: PROBLEMS AND PROSPECTS</p> <p><b>Viktoriia Degtereva</b>, Associate Professor, <b>Dmitriy Rodionov</b>, Associate Professor Peter the Great St. Petersburg Polytechnic University St. Petersburg, Russian Federation</p>
17:40 - 17:50	<p>ENSURING THE ECONOMIC ATTRACTIVENESS OF BIOFUELS FOR VEHICLES</p> <p><b>Vitalii Nitsenko</b>, Associate Professor Odessa I.I.Mechnikov National University, Odessa, Ukraine</p>
17:50 - 18:00	<p>ORGANIC AGRIBUSINESS AS AN INCLUSIVE COMPONENT OF ECONOMIC SECURITY OF THE NATIONAL ECONOMY</p> <p><b>Vasyl Zalizko</b>, Professor Director of the International Innovation center, Ukraine <b>Kyanan Salaev</b>, PhD Student Taras Shevchenko National University of Kiev, Ukraine</p>
18:00 - 18:10	<p>ALTERNATIVE INSTITUTIONS AS A FACTOR OF ECONOMIC DEVELOPMENT</p> <p><b>Mimo Draskovic</b>, Associate Professor University of Montenegro, Maritime Faculty Kotor, Montenegro</p>
18:10 - 18:20	<p>THE INFLUENCE OF SCIENTIFIC RESEARCH COMMUNITY ON THE SELECTION OF ACCOUNTING PROFESSION-TRUTH OR MISLEAD?</p> <p><b>Ana Lalevic Filipovic</b>, Associate professor University of Montenegro, Faculty of Economics, Montenegro</p>
18:20 - 18:30	<p>MULTICULTURALISM IN EUROPEAN CIVILISATION – AN ETHICAL DIMENSION</p> <p><b>Justyna Stecko</b>, Associate Professor Faculty of Management, Rzeszow University of Technology, Poland</p>
18:30 - 18:40	<p>VALUE-AT-RISK AS A WEATHER RISK MANAGEMENT INSTRUMENT</p> <p><b>Grzegorz Mentel</b>, Associate Professor Faculty of Management, Rzeszow University of Technology, Poland</p>
18:40 - 19:50	<p>MONTENEGRIN LIGHTHOUSES AS FUTURE DESTINATION ICONS</p> <p><b>Andjela Jaksic Stojanovic</b>, Assistant Professor University Mediterranean, Montenegro <b>Neven Seric</b>, Ph.D., Pofessor University of Split, Faculty of Economics, Croatia</p>
18:50 - 19:00	<p>NATIONAL SPECIFICITY OF CULTURE AND INSTITUTIONS AND THEIR RELEVANCE FOR TRANSITION RESEARCH</p> <p>Academician <b>Bagrat Yernkryan</b>, Professor Laboratory of the Economic Reform Strategy, Central Economics and Mathematics Institute, Russian Academy of Sciences, Moscow, Russian Federation</p>
19:00 - 23:00	Cocktail



<b>SESSION 2 :</b> <b>Amphitheater of the Institute Igalo</b> Head: <i>Vinko Nikic</i> , Assistant Professor	
10:00 - 10:10	SOCIAL ENTREPRENEURSHIP INSTITUTIONALIZING (PRIMOSKY KRAI, RUSSIAN FAR EAST CONTEXT) <i>Valentina Zhohova</i> , PhD, Docent <i>Darya Sokolova</i> , PhD, Docent Far Eastern Federal University, School of Economics and Management, Vladivostok city, Russian Federation
10:10 - 10:20	EFFICIENCY OF INNOVATION ACTIVITY FUNDING AS THE DRIVER OF THE STATE'S NATIONAL ECONOMIC SECURITY (CASE OF UKRAINE) <i>Denys Smolennikov</i> , Senior Lecturer, <i>Liudmyla Zakharkina</i> , Associate Professor, <i>Iuliia Myroshnychenko</i> , Associate Professor <i>Svitlana Pokhylko</i> , Associate Professor, Sumy State University, Sumy, Ukraine
10:20 - 10:30	AN ANALYSIS OF THE SOCIO-ECONOMIC FACTORS AFFECTING INSIDER-TRADING <i>Aneta Spajic</i> , Associate Professor University of Montenegro, Faculty of Law, Podgorica, Montenegro
10:30 - 10:40	MARKETING ANALYSIS OF SEAPORT REPOSITIONING: EXAMPLE FROM MONTENEGRO <i>Senka Sekularac Ivošević</i> , Assistant Professor University of Montenegro, Maritime Faculty Kotor, Montenegro
10:40 - 10:50	FREE ZONE AS AN EXEMPLARY MODEL OF ECONOMIC DEVELOPMENT OF MONTENEGRO <i>Vinko Nikic</i> , Assistant Professor, University of Adriatic Bar, Faculty for Mediterranean Business Studies Tivat, Montenegro
10:50 - 11:00	A PERSPECTIVE ON BRAND MEANING – CASE OF MONTENEGRO <i>Marija Jankovic</i> , Assistant Professor University Mediterranean, Faculty of Business Studies, Montenegro
11:00 - 11:10	INSTITUTIONAL PLURALISM AND ECONOMIC DEVELOPMENT <i>Milica Delibasic</i> , Assistant Professor University of Adriatic Bar, Faculty for Mediterranean Business Studies Tivat University Mediterranean, Faculty of Business Studies, Montenegro
11:10 - 11:20	HOW TO MAKE WESTERN BALKAN TIGERS? <i>Drago Pupavac</i> , Professor Polytechnic of Rijeka, Croatia <i>Justin Pupavac</i> , PhD student Faculty of Tourism and Hospitality Management, Opatija, Croatia
11:20 - 11:30	THE RELATIONSHIP BETWEEN POLITICS AND ECONOMY IN THE FUNCTION OF BUILDING SOCIOCULTURAL CAPITAL <i>Niksa Grgurevic</i> , Assistant Professor Faculty of Management Herceg Novi, Montenegro; University of Business and Management Engineering Banja Luka, Bosnia and Herzegovina

11:30 - 11:40	<p>IMPACT OF GLOBAL FACTORS ON SOCIAL AND ECONOMIC REFORM IN THE SOUTH EAST EUROPEAN COUNTRIES</p> <p><b>Radenko Seckic</b>, Assistant Professor University of Montenegro, Historical institute, Montenegro</p>
11:40 - 11:50	<p>ANALYSIS OF ELECTRONIC BUSINESS APPLICATION IN NAUTICAL TOURISM IN THE CASE OF MONTENEGRO</p> <p><b>Nikola Vukcevic</b>, Assistant Professor Faculty for Mediterranean Business Studies Tivat, Montenegro</p> <p><b>Marko Nikic</b>, Assistant Professor University of Adriatic Bar, Maritime Faculty Bar, Montenegro</p>
11:50 -12:20	Sweet, tea, coffee, seasonal fruits
<p><b>SESSION 3 :</b> <b>Amphitheater of the Institute Igalo</b> Head: <b>Mimo Draskovic</b>, Associate Professor</p>	
12:20 - 12:30	<p>THE POTENTIAL OF HUMAN RESOURCES AS A CONDITION FOR THE DEVELOPMENT OF THE HOTEL INDUSTRY IN MONTENEGRO</p> <p><b>Misko Radjenovic</b>, PhD University of Adriatic Bar, Faculty for Business and Tourism Budva, Montenegro</p>
12:30 - 12:40	<p>DEVELOPMENT OUTLOOK OF THE NAUTICAL TOURISM IN MONTENEGRO</p> <p><b>Zoran Kovacevic</b>, PhD student Institute Igalo Hereg Novi, Montenegro</p>
12:40 - 12:50	<p>SUSTAINABLE ENERGY FOR SUSTAINABLE AGRICULTURE</p> <p><b>Justas Streimikis</b>, MSc Lithuanian Institute of Agrarian Economics, Vilnius, Lithuania</p>
12:50 - 13:00	<p>PRIORITY OF THE ANTI-CRISIS ECONOMIC POLICY BASED ON INSTITUTIONAL CHANGES – THE CASE OF THE BALKAN REGION</p> <p><b>Jelena Stjepcevic</b>, PhD student University of Montenegro, Maritime Faculty of Kotor, Montenegro</p>
13:00 - 13:10	<p>THE CONCEPT OF CUSTOMER SATISFACTION IN THE FUNCTION OF CUSTOMER LOYALTY</p> <p><b>Olivera B. Popović</b>, PhD student University of Montenegro, Faculty for Tourism and Hotel Management, Kotor, Montenegro</p>
13:10 - 13:20	<p>THE NEW DEVELOPMENT ECONOMIC AND INSTITUTIONAL STRATEGY IN MONTENEGRO</p> <p><b>Dragan Radovic</b>, PhD student University of Montenegro, Maritime Faculty Kotor, Montenegro</p>
13:20 - 15:00	Lunch
<p><b>SESSION 3 / EXTENSION</b> <b>Amphitheater of the Institute Igalo</b> Head: <b>Senka Sekularac Ivosevic</b>, Assistant Professor</p>	
15:00 - 15:10	<p>THE INSTITUTIONAL EVOLUTION IN THE SEE COUNTRIES</p> <p><b>Nebojsa Jovovic</b>, MSc University of Montenegro, Faculty of Economics Podgorica, Montenegro</p>

15:10 - 15:20	<p>THE LEGAL STATUS OF YACHTS IN NAUTICAL TOURISM</p> <p><i>Milica Nikic</i>, MSc</p> <p>University of of Adriatic Bar, Maritime faculty Bar, Montenegro</p>
15:20 - 15:30	<p>PLURALISTIC INSTITUTIONAL CHANGE AS AN IMPERATIVE FOR SUSTAINABLE DEVELOPMENT OF STATE SOUTHEASTERN EUROPE</p> <p><i>Miroslav Jovovic</i>, MSc student</p> <p>University of Montenegro, Faculty of Economics Podgorica, Montenegro</p>
15:30 – 15:40	<p>GLOBAL MANAGEMENT OF THE STRATEGY IN A MODERN MARITIME TRANSPORT</p> <p><i>Vladimir Perovic</i>, MSc student</p> <p>University of Montenegro, Maritime Faculty Kotor, Montenegro</p>
15:40 – 15:50	<p>POSSIBILITIES OF THE APPLICATION OF OUTSOURCING STRATEGY IN INTEGRATED MARKETING LOGISTICS OF SEAPORTS</p> <p><i>Ivan Nikcevic</i>, MSc student</p> <p>University of Montenegro, Maritime Faculty Kotor, Montenegro</p>
15:50 – 16:00	<p>LOGISTICS SRATEGY EVOLUTION OF ADVANCED SEA PORTS</p> <p><i>Milica Savić</i>, MSc student,</p> <p>University of Montenegro, Maritime Faculty Kotor, Montenegro</p>
16:00 - 16:10	<p>THE PSYCHOLOGICAL ASPECTS OF INVESTING IN THE TERMS OF UNCERTAINTY</p> <p><b>Kateryna A. Alekseeva</b>, Assistant Professor</p> <p>Production and Investment management Department</p> <p>National University of Life and Environmental Sciences of Ukraine, Kyiv, Ukraine</p>
16:10 - 16:20	<p>CORPORATE SOCIAL RESPONSIBILITY OF FOOD INDUSTRY ENTERPRISES</p> <p><i>Tetiana G. Mostenska</i></p> <p>Associate Professor of the Department of production and investment management, National University of Life and Environmental Sciences of Ukraine, Kyiv, Ukraine</p> <p><i>Oleksandr Tur</i></p> <p>Lecture of department of management and marketing, Kyiv National Linguistic University, Kyiv, Ukraine</p>
<b>16:20 –17:00</b>	<b>Coffee Break</b>
<b>17:00 -17:30</b>	<b>Conclusions of the Conference</b>
<b>18:00 -22:00</b>	<b>Gala Dinner</b>

## **PLENARY SESSION :**

### **Introductory Papers – Keynote Speeches**

#### **SCIENCEMETRICS AND HYPERPUBLISHING: THE OTHER SIDE OF THE COIN**

**Keynote Speaker : Radovan Stojanovic**, Professor  
University of Montenegro; Montenegrin Association for New Technologies, Montenegro  
Chair of the MECO and ECYPS Conferences, e-mail: radovan.stojanovic2@gmail.com  
*Research areas:* Electrical Engineering, Electronics, ICT, Research policy

#### **Abstract**

*This presentations highlights and initiates a honest discussion about actual phenomena in science: science-metrics, hyperpublishing, publish or perish etc. Generally deals with the problem of verification of the re-search outputs based on widespread bibliometric indicators? Are they right choice or just one side of the medal? Can those phenomena help the science in developing countries or deepen the gap?*

**Key words:** sciencemetrics, hyperpublishing, publish or perish, bibliometric indicators.

**JEL codes:** Y60

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#### **TRANSPARENCY’S PRINCIPLES AND BEST PRACTICE IN SCHOLARLY PUBLISHING**

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*Research areas:* economics, labour market, mobility

#### **Abstract**

*The most fundamental principles guiding scientists along with university staff worldwide belong: respect to knowledge integrity, collegiality in expressions, academic honesty, objectivity and also openness. The formulated above principles are also the core elements of any scientific method since they are supposed to be taken into account at any stage of a research: formulating the initial hypothesis, designing the experiment to test this hypothesis, data collection, its further interpretation and finally formulating the conclusions. Moreover, these principles must be also considered at more specific stages of the research process and publishing activities: observation; while obtaining, storing, operating and sharing data; in the course of scientific knowledge and information dissemination etc. And what is most important, all these principles should become the mandatory elements in educating and preparing the younger generation of scientists for future research and publishing process. However, how exactly all these principles are applied may considerably vary depending on a particular scientific discipline, specificity of a research organization or individual features of a scientist.*

**Key words:** scholarly publishing, science metrics, open access, databases

**JEL codes:** I20

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## ENVIRONMENT AND PROBLEMS OF PUBLICATION IN ECONOMIC JOURNALS FOUND IN THE LEADING DATABASES OF THOMSON REUTERS AND SCOPUS

Keynote Speaker : Academician **Veselin Draskovic**, Professor

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*Research areas*: Economics, Institutional economics, Management

## Abstract

*The subject of the paper is an analysis and explanation of various forms of environment and many other problems, which influence and even hinder the publication of articles in economic journals located in prestigious international databases. The aim of the paper is to point out the practical methodological, analytical, and financial difficulties arising from the environment (institutional, economic, political, cultural), which authors have to bear in mind when preparing and writing their articles they want to publish in the considered journals. It starts with the hypothesis that economic literature is dominated by the great abstractness and insignificance of scientific research problems, the application of mathematical-statistical modeling, and the absence (ignore) of researching the everyday problems that characterize social and economic reality. The usual methods of social and economic sciences have been applied. It is concluded that the soul of economics must be revived by overcoming the cabinet research of peripheral issues, and by establishing the paradigmatic politieconomic criteria, and researching the dynamics of visible, objective, and long-term problems. Degradation of political economy is functionally directed toward neglecting the social and economic problems.*

**Key words**: economic journals, international databases, mathematical-statistical modeling, social and economic sciences, political economy.

**JEL codes**: A20, H52, I 23

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## LIMITATIONS OF SCIENTIFIC METHOD IN ECONOMICS AND BUSINESS

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*Research areas*: economics, finance, knowledge economics, entrepreneurship, sustainable development

### Abstract

*The aim of the analysis in this paper is to show that within the economic science as such, in a complex and difficultly conceivable group of its approaches, paradigms, other a priori settings, procedures and empirical testing there are obstacles on the demanding path of truth discovery. Today, in the opinion of the author, imposes the need to reconsider the limits within economic science, and that is the reason for the commitment to investigate this topic. The starting hypothesis is that economic life is complex with actors who have stochastic behavior, so many phenomena and events can not be compressed into solid schemes of formal and mathematically articulated models, which is a long-term orientation of recent decades. The question arises as to which of the rigorously obtained results can be applied in practice. In considering these issues, it has been seen that the dominant position of today's ruling methodology of economic research has been achieved not on the basis of its cognitive effectiveness but on the basis of form and inflexible logical rigor which is irrelevant from the cognitive point of view. This distances economic science from the real issues of economic reality and practice. Therefore, this paper emphasizes the discussion of the economic methodology. In an effort to thoroughly study the methodological basis of the research, it will point out the basic problems of the dominant research approach in the economy and give recommendations for thinking about reorientation. The conclusion is that the task that needs to be solved by the economy is far from Cartesian coherence and mathematical precision. Such a methodologically over-formalized and excessively abstraction of burdened science is far from and almost incompatible with economic reality. It is necessary to re-orientate towards the Vavilon approach.*

**Keywords:** methodology, Cartesian method, Vavilon method, stochastic behavior.

**JEL codes:** B40, B31

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## THE PERSPECTIVES OF HIGH EDUCATION IN THE CONTEXT OF MULTIMEDIA CULTURE

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Research areas: Sociopsychology

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### Abstract

*The education in the context of a multimedia culture got a completely new connotation. Some of the known education theories that interpreted this phenomenon in a certain original way, in the context of the New Age, became completely inadequate. Contemporary multimedia culture or together post culture or culture of postmodernism, forms a kind of social behavior and thus forms education, values, religious attitudes and customs. The existing postcultures, a new culture, a culture of communication, can on the one hand , be interpreted as a kind of new manipulation, while the prevailing hypothesis could be interpreted and understood as a new man's ability. In this second context, this new culture that emphasizes interconnectedness and individual responsibility does not necessarily have to be chaos, but a new creation and man's ability. It starts from optimistic assumption that mankind is only at the beginning of his experiment in which a man is in a position to participate in education in a direct, inventive and personal way. It is about a new perspective in which responsibility is transferred from institutions to a highly educated person, that is, to increasing the educational and intellectual capacities of the users, to rise to the level of the role that is enabled in the new social sensibility. Certainly such a reform of the education system and the creation of awareness of the new value system for the modern man is quiet far, but remains like an optimistic possibility.*

**Key words:** multimedia culture, new culture, communication, high education, individual responsibility, democracy, highly educated person.

**JEL codes:** L82

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## PROMOTION SCHEMES FOR RENOVATION OF MULTI-FLAT BUILDINGS

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### Abstract

*The building sector is responsible for more than 40 percent of global energy consumption and more than one third of global greenhouse gas emissions. Therefore, it is very important sector for realization of GHG emission reduction potential. The paper provides the critical overview of promotion schemes for renovation of multi-flat buildings applied in various countries over the world. The paper identified 5 main policy package targets in building sector linked to climate change mitigation: increase the energy efficiency of buildings; increase the energy efficiency of appliances; encourage energy generation and distribution companies to support energy saving and GHG emission reductions in the building sector, promote changes in attitudes towards sustainable behavior of households, promote replacement of fossil fuels by renewables in residential buildings. The paper grouped the main policies and measures applied in buildings sector: fiscal and economic instruments such as tax allowances, subsidized loans or the measures to increase energy price and removal of harmful energy subsidies; regulatory tools such as products and appliance standards, building codes (to overcome high transaction costs), ESCOs involvement, public leadership programs; Regulatory-normative and regulatory-informative instruments, <sup>[1]</sup>technology transfer mechanisms support, information and voluntary actions, such as voluntary agreements, information, training and awareness raising programmes and campaigns etc. Though, most of world countries have introduced policies to reduce greenhouse gas emissions from building sector however, these policies have not resulted in an actual reduction in GHG emissions. Many studies have been conducted trying to reveal why the energy savings potential in buildings is so difficult to realize. One the largest barrier to energy efficiency improvements and GHG emission reductions in buildings is the “first cost” barrier of energy efficiency measures in buildings due to the limited time which a building occupant has to recover the cost. Besides that, the policies to address greenhouse gas emissions reductions from buildings are usually multi-faceted and involve more than one stakeholder. For example, very important measures are linked to capacity-building activities and must therefore involve the relevant parties to have the desired effects. Many countries have implemented financial incentives such as capital subsidies, grants, subsidized loans and rebates to encourage building owners and occupants to invest in energy efficiency measures and equipment however these support measures are not enough to realize the full energy saving potential in residential buildings as complex of measures are necessary including information and training programs, awareness raising campaigns, involvement of ESCOs.*

**Keywords:** global energy consumption, global greenhouse gas emissions, multi-flat buildings.

**JEL codes:** P18; Q29; Q46; Q50.

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## PROBLEMS OF DIGITAL TRANSFORMATION IN HIGHER EDUCATION IN RUSSIA

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Research interests: management , information technology

### Abstract

Digital transformation today causes the necessity to reconsider most of the approaches to both teaching and learning so to include more of digital technologies in the course of education. This, naturally, causes serious changes in the infrastructure of many universities. Traditional education has been formed in quite predictable times and under more or less stable conditions. This is why today, when demands to competences and job responsibilities are changing all the time, tools and communication means applied in the course of education are also subject to constant development and update. Change of generations now is taking place every 6 years, while academic staff is supposed to teach all students to live and survive in this quickly changing digitalized world. Russia has recently approved the national programme “Digital Economy of the Russian Federation” (2017), in which one of the five key directions of the digital economy development is titled “Human resources and education”. This programme, inter alia, mentions that compliance of the education programmes to the demands of digital economy today is not sufficient enough since there is an obvious lack of corresponding human resources and there is no common digital education environment yet. According to the research carried out by the Boston Consulting Group concerning the development prospects of Russia till 2025, 91% of all employees mention in some way low level of practical knowledge among university graduates (Russia 2025 ..., 2017). International expert group “The New Media Consortium” suggests in this regard another research which has been carried out by this group annually since 2002 (NMC, n/d). This organization is publishing its vision concerning the development and implementation of newer technologies within education systems worldwide. Its most recent report compiled together within another education-related project – “EDUCAUSE” – also mentions that one of the key problems of the last several years is the problem of digital literacy (NMC Horizon Report, 2017).

Major changes which are predetermining today the necessity for digital transformation within the system of higher education are related to the newer generation of students and also most recent changes at the labor markets. Today's generation of students has very little knowledge or understanding about what was “offline life” like, prior to the Internet age. The notions “digital natives” as opposed to “digital immigrants” were first used by the writer and known futurist Marc Prensky (Prensky, 2001). In the later article (Prensky, 2009) he emphasized that the longer we live in this digital world – the less relevant this division between digital natives and digital immigrants is getting. Much more importance is thus getting another notion – digital wisdom which basically means the skill to select – within loads and loads of online information – the one which is trustworthy, really important and necessary for one's needs. Rapid development of information technologies, quicker rate of life and business activity, Internet penetration into nearly all fields of human activities precondition all further transformations happening today at the labor market. This process, in its turn, contributes to the emergence and quicker development of new technologies, including those related to robotics, big data, Internet of Things, blockchain technologies etc. According to many forecasts, there is a whole list of professions which are supposed to disappear quite soon. For example, the Agency for Strategic Initiatives and Skolkovo have elaborated their own Atlas of New Professions, according to which 57 “traditional” professions will disappear till 2030, while 186 new ones will emerge (Atlas of New Professions, n/d).

Another element of digital transformation is mixed education. The demand for the so-called blended learning is growing all the time and worldwide, including Russia. However, many Russian universities until now prefer to maintain quite skeptical attitude to distance forms of education. While abroad this form of learning/teaching has been actively used by many famous universities and for several decades already.

A good example in Russia in this regard is Perm National Research Polytechnic University which has been using such an education portal for over 10 years already (namely, its Humanities Faculty). The portal is based on Moodle 3.2. (for more details and demonstration, please, visit: <http://portal-hsb.pstu.ru>). Unfortunately, many lecturers of this faculty restrain from using this tool or are using it not in full. Among 9 departments at the faculty, only one – Management and Marketing – is making use of all advantages this portal has to offer for the education process organization and management.

*In 2017, in order to promote the development of electronic education environment on the faculty mentioned above, special studies were organized for the academic staff of all the departments. Each staff member, in the course of this education, was supposed to fill in the profile of the subject they are teaching on the portal, including the uploads of all teaching materials and materials for self-study. Analysis of this course results revealed there was great deal of interest demonstrated by the teaching staff to the use of this portal in education processes. However later, sadly, larger share of staff took the use of this portal quite formally. Overall, the portal covers 327 pages of separate disciplines, and each of these disciplines has a certain staff member responsible for it. As we observed later, only 57 of these pages were really loaded, 59 more pages contained some general information only. And only 14 of these pages were fully developed and ready for further work with students.*

*We have also carried out a research to reveal the reasons why academic staff at our faculty was not really using the portal in the education process. And one of the major reasons was lack of skills and knowledge for adequate work with the information technologies of this level. If a staff member already has high enough academic status at the faculty, he/she is experiencing a certain level of discomfort and fear to demonstrate the incompetency while using such technologies. Besides, since every electronic course on this portal is supposed to be developed by a particular author rather independently – these authors are often left one to one with the programme shell in which it is supposed to be created. Obviously, the course of education was too short-term and thus failed to provide the development of necessary skills to use all the related software adequately. Our research study also revealed that many staff member still prefer to use more traditional approaches to education, thus decreasing the overall quality level of education in the university. All today's students are "equipped" with various advanced gadgets, and this means that during a classical lecture they are able to turn to various sources online and thus not only check the validity of information provided by a lecturer, but also object to this information and provide some newer information on the subject matter.*

*In the course of this research we have also participated in several international projects which allowed us to study the foreign experience in the field of increasing the level of digital literacy among academic staff working at universities. In some cases special departments were created to provide support for the staff in the course of such electronic courses' development. Consulting services in such departments are provided to each staff member individually and often confidentially, the latter being extremely important since the issue of computer (il)literacy is highly sensitive for many representatives of the academic world. In Russian universities actual application of new advanced technologies in the process of education mostly depends on internal motivation and personal interest of a specific staff member. Development of an electronic course obviously requires a lot of resources (including personal time, efforts, finance etc.), unfortunately, none of this is not supported officially and thus – there is no encouragement in this field. Legislation and regulation in the sector of higher education must be thus reconsidered so that to provide financial resources for organizational and methodological support to the process of ongoing digital transformation.*

**Keywords:** digital transformation, blended learning, digital competencies

**JEL codes:** A22, I21.

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# WE NEED A NEW MODEL OF THE STAKEHOLDER CONCEPT A KEY PRECONDITION IN THE FUNCTION OF IMPROVING THE PROCESS OF CORPORATE GOVERNANCE

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*Research areas:* management, corporate governance

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## Abstract

*If the problem of corporate performance in these countries wanted to look through the prism of different legal traditions, it seems that the right analysts who express their attitude to the available empirical experiences suggest that for now neither anglo nor the german system of corporate governance is not shown to be effective in practice corporate governance in post-socialist countries. Also, experience shows that corporate management and crowd control newly shareholders, owners of private businesses, state, etc., in the countries in transition, is still abstract and ambiguous concept. It is also a matter of concern and the fact that, almost equally among pragmatists and experts in corporate governance is very often confused with the strategic and operational management. In contrast, we can say that in the literature this concept is commonly understood as dealing with problems arising from the "duplication" of ownership and control, and the focus of attention is more, although insufficiently comprehensible agency problem.*

*For the purposes of the foregoing, it is our intention in this paper to explore the practical experience and achievements in the field of stakeholders concept aimed at improving corporate governance in the countries in transition in a way that will make a critical distance from its traditional understanding. This would eventually result in somewhat different understanding of the company, than so far rooted in practice. Rather, the issue is the need for thinking about leaving the company as a mere instrument in the function of maximizing the wealth of its owners.*

**Keywords:** corporation, post-socialist countries, corporate governance, stakeholders concept, management

**JEL codes:** G 34, P26.

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## SUCCESS VERSUS BARRIERS IN PUBLISHING RESEARCH PAPERS

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Research areas: informatics, operations research, human dimension of technological development.

### Abstract

*A key indicator of the researchers' success in the academic community is, at least in our social frame, the number of papers published in reference scientific journals, including their citations. This is one of the most demanding prerequisites for the academic promotions, membership in the academies of science, achieving success in applying for large scientific- research projects, etc. Thus, publishing research papers is one of the decisive factors of success in the academic world, into which currently enters strong spirit of competitiveness that is not inherent in our tradition. Our tradition is closer to the spirit of social micro-networks where people are supporting each other; not a competitiveness, which brings synthetic division to those who are successful and less successful or unsuccessful. Do the Web of Science, Scopus and/or Research Gate metrics exactly qualify a researcher and to what extent does this qualification really match reality? - The answer can be anticipated from the question posed, but an attempt to justify the axiom that the number of papers and citations do not give a complete picture, i.e., a complete profile of the researcher, has been made below.*

*(i) Anthony Clifford Grayling in his book, "What is Good?: The Search for the Best Way to Live" (2003), states in the introduction: "Most academic works are, without any doubt, of little importance to the world, they are motivated more by the pressure to be published than by the discovery of some precious truths. But, that is why the rest is really important for understanding man (and nature, I would add) and it represents another step with heavy work carved into the stairway leading us to the stars: per ardua ad astra". So, if the author's works are from the first set of academic papers, the metric mentioned above is synthetic, almost empty, and if the works are of the second category, then the metric makes some sense. But how to know on the basis of (mere) statistics which works belong to which category? – Or, which of the authors is and to what extent from the above mentioned two categories; this is also a way in which we can formulate the question.*

*(ii) Editorial offices of some referential journals ask the authors to declare as soon as they submit their paper that they are ready to cover APC (Article Processing Charges)<sup>1</sup> after the revision and the paper potential acceptance for publishing. Such journals are usually Open Access and consequently have high impact factors, often over one. The question again is whether we can and to what extent be sure that the scientific papers published in these journals fall into the second and not into the first above mentioned category, despite the journal's high impact factor? Also, this might cause the suspicion that some form of mercantilism comes into the science on a small door, or it has been present for a long time there?*

*(iii) Some of Montenegrin researchers have two hundred and more papers indexed in Scopus and thousands of Google Scholar citations. However, our society is in a chronic crisis and involution, where the majority of people survive thanks unfortunately to the enormous high and frequent debts of the state. Accordingly, the question is: does our (national) science in fact exist? Can we believe that it really exists, or is it just an illusion, or just a simulation of science? Undoubtedly, people who have published so many papers have made certain efforts to write and publish them, but are these efforts directed at and to what extent towards more humane living in a human society? Do academics, e.g., from national academies, can act more altruistically and give a higher contribution to the community they belong to, and which allocates funds, despite chronic poverty, to their regular extra-incomes based just on their memberships in the academies?*

*(iv) Some researchers have a very large number of references on which they are one of hundred or more authors. The question is which is their actual individual contribution to these collaborations? Some researchers (not only in our country, but in the world, as well) have a very large number of publications and high number of citations, and are merely "credited" as co-authors, because they are the leaders of the institutes and the high-budget projects from which (mostly modestly) pay "crankshafts", e.g., researchers from India, Pakistan, China, Thailand, etc., while their research contribution is minor.*

*(v) The biggest current paradox in our national framework, i.e., at the state University, which has the longest tradition, in the field of social sciences, is: "...the requirement for compulsory publishing scientific papers at journals on SSCI and Scopus lists and not as the first author of the research team, but independently. The*

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<sup>1</sup> For example, the price is eighty euros per page, and the work should have at least six pages, while color figures are being additionally charged.

irony is that none among the proponents of the above mentioned rule has ever published independently an article in the aforementioned reference journal".

Although we could continue in such way, the essence of the problem is well-integrated in the Davorka Matic's words, which are as follows: "Recent conflicts around science should not be understood as conflicts between those who defence and those who attack science but as conflicts over authority, about that who has right to talk about science and who can participate in determining what scientists should do, by what means and for what purposes". In short, science should be shifted from ignorance, superstition and especially from greed. The science should: "...evaluate and respect research, curiosity and observation, strictly examining and verifying ideas, experimenting, impartiality, and willingness to re-examine when confronted with new evidences". As such, the science is: "...a very long list of useful things, which most of us today would not know without it, nor do, and probably not live for as long as we live in our time".

**Key words:** (non)credible journals, (un)important papers, citations, and (non)realistic authors' profiles

**JEL codes:** D83, I29

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## THE IMPACT OF BUDGET TRANSPARENCY IN SOCIO-ECONOMIC AND POLITICAL DEVELOPMENT AND STATE SECURITY: INTERNATIONAL ISSUES\*

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## Abstract

*The level of fiscal transparency as inextricably linked with the basic parameters used for evaluating the quality of the functioning of government and directly with budget execution rates and overall indicators of economic, social and political stability in the country and its security. The statement was proven by lots of researchers, including Albassam (2015), Tehou and Sharaf (2015), Khagram et al. (2016). Different issues of transparency were outlined in the papers by Bushman et al. (2004), Granados et al. (2006), Lamming et al. (2004), Suk Kim et al. (2005) etc.*

*The main integrated indicator of fiscal transparency is the OECD's Budget Openness Index (Open Budget Survey, 2015). The dependent variables in the study include the Worldwide Governance Indicators of the World Bank database and the Macroeconomic Indicators of the International Monetary Fund database: Control of Corruption, Government Effectiveness, Political Stability and Absence of Violence/Terrorism, Regulatory Quality, Rule of Law, Voice and Accountability, gross government debt, government expend, government*

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revenue. As control variables were used: Credit rating estimates of Standard & Poor's, Human Development Index, Index of Global Competitiveness.

The analysis was conducted for 36 countries with periodic estimates from 2006 to 2015. The calculations showed a high statistically based link between the level of budget transparency and the level of management efficiency in the country, as well as the presence of a rather significant variation in the role of certain components of budget openness in ensuring positive impact.

The analysis by the groups of countries allows to assert that, regardless of the initial level of transparency of the budget, the growth of the level of Budget Openness Index causes a reduction in the level of government debt and an increase in the share of government expenditure in GDP. The reduction of government debt under the influence of budgetary transparency is observed only in countries with high per capita income. At the same time, disclosure of budget expenditures leads to an increase in the share of budget expenditures relative to GDP in high-income countries and their reduction in low-income countries. For countries with high and medium development, the inverse effect of budget openness on the level of public debt is characteristic. The indicator of government expenditure in GDP in middle-income countries is directly influenced by the growth of the Budget Openness Index, while in countries with a low level of development there is an inverse effect of the cost disclosure indicator. The increase in the level of government expend under the influence of increasing budgetary transparency does not depend on the level of economic freedom in the country. But the positive effect of the budget's openness on the share of government expend in GDP is typical only for countries with high levels of economic freedom.

The study provides a scientific basis for the formation of the concept of increasing fiscal transparency in terms of ensuring the achievement of target indicators of budget management and ensuring economic development, maintaining social and political stability in the country and its security.

**Key words:** budget, transparency, state security, Budget Openness Index, analysis, international issues.

**JEL codes:** E01, E02, E62, G28.

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# SESSION 1

## METHODOLOGICAL PROBLEMS WITH PUBLICATION OF SCIENTIFIC ARTICLES IN JOURNALS

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**Abstract:** *There is no general consensus in scientific journals on the methodological procedures related to processes of publishing scientific articles. The differences in structure of published articles are evident. Article categorization differs as well. This justifies the search for a consistent methodological approach, whether by adopting one of the existing ones, or by committing to form a completely new one. Along with more detailed highlighting of some of the prominent methodological procedures, the paper intends to offer a generally acceptable methodological solution to the scientific community.*

**Key words:** Methodology, scope, structure, citation, categorization,

**JEL codes:** B40

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## THE ANALYSIS OF SOCIAL MEDIA WITH A FOCUS ON SMEs

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### Abstract

The rapid growth of social media arise interest for scholars from various fields due to its enabling to value co-creation for business entities. *Indeed, social media tools have ability to facilitate vaguely a company's communication with customers and suppliers, as well as expanding awareness about company and its products* (Michaelidou, 2011). *The role of social media plays for large firms and the use of social media by this type of organizations have been investigated broadly* (Sandsmark, 2011). In contrast, the use of social media by SMEs is under-researched area (P. Cragg, Caldeira, & Ward, 2011). But SMEs play an important role in the economy of most countries and social media has a significant impact on small businesses' marketing strategies: in USA, for example, more than 73 % of small businesses have used social media in 2016 (Clutch, 2017). So nowadays SMEs face some problems in social media using. Some studies pointed out that adoption of social media tools by SMEs have been influenced such factors as a firm's age, geographic location, and innovativeness (Wamba & Carter, 2013). Garnett (2010) defined the benefits of social media tools for SMEs. We propose to investigate how the SMEs social media strategy is directly influenced by the consumers behavior. *The main goal of this study aims to examine different types of social media tools to highlight their role*

and benefits for SMEs in connecting with consumers behavior. The second objective was to investigate how to effectively integrate all customer channels by the use of social media within the limited resources of SMEs. Social media tools are very diverse and have its own peculiarities. As a whole social media has highlighted by blogs (LiveJournal, Blogger, Flickr); web sites that have appearance of articles, notes; microblogging (Twitter, Juick) that makes it possible change its status, but the text is limited compared to blogging; social networks (Facebook, LinkedIn) that are intended for communication between people. It is worth mentioning about photo and video services (YouTube, Flickr, Pinterest) that allow social networking distribute photos and videos to users from all over the world. Recently the geosocial networks popularity has shown significant growth. The data for our research have been obtained from survey of customers of various Ukrainian SMEs which was conducted in January and February 2018 using questionnaire by E-mail. The survey indicates significant diversification of answers between consumers by age. The most attractive for respondents of first group (18-25) is photo and video services like Instagram, YouTube, Pinterest. The next position is microblogging. Blog with attractive names and with some examples of product using has third rank. The most significant findings is that moreover 73 % of respondents of this group do not follow SMEs Facebook profile at all. The respondents from the second group (30-45) prefer websites offering discounts and other products on attractive terms, on the second rank of respondents' preference is well-done and up to date company's website. At the same time offers delivered to real consumers by e-mails turned to be non-effective – more than 25 % of respondents have not pay attention to them at all. The study established what types of social media seemed not very attractive to real SMEs customer. Also study had sought to investigate what types of social media are interesting to the each group of consumers and to provide SMEs information for developing their marketing strategies adapted to customers behavior.

**Keywords:** marketing, social media, communication, SME

**JEL codes:** M31

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## SOCIO-ECONOMIC INTERCONNECTIONS IN THE LIFELONG LEARNING SYSTEM EXPENSES OPTIMIZATION MODEL: CROSS COUNTRY ANALYSIS\*

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## **Abstract**

*The development of the education sector has always been and remains one of the strategic objectives for any state that seeks to ensure sustainable development, a competitive and innovative economy, a decent standard of living for its people. However, in the conditions of the dynamic transformations of the foreign and domestic economic and social systems, the rapid development of information technology and scientific-technological progress, there is a need to change the conceptual approach to understanding the essence of the education system in the direction of its length throughout human life.*

*In this regard, the basic approaches of financing such a modified education system are modified. Education costs start to be seen as investments in human and social capital, which contributes to the growth of positive externalities in the socio-economic field. However, the state can not independently provide funding for the lifelong learning system without involving additional economic entities.*

*This article is devoted to build lifelong learning system expenses optimization model in the context of the economy transition to a sustainable growth model.*

*For this purpose, the authors define the essence and basic characteristics of lifelong learning system in the modern world. It is provided a comparative analysis of the main tendencies in education financing in the countries of the Organization for Economic Co-operation and Development (OECD) and their partners plus Ukraine at the expense of various sources (public and private) and different levels of education (primary education, secondary education, post-secondary (non-tertiary) education, tertiary education). On the results of analyzing the absence of structured information about extrabudgetary funding of lifelong learning system is indicated. Thus, authors developed the approach to estimate potential volume of extrabudgetary sources of funding for a lifelong education system by using structured modeling method.*

*This approach will allow to indicate socio-economic interconnections in the lifelong learning system expenses optimization model in the context of the transition to a sustainable growth model.*

**Key words:** financial support, lifelong learning system, public expenses, private expenses, expenses optimization model, structured modeling.

**JEL codes:** A13, A20, C13, C51, F01, H52, I22

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## THE INFLUENCE OF COUNTRY IMAGE ON MACROECONOMIC STABILITY<sup>2</sup>

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### Abstract

*The mainstream of the modern society in the world is problem to achieve the sustainable development goals by each country. However, another the big question is how to measure the sustainable development. In general, the results of measuring the sustainable development are the basics to calculate the different types of rating which attract attention of the country's stakeholders (investors, tourists and etc.). In addition, the results of rating is close to connect with the image of country. From the other point of view, the reputation, the rating and the image are in the interconnection.*

*This article is devoted to analyze the main approaches to estimate the image of country and indicate how it correlate with the country prosperities in the framework of the sustainable development. For this purpose, the authors systemized the main approaches to define the image from the different points of views. Thus, in general the image is defined as a combination of the subjective and objective expectation from the something. From other side, image is mean a reputation. On this reason it is a very difficult to measure it.*

*In this case, the authors proposed to define the image of country is a combination of internal and external, subjective and objective expectations from the country's stakeholders which based on the main political, social, ecological and economics indicators and reputation of country. On this bases, the bullet points, types and features of country's image were indicated and summarized by the authors. Furthermore, the key factors (external and internal) which influence on country's image were allocated.*

*Should be noticed, that a lot of rating's types is being calculated by the different world organizations: credit rating of country; best countries for business; the most happy country; rating of development and developing countries and etc.*

*On the results of comparison analyzing the image and rating of EU countries, and the main political, social, ecological and economics indicators, the authors indicated the existence of linking between image and country's development. On the basis of the results, the structural scheme of linking between image and economics growth of country was proposed.*

*In the paper, the authors analyzed the main approach to calculate rating of country from the European countries and the United State of America. The main indicators of measuring relate on the rating's goals. In addition most of rating don't include the block of the image's indicators. Firstly, it is connect with difficulties to evaluate it by some indicators. In addition, particularly in Ukraine, we don't have the good quality databases for analyzing the quality indicators.*

*The authors developed the approach to estimate the country's rating which included the block indicators: image, internal indicators, external indicators. In addition, the each block have the specific weight which indicated by the core components method. Thus, the results of analyzing showed that all indicators which included in the rating evaluation could be divided by two general groups: quantitative and qualitative. In this case, the quantitative indicators aren't difficult to measure, so the quality indicators are proposed to calculate by the expertise methods. Besides, all received results will be checked by the concord coefficient.*

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*Thus, above mention approach will be allowed to involved image indicators to the rating process. In addition it will be allowed to indicate the weak sides of the country rating and investigate the necessary activities to improve them with purpose to attract attentions and financial resources of country's stakeholders for achieving the sustainable development goals.*

**Key words:** image, country image, rating, growth, development

**JEL codes:** C23, C51, M31, M39

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## BLOCKCHAIN TECHNOLOGY PLATFORM IN CHANGING THE FINANCIAL SECTOR

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## Abstract

*The aim of the paper is to conduct a research on an impact of blockchain technology platform on the financial sector through cryptocurrency, and an impact on other industries.. The subject of research is not only this technology but also its commercial exploitation. In order to understand the platform, the starting point of this research is an analysis of how the technology functions, after that the advantages for business and economic transaction are identified, and finally the paper deals with an impact of new technology on business, above all on financial operations. The basic hypothesis is that blockchain has achieved a great impact on financial sector, also it has the potential to radically change only the financial sector but also the way we buy and sell, our interaction with the authorities as a way of verifying the ownership from the authorship and the organic food production. Using the available data and synthesis of knowledge from the fields of technology, economics, finance, and politics, 4 scenarios were set up for the future of underlying technology. The scenario approach combined with trend analysis in order to prove the starting hypothesis with high reliability. The research results show that the technology being investigated already has a profound impact on the financial sector, that it is in the initial phase of changing many industries, with the likelihood that they will change them significantly in the next five to ten years. Businesses increasingly discover the power of this technology to exploit the benefits of the Fourth Technological Revolution.*

**Key words:** blockchain, bitcoin, criptoalutes, scenario.

**JEL codes:** E4, E5, L2, L5.

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## RELATIONSHIPS CHANGES IN RENEWABLE ENERGY AND MACROECONOMIC STABILITY: COMPARISON BETWEEN DEVELOPED AND LESS-DEVELOPED COUNTRIES

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### Abstract

Global society found the main reason of CO<sub>2</sub> emission and environmental load in energy sector and in production in general. According to the World Bank Data (World Bank, 2017), CO<sub>2</sub> emission growth in Europe during the last thirty years has a tendency to be reduced in average by 14.01% per year (World Bank, 2017). Therefore, energy generation in the world is constantly growing in average by 1% per year. The last 10 years such growing is provided not only thanks to heat, nuclear or hydro power plants, but also through power plants, which generate energy via renewable sources: sun, wind and oceans. In 2016 power plants, which work thanks to renewable energy sources, were put into operation in the world, with total installed capacity two thousand MW (Sawin et al., 2017). In Ukraine beginning from 1992 there is a constant tendency of emission volumes reduction in average by 4.15% annually. Therefore, the largest decrease was observed during great crisis: 1990-1999, 2008 and from 2014 through present (World Bank, 2017). Energy volumes, generated by non-renewable energy sources, do not exceed 5% (without regard to hydropower plants) (Sawin et al., 2017). The renewable energy source is a perspective energy source, but has different growth rates. It relates not only to economic indicators, but also to the economic, political, ecological and social stability level in the country. Stability indicator has great impact on renewable energy sources development that is because energy generated equipment has large payback period. Publications of such authors as Al-mulali (Al-mulali et al., 2013; Al-mulali et al., 2015), Apergis and Payne (Apergis and Payne, 2010; Apergis and Payne, 2012; Apergis and Payne, 2014), Dogan, and Turkekul (Dogan, and Turkekul, 2016), Menegaki (Menegaki, 2011), Bildirici (Bildirici, 2013), Ozturk (Ozturk and Bilgili, 2015), Aslan and Tugcu (Tugcu, Ozturk and Aslan, 2012), who studied relations between renewable energy sources, CO<sub>2</sub> emissions and environmental Kuznets curve, were analyzed. Based on the received results, we make a hypothesis that the renewable energy sources growth is influenced by the country's economic and political stability level, and en-

ergy volumes growth, generated by renewable energy sources, leads to reduction of CO<sub>2</sub> emission into the air. This hypothesis is proved through examples of five European Union countries and Ukraine. The article has data for the period 1995-2014. The modified Cobb-Douglas model, which considers labor (population), capital (investment volume), country's macroeconomic stability level, economy openness, RES production volume and CO<sub>2</sub> emission volume, is used for analysis.

**Keywords:** causal relationship, growth, macroeconomic stability, panel unit root tests, renewable energy.

**JEL codes:** C23, Q20, Q43

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## PRACTICE-ORIENTED PREPARATION OF FUTURE PROFESSIONALS

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## Abstract

*In this abstract we would like to present the results of the research on innovative behavior of young professionals along with the revealed problems in their university education. On the basis of the research results carried out by the authors of this abstract a special project has been developed and implemented concerning the organization of practice-oriented education for university students.*

*The forecast of long-term socioeconomic development of Russian Federation for the period till 2030, inter*

alia, reveals the necessity for formation of a flexible system of professional education which would fit the changed demands of the national labor markets and also the demand of new, innovation-based economy in the parts directly related to the contents of education as well as its material and technical provision (Forecast..., 2013). Many serious changes in the field of university education are yet to come in Russia, especially taking into account the most recent radical and global changes in technological development, demography, geopolitics etc. Clearly, the established world order of labor distribution is being disrupted these days, while the economy of knowledge, in many countries, is still in the process of its establishment and formation (Russia 2025..., 2017).

Russian higher education is based on the Federal Education Standards (FES) which are periodically being changed. Despite some minor updates, the major part of their contents, structure of the requirements and the set of competences to be formed for many majors and specialties are already very much outdated and thus have very little connection with the actual socioeconomic development of the country. In our view, still not described are, *inter alia*, the competences which are supposed to form the innovative behavior of future professionals. Specifically, such features of characters must be mentioned directly: initiative, readiness to change, self-development capabilities etc. The Boston Consulting Group (which is carrying out various research projects in Russia quite frequently) has a special report revealing the problems in preparation of the professionals needed the most by national economy (Russia 2025..., 2017). The authors of this report presented their own model of key competences to be formed till 2025. This model is basically the set of key, universal competences without which efficiency in any type of activity would be unreachable. This set includes: critical thinking, team work, cooperation skills, quick adaptation to changes, decision-making skills, independent organization of activities and processes, capacity to process huge loads of data and information etc. Our own research has demonstrated that many young professionals are quite far from having a full set of these competences which, speaking theoretically, they are supposed to use in the process of innovative transformations.

Our research has been carried out using the selective survey method as applied to a group of young professionals at two large enterprises – TTE and PRM (names are coded due to confidentiality reasons). The survey has been carried out among the young professionals who had, at the time of our survey, from 1 to 3 years of work experience. We consider as the most valuable and interesting for our research the following results calculated after the survey: Young professionals tend to underestimate such aspects of own development as participation in various competitions, conferences, exhibitions and seminars (no more than 10% of votes at both enterprises). Very small shares of young professionals (30 and 20%) were also interested in their immediate engagement in managerial decision-making. Young professionals at TTE are more active and interested when it comes to the issues of further education: 60% revealed their interest as opposed to 20% of the respondents at PRM. Also, again 60% of TTE's young professionals are ready to take extra efforts for better performance of their job responsibilities, while the same answer at PRM was provided only by 10% of the respondents. A minor share (11%) of young professionals at TTE stated they were demonstrating some initiative when it comes to work improvements, while at PRM none (0%) of the surveyed young people stated they did that. Such differences in answers and the attitudes overall can be explained by the fact that revealing some of the competences depends not only on previous university education but also on the present corporate culture and internal environment inside a specific enterprise (Nevskaya, Esaulova, 2015). At the same time, according to the data obtained in another survey, 91% of Russian employers are of the opinion that university graduates today do not have enough practical skills for their work, while 83% of the employers assess the level of university education as medium or low (Kuzminov, 2016).

There is actually a wide range of research publications in Russia dedicated to the problems of higher education system improvements so that to prepare professionals which would be needed to make this education more practice-oriented (*inter alia* but not limited to (Polisadov, 2014; Prosalova, 2012; Solyankina, 2011 and 2016). The authors of this abstract also have some developments in this regard and are, in particular, the authors of a project of more practice-oriented education programme for the bachelor programme in Management, designed specifically for and implemented in Perm National Research Polytechnic University<sup>3</sup>. According to this approach, the share of practical activities must be at least 22.5% of the studies load, while according to the acting standards this share is 3.75% at best. Noteworthy, for this particular project Perm National Research Polytechnic University has established partner relations with more than 50 enterprises from various sectors and fields. Students involved in this project are participating in very much applied pro-

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<sup>3</sup> Among all technical/engineering universities of the Russian Federation this one is ranked 4<sup>th</sup> out of 173.

jects, thus getting all necessary professional skills and gradually forming the needed key competences, including team work, cooperation with people, quick adaptation to changes, decision-making skills and the skills of independent organization of various activities. Noteworthy, the students are not only learning under this project – they too are quite able to make their own contribution to companies' development. In turn, they get the information necessary for their student research work. Later, these students become active participants of various specialized conferences, competitions, Olympiads, they even publish their own research articles. In such a way, these future young professionals get such key competences as the capacity for self-development, own initiative, ambition and personal leadership, consistency in achieving the goals they set for themselves, presentation skills etc.

Companies and enterprises involved in this project also get their own benefits. As a result of this cooperation with our university, they are able to employ recently graduated professionals who are already familiar with their specificity, staff, corporate culture. Companies are able to choose the best students who have demonstrated well their level of knowledge and skills as well as specific personal features. Therefore, when the graduation day comes, many graduates already have their job offer.

**Keywords:** key competences; practice-oriented studies; innovative behavior; development of innovative activity.

**JEL codes:** A22, I21.

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## SOCIOECONOMIC APPROACH TO ACHIEVING SCHOOL EFFICIENCY: INITIAL RESULTS OF EMPIRICAL RESEARCH IN CROATIA

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## Abstract

*In this paper, we discuss the socio-economic determinants of school efficiency, based on the preliminary empirical research of school principals and board members in Croatia. We emphasize the economic variables,*

which include the innovative and entrepreneurial orientation of the school management, dependence toward the resources, provided by the state budget, versus the independence of the school leadership, as well as the assessment of the school (organizational) culture. We also analyze the sociological variables, related to co-operation among the school principals, members of the school board and different external actors, especially parents and the local community. The primary scientific data used were obtained by surveying principals and school board members of one Croatian county, which has been identified, as being the most advanced on the national level, in terms of supporting student excellence. The obtained results suggest that a high level of school efficiency can be linked to the professionalization of the principal and school board membership roles, which also implies the further decentralization and additional reforms of the educational system. Research results are further discussed in the context of the previous theoretical and empirical findings of educational research in Croatia and South-East Europe. Implications for educational policies are identified and analyzed, with a special emphasis on training and support tools, available to school principals and board members.

**Keywords:** school efficiency, socioeconomic analysis, empirical research, Croatia.

**JEL codes:** H75, I21

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## LIFE-LONG LEARNING OF THE CIVIL SERVANTS IN RUSSIA AND OTHER COUNTRIES

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## Abstract

The paper presents a comparative analysis exploring life-long education/training of public services' executives in Russia and other countries (namely Hungary and Germany). Life-long learning has gained importance over the past years, especially in civil service with its high levels of job security and low overall turnover. The government should be committed to providing civil servants learning opportunities that would



equip them with the skills, knowledge and mindset necessary to modernize and cope with modern changes. The study explores the framework and institutional structures of the civil service ongoing education, prevailing approaches and training priorities in the reviewed countries. An analysis of existing works in the field reveals the general consensus about the fact that the life-long learning is imperative for the majority of civil servants due to complex and dynamic government environment. The consensus exists about the core competences of the modern civil servants as well. However, actual systems of the education/training can vary vastly; countries can use a broad range of tools and approaches. Our ultimate question is to assess whether the reviewed countries have significant differences in the educational approach considering the fact that they have different political, social and economic context, different public administration system and, the most important, different civil service system efficiency? Another option is – there is be an observable similarity between the educational approach in the countries that will prove that the training system follows the mainstream changes of governance but not the current country context. Using the comparative methodology, we can find patterns, similarities and differences in the educational systems with the background of the civil service system efficiency. The additional goal of the paper is to provide recommendations (on the basis of the comparative analysis) for the contents and methods of civil service education in Russia, to help this system with meeting the present (and future) requirements and challenges of the public sector.

**Keywords:** life-long learning, civil service, education

**JEL codes:** A29, H83

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## THE INTEGRAL EVALUATION OF MACROECONOMIC STABILITY LEVEL BY THE COMPONENTS METHOD: EU EXPERIENCE FOR UKRAINE\*

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## Abstract

One of strategic indicators to realize Sustainable Development Strategy "Ukraine-2020" is joining to 40 best countries of the world by The Global Competitiveness Index (Strategy, 2015). However, according to data of Global Competitiveness Reports (WEF, 2017), Ukraine takes 81 place during the last five years (score is 4.06) in the world, besides, variation analysis of the mentioned index does not exceed 33%, that is why it gives an opportunity to characterize the given complex as homogenous one (Dzyubanovska, 2016). State institutions (variation coefficient by rank and score – 4.54%/1.35%), infrastructure (6.45%/3.32%), commodities markets efficiency (7.87%/2.26%), financial markets development (6.96%/7.06%), technological readiness (5.53%/5.46%), business compliance to modern demands (4.4%/1.22%) have the most stable dynamics, which is characterized with some variation of features, within 10%, by rank and score in Global Competitiveness Index rating in Ukraine. However, an average ranks were weak mostly due to the following components of the Ukrainian Global Competitiveness Index: state institutions – 129 place, commodities markets efficiency – 110 place, financial markets development – 119 place, business compliance to modern demands – 95 place, technological readiness – 86 place.

Macroeconomic stability (variation coefficient by rank and score – 10.71%/14.00%), health protection and elementary education (14.85%/2.04%), higher education and professional training (11.62%/3.37%), labor market efficiency (16.01%/2.74%), market volume (10.78%/1.85%) comply with an average variation of features, within 11-25%.

Only higher education and professional training corresponded the above strategic indicator to realize The Sustainable Development Strategy "Ukraine-2020" (an average rank in the world – 37 place) from all components of the Competitiveness Index in Ukraine. At the same time, the macroeconomic stability is the most retaining component of Ukrainian rating growth. Particularly according to results of 2017 Ukraine takes 120<sup>th</sup> place of 137 evaluated countries in the world (3.5 points of 7 possible points).

The European vector of economy development, chosen by Ukraine, determines necessity to study experience of national economies, which were fast integrated to the international production networks and reached the highest economic growth, particularly of Poland, Czech Republic and Slovakia. At the same time, nonuniqueness of the terminological apparatus regarding the macroeconomic stability concept is one of the reasons when there is no only one problem solving, accepted by all researchers and specialists, to choose indicators, measuring method and macroeconomic stability level evaluation. There are such requirements to select indicators sets of index constituents in the international practice, particularly for calculation of sustainable development index (United Nations, 2007):

- firstly, indicators set has to comprise problems, which relate to sustainable development in most countries;
- secondly, every indicator has to provide with important information, which is not available from other key indicators;
- thirdly, technique to calculate indicators has to be the same for all countries, data of which is either easy accessible or may be given during the set period of time and without expenses.

Sanjay Kalra in his report on the international experience to calculate and to use macroeconomic indicators distinguishes the following criteria: indicators have to consider specific nature of the country, must have definite economic value, wide statistic diapason and cyclic conduct (Sanjay, 2012). In order to form an integral evaluation of the macroeconomic stability level, first of all, one should define factors, which let the EU countries to show dynamic changes and create an ability to reach the highest economic growth. Such research is proposed to be carried out by statistic method of data analysis – principal component analysis.

**Keywords:** macroeconomic stability, principal component analysis, competitiveness

**JEL codes:** E60, C23, O20.

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## AN ANALYSIS OF THE SOCIO-ECONOMIC FACTORS AFFECTING INSIDER-TRADING

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### **Abstract**

*This article analyzes trading and tipping activities of corporate insiders and misappropriators in insider trading litigation decided by federal courts of USA from January 1, 2012 to December 31, 2014 (N=83). The study examines civil enforcement proceedings filed by the Securities and Exchange Commission (SEC) and criminal cases filed by the Department of Justice to determine profile, patterns, profits, and settlement outcomes in these proceedings. Results of statistical analysis indicate that a defendant in both civil and criminal cases is more likely to trade on the information when he receives a direct, financial benefit from breaching his duty of confidentiality. The defendant tipper was also more likely to pass on the information to a close personal friend, business associate, or family member (chi square is significant at the  $p < .01$ ).*

**Keywords:** business law; insider trading; corporate insiders; breach of fiduciary duty, socio-economic factors.

**JEL codes:** K10, K22

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## BUSINESS EFFICACY INDICATORS ON THE CASE STUDY OF ACI MARINA SPLIT

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### Abstract

*Maritime transport companies operate in a competitive and complex market environment, which makes it difficult for managers to decide how to increase property and overall business results, and how to organize maritime transport to achieve the highest profit for which clients will perform services.*

*In order to facilitate management of maritime transport, financial indicators of the success and stability of maritime transport operations are of great importance to managers. These indicators are calculated on the basis of the financial statements. As a research problem, the possibility of exploiting the performance indicators of maritime transport operations and their impact on the optimization of the company's business can be determined. The statistical method was used for the data of ACI marina Split, and it can be concluded that it operated with success. Thanks to the mentioned, managers of the ACI marina and all other companies can directly influence the efficiency and success, continuity and development of the company itself. Analyzed financial statements of ACI marina for the last three years indicate that the same income was realized according to the previous period, while the expenditures increased with respect to the same period. It should be noted that the revenues from daily berths and total nautical incomes increased significantly compared to the same period observed in the previous year.*

*According to already existing marina and the entire ACI marina chain, it is still necessary to explore the market and extend the offer for seamen. The capacity of the vessel's reception along the Croatian coast has been divided so that 70% cover the Kvarner, Split and Dubrovnik aquatories. They are the most developed on this issue and one should therefore continue to invest in them, develop them and improve their offer. The basis for further investment in nautical tourism ports, i.e. their development, is the choice of a favourable location. ACI marina Split greatly contributes to the development of nautical tourism and thus also to the overall picture of the tourist season in Croatia. Therefore, the importance of business efficacy indicators should not be particularly emphasized.*

**Keywords:** ACI Marina Split, financial indicators, statistical analysis

**JEL codes:**

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# METHODICAL APPROACH TO THE ASSESSMENT OF RISKS CONNECTED WITH THE LEGALIZATION OF THE PROCEEDS OF CRIME\*

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## Abstract

*Stable activity of the financial system of the country is impossible without applying effective mechanisms of deterring and combating money laundering at the level of different agents of the national economy and financial institutions. However, according to data of International Anti-Money Laundering Group, the annual amount of money laundering is about 700 billion – 2 trillion US dollars, that on average equals to 2–5% of world GDP and is said to have insignificant impact on the indicators of socio-economic development of the society (Report on money laundering methods, 2003). The number of schemes used for illegal withdrawal of capital from Ukraine has increased significantly because of deep economic and political crisis. Therefore, the level of economic crime in Ukraine has increased. According to the index of hiding proceeds the country has more than 50% of the total volume of value added from hidden proceed. At the end of the first decade of the 21st century Ukraine's economy became one of 15 most intensive shadow economies with an indicator 17% higher than the world average shadow economy level, and 41.2% higher than the minimum level of the shadow economy level in Switzerland, but 16.4% less than the highest indicator of the shadow economy level in the world from 1999 to 2007, which was recorded in Bolivia (National risk assessment report, 2016).*

*The research is devoted to scientific and methodical approach of identification, assessing and monitoring systemic risks connected with the legalization of the proceeds of crime, which includes the following components:*

- 1. authorities which are directly or indirectly involved into the operations (risk value of legalization of proceeds, that were illegally obtained by different government authorities, is proposed to be estimated as a weighted average of the levels of corruption in a single institution);*
- 2. countries involved into the operations (this criterion provides considering the risk occurrence probability of hiding proceeds in the partner countries, business entities or public authorities which are involved in operations);*
- 3. the type of economic activity (it is proposed to use the approach to classify the economic activities using the National Classifier of Ukraine (Classification of types of economic activity, 2010)).*

*The basis of the approach is the assumption that the use of corruption schemes for the withdrawal of funds abroad occurs at each level of the economic system and, therefore, should be assessed as it affects the overall degree of risk of the operation.*

*This approach can be used as a tool for:*

- assessing the effectiveness of state anti-corruption policies, especially in shadow flows minimization, both at the micro- and macro- levels.*
- identifying the main stabilizing and destabilizing factors that influence the level of hiding proceeds.*

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*It will help to investigate the problem more deeply and transform it into controlled mechanisms both in the short-run and long-run.*

**Keywords:** withdrawal of funds, money laundering, hiding proceeds, legalization, corruption, financial flows, combating money laundering, proceeds of crime, risk.

**JEL Classification:** G17; H3; K220

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## HOW TO MAKE WESTERN BALKAN TIGERS?

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## Abstract

In order to make the Western Balkans a stable, economically viable, dynamic and rapidly growing region of the European continent, it is necessary to have a holistic approach to the region without compromising the autonomy of individual countries and their need to improve the competitive capacity of enterprises in their area by creating measures of state interventionism and creating "market friendly" economic environment. The Western Balkan countries' economic policies should be geared towards high economic growth rates. There are five basic pillars on which Western Balkans Tigers can be built:

1) **Democracy, security, mutual understanding and collaboration in region** - this pillar has the task of ensuring that existing production capacities and economic resources are geared to economic needs rather than threats to peace and security in the region. At national level, social dialogue, social partnership and social consensus should be recognized as a prerequisite for achieving common goals to build economic development and effective social and employment policies.

2) **Export-oriented reindustrialization** - all Western Balkan countries need to modernize their economies especially improve agrarian sector and realize fast reindustrialization. Reindustrialization is a condition of recovery and economic development. Reindustrialization have to be driven not by the growth of domestic consumption but by the rapid expansion of exports. This is why this reindustrialization is called „export-oriented“. Where is the market for exports from the Western Balkan states? The answer is the Western Balkan state in general and the EU in particular. On the third markets seems to be an appropriate to have a joint regional performance.

3) **Inclusion in global producer-driven and buyer driven commodity chains, and strong support from international lending institutions** (World Bank and International Monetary Fund). Producer-driven commodity chains are those in which large, usually transnational, manufacturers play the central role in coordinating production networks (including their backward and forward linkages). This is characteristic of capital- and technology-intensive industries such as automobiles, aircraft, computers, semiconductors, and heavy machinery. Buyer-driven commodity chains refer to those industries in which large retailers, designers, and trading companies play the pivotal role in setting up decentralized production networks in a variety of exporting countries, typically located in the developing world. This pattern of trade-led industrialization has become common in labor-intensive, consumer goods industries such as garments, footwear, toys, housewares, consumer electronics, and a variety of hand-crafted items (e.g., furniture, ornaments). Strong support from inter-

natioanal lending institutions is necesery because Western Balkan states loose the control in the finance (banking) sector.

4) **Lunch the knowledge intensive industry** - Knowledge-intensive indutries would thus imply that knowledge has more significance than other inputs (i.e. capital and labor). Knowledge intensive firms are characterized as organizations where well-educated and qualified employees form a major part of the work force and engage in mainly "intellectual work". This means that accumulation of knowledge at all levels is necessary for economic growth. The Western Balkan countries need to establish a positive correlation between tertiary education and economic growth. The existing link between secondary education and economic growth is not a pledge of a prosperous future, as foreign investment, based on such industries, can provide a economics growth in the short term, but not economic development.

5) **Stop the outflow of human capital and encourage ethical and socially responsible business.** In business practice, it is necessary to promote and develop economic virtues, which are consisting of love (mercy, enthusiasm, brotherhood and attraction) and synthetic virtues (tolerance, honesty, faith, and hope).

**Keywords:** Western Balkan, economic growth, economic development, five pillars.

**JEL codes:** F15, O11, R11

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## ASSESSMENT OF FISCAL DECENTRALIZATION INFLUENCE ON SOCIAL AND ECONOMIC DEVELOPMENT\*

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## **Abstract**

*Transformation of the mechanism of responsibility redistribution between central and sub-central government resulted in expansion of fiscal decentralization ideas. The concept of fiscal decentralization in general features was formed at the second half of XX century, but its key ideas appeared far more earlier. Nevertheless, there are a lot of controversial empirical research results that are focused on identification of fiscal decentralization influence on economic and social development (different empirical researches confirmed its positive, negative or insignificant influence). Thus, because of dynamic change of worldwide socio-economic trends it becomes necessary to realize up-to-date empirical comprehensive research on fiscal decentralization impact on different aspects of country social and economic development.*

*This article is devoted to analyze peculiarities, pros and cons of fiscal decentralization and realize empirical testing of hypothesis that fiscal decentralization positively affected social and economic development items.*

*For this purpose, the authors analyzed evolution of fiscal decentralization concept, found out its main positive features (increase of transparency and accountability of sub-central government financial policy, amendment of public services quality etc.) and risks of its implementation (increase of macroeconomic instability because lack of centralized control, high dependence of fiscal decentralization measures efficiency on competence of sub-central governments, decrease of large-scale social projects financing and others).*

*Thus, there is no single opinion about the impact of fiscal decentralization on the social and economic development, the main objective of the research is to test empirically the hypothesis that expansion of fiscal decentralization positively affected different measures of social and economic development (economic growth rate, employment level, inequality and others). Testing of the hypothesis of positive influence of fiscal decentralization on different parameters of social and economic development was realized on the base panel data analysis for the set of European countries. Methodologically it was realized through the using of regression model with control variables (independent variable – measure of fiscal decentralization, dependent variable – measure of social or economic development) in Stata 12/SE. These results allowed to identify impact of fiscal decentralization on different parameters of social and economic development of European countries on the current stage.*

**Key words:** fiscal decentralization, economic development, social development, fiscal policy, taxation

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## RELATIONS BETWEEN ECONOMIC EFFECTS AND EFFICIENCY

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### Abstract

*The article describes the causal relationships of occurrence and reproduction of complex economic effects in conjunction with conditions of intensification of factors of influence on these relationships. The principal requirements to the potential, as a condition for appearance of the effect and efficiency is including of economic interests. The degree of satisfaction of these interests is the main intensification factor together with the level of organizational processes and the quality of potential. Evaluation the consistency of economic interests should be implemented using the configurator of opinions for different stakeholders.*

**Keywords:** economic effect, efficiency, conditions, intensity, causal relationships.

**JEL codes:** O20, O21, O40

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## PRIORITY DIRECTIONS OF THE STATE EDUCATIONAL POLICY OF THE RUSSIAN FEDERATION: PROBLEMS AND PROSPECTS

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### Abstract

*Today, due to the globalization of countries dramatic socioeconomic changes occur and national borders are blurred in various spheres: culture, science, economy. All these factors have a great impact on the education system. Since the global competition in the market of educational services is getting fiercer, it is necessary to raise the prestige and awareness of higher educational institutions among students and employers, as well as quality. This process implies that new tools should be used. One of them is the rankings of top world universities. One of the main priorities of the state educational policy of Russia is to increase the ranking positions of the leading Russian universities. The issues of quality assessment of higher education, prospects and trends of universities' competitive struggle in the global market of educational services have been looked at quite in detail by some authors in national scientific literature (Degtereva, 2010; Rodionov et al. 2013). The issues of ranking assessments have been considered by foreign experts as well (Philip G. Altbach et al., 2014; Hongcai, 2009; Rodionov, 2014). More and more universities are striving for being included in the ranking. Over the recent years the number of ranked institutions has grown from 700 to almost 1000. It is not only about prestige, but it is also because many universities recognize the value of rankings as an irreplaceable advertising space for attracting undergraduate and graduate students.*

*The dynamics of presence of Russian universities in the QS Rankings is positive. In the year 2017 there are as many as 8 Russian higher education institutions in TOP-400. The technology for improving the positions of universities in the rankings is quite transparent. All categories used in the methodologies of the world ranking agencies must be considered. One of the criteria is publication activity and citations. This aspect is a weak point of Russian scientists. The conscious policy of many countries in the long run involves attracting foreign students. "Soft power" is one of the tools of geopolitics and a financial and economic factor of development. Despite problems, the number of foreign students in Russian universities keeps on growing according to the latest data. It is important to note that one of the reasons why the number of students in the US universities is growing is the improvement of distance learning technologies. This type of educational services is gathering pace in the leading Russian universities too, due to the state policy in this respect.*

*Another significant factor of the potential and importance of distance learning in educational programs is provision of equal opportunities to all categories of learners, which is especially important for Russia with its vast territory and concentration of leading universities in big cities of the country. The strategic goals of the state policy in the educational sphere of the Russian Federation are claimed as [3]:- improvement of the quality, attractiveness and competitiveness of the Russian education system in the world and regional educational space; - increase in the export share of educational services in Russian GDP.*

*In order to achieve these goals, it is necessary to support the existing growing trend of Russian universities' presence in the world rankings. Today according to a decree of the Ministry of Education and for the purpose of raising the status of Russian universities, universities are being enlarged by a territorial characteristic. Despite financial difficulties caused by the economic crisis, the strategic trends of the state education policy must be followed so that the competitive positions of Russian universities and the quality of education in higher school will be improved.*

**Keywords:** education, globalization, ranking, competitiveness, state policy

**JEL codes:** I 28

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## ALTERNATIVE INSTITUTIONS AS A FACTOR OF ECONOMIC DEVELOPMENT

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### Abstract

*The purpose of the article is to test public's perception of the opportunistic behavior and alternative institutions existence and the degree of their influences on reproduction of the economic crisis. For that purpose, besides the theoretical considerations, the paper comprises quantitative analysis of affecting the inability of economic development, and reproduction of crisis, by the following factors: non-market enrichment and log-rolling structures, parties' monopolies and lobbyism, and systemic corruption.*

*Multiple regression linear approach is applied on a sample of 500 selected respondents in five towns in Montenegro: Podgorica, Niksic, Herceg Novi, Cetinje, and Kotor. On the basis of the conducted statistical examines: standard error of the regression estimate, correlation coefficient, and coefficient of determination are calculated on the basis of previously determined regression coefficients and forecast values of the linear function of free variables (factors). The regression plots for each of the considered cases, which verify the starting hypothesis, are shown along with the discussion and conclusions. Our results indicate the need to reduce and eliminate effects of the above factors in the society and economy, since they represent concrete manifestations of alternative institutions' negative impacts. The main conclusion of the research is that the authorities in Montenegro should identify all of the channels through which alternative institutions do affect the reduction of social and economic choices. In this sense, it is proposed overcoming the monistic neoliberal policies, along with affirmation of institutional pluralism.*

**Keywords:** institutions, alternative institutions, quasi-institutional monism, institutional pluralism.

**JEL codes:** G11, E22, F21, P33.

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## THE INFLUENCE OF SCIENTIFIC RESEARCH COMMUNITY ON THE SELECTION OF ACCOUNTING PROFESSION-TRUTH OR MISLEAD?

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Research areas: Accounting, Management

### Abstract

*Practice shows that the accounting community, both locally and internationally, is becoming one of the key backbone of the development of one country's economy. It is therefore not surprising that the development of the accounting profession is becoming increasingly important since the new millennium. Through this paper, we wanted to investigate whether the academic, or research-based accounting community has an impact on the formation of an accounting profession. At the same time, whether there is a critical and constructive spirit of the academic community, or is it hiding only within the framework of the theoretical one. Are there the same or different approaches and views of the academic research community in relation to practitioners and are they the reasons for (not) the existence of the gap? Using the research methods, we will try to offer answers to the above questions. The fact that similar or the same research not only in Montenegro but also in the surrounding countries is not done shows the originality of the topic. The results of the research can provide useful recommendations to policy-makers in order to eliminate the identified deficiencies, if there is a creation of a stronger connection between these levels, if necessary.*

**Key words:** accounting profession, scientific research community, Montenegro.

**JEL codes:** M 41

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## MONTENEGRIN LIGHTHOUSES AS FUTURE DESTINATION ICONS

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### Abstract

*In the last decades the lighthouses are becoming tourist attractions and the interest for them from historic, archeological, cultural, tourist and many other points of view is continuously increasing. There are some spectacular examples of the lighthouses all around the world which became destinations icons. At the moment there are more than 45 lighthouses in Montenegro which is significantly larger number than the one presented in available official sources. It is important to mention that official data about lighthouses in Montenegro are mostly unavailable, so most of the data for this research are collected from very scarce archive materials, old journals and archive papers as well as from discussion with historians, art historians, curators etc. Also, the lighthouses are not listed in the register of cultural and historical monuments, so it is not difficult to conclude that fate of the lighthouses in the era of modernization is quite uncertain. Being aware the fact that the lighthouses in Montenegro are not adequately preserved, protected, valorized and promoted our idea was creating a strategy of their revitalization, protection and valorization and carry out a set of activities in order to reach the main goals and make them destinations icons. For that purpose, we put an accent on several lighthouses that have the most potential from cultural, architectural, historic, tourist and many other points of view and created completely new approach which is based on promotion of lighthouses and their historical, cultural and architectural values through different forms of contemporary art.*

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# NATIONAL SPECIFICITY OF CULTURE AND INSTITUTIONS AND THEIR RELEVANCE FOR TRANSITION RESEARCH

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## Abstract

*In this paper, the national specificity of culture and institutions regarded through the prism of transition research is analyzed. For an adequate description of such specificity, it is necessary to take into account, after Francis Fukuyama, genetic (in the form of propensities or predispositions) and cultural factors (fixed by means of the learning mechanism) factors. National specificity is superimposed on genetics: on the whole, Western civilizations with their inherent two-valued logic of thinking and the dominance of open access orders in society are more prone to economic exchanges – transactions, while Eastern civilizations, with their multi-valued logic and limited access orders, on the contrary, are more prone to social exchange processes – interactions. It is about propensity (possibility or probability), and not about certainty: Western people in certain circumstances may prefer social markets to economic ones, and vice versa – people in the East can give preference to economic markets over the social ones. We emphasize that in this context the concepts of the West and the East are rather conditional: their features can be evident in Russia as well, which is characterized by a high degree of regional and, additionally, an individual-personal differentiation. The relevance of national specificity should be taken into account in the strategy of transition as the gradual and radical development processes depended on the internal systems of genotypic regularities, which include the conservative and liberal lifestyles, their change and unity. As for Russia, its genotype mutations, characterized by the excessive dominance of conservatory order, need to be eliminated. The process of elimination could be done through an evolutionary transition strategy, assuming both the transformation of the old order and the gradual construction of genotypic economic models. Institutional trajectory of modernization, for example, could start with the "top" level of the existing features of economic systems and be concluded with the consideration of the general genotypic regularities of the global economic system, which does not deny the cultural and socio-economic features of the countries and regions. Turning to the experience of developed countries, one can find striking differences between what they had and what they have to offer as a role model. Historical experience testifies to the second point of view (first development, then institutions), but attempts to prove – consciously or not – the rightness of the first (first institutions, then development). There is a definite reason for this: in developed countries, economic development (achieved with existing, though perhaps not permanent, institutions) occurred before major institutional changes, creating a stable basis and opening the way for the modernization of institutions relevant to the socioeconomic dynamics of these countries. In any case, as analysis of approaches to institutions and development shows, "one can not view institutions as an unconditional prerequisite for development – without reference to the specifics of the historical path of development, established institutions and many other factors of the social, cultural, organizational, political, economic nature of a particular country".*

**Keywords:** culture, institutions, national specificity, transition research, transition strategy, Russia.

**JEL codes:** A12, B40, D21, M12, M14, O15, P00, Z10.

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## SESSION 2

### SOCIAL ENTREPRENEURSHIP INSTITUTIONALIZING (PRIMOSKY KRAI, RUSSIAN FAR EAST CONTEXT)

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#### Abstract

**Purpose** – Institutional environment plays an essential role for entrepreneurial activity. This article inquires how institutional aspects are related to performance of the commercial entities partially solving social problems in Primosky Krai, the Russian Federation. Thus, there is a great misconception about social entrepreneurship in Russia. Social entrepreneurship which priority is ensuring social value in difference from economic one is developing within the institutional, political, economic, and social changes happening on the global and local levels, and promotes quickly growing number of the organizations [Bornstein, 2004; Alvord et al., 2004; MacMillan et al., 2008]. **Problem** – There is no still a set of legal measures governing social entrepreneurship. Scanty regulating practice provokes a lot of conflicts and misconceptions about social entrepreneurship and commercial enterprises having social impacts in an emerging economy. Although, the interrelation between institutional factors and the entity's performance is not fully known yet. There is no still the legal definition of social entrepreneurship. Now contradictions of the "social entrepreneurship" concept determination are observed [Peredoa and McLeanb, 2006; Austin and Stevenson, 2006; Alter, 2007; Blagov and Aray, 2010], and the questions determining development and success factors of the entities performing their activities within social entrepreneurship are still low researched [Boschee, 1995; Dees, 1998; Austin and Stevenson, 2006; MacMillan and Siegel, 2008; Certo and Miller, 2008; Ruebottom, 2013]. **Design/methodology/approach** - The paper draws on in a precise manner the institutional aspects affecting commercial entities' performance having social impact. Based on these findings, the real regulating policy of social entrepreneurship are described to clarify gaps. Empirically, this study identifies 6 samples to consider the institutional environment for entrepreneurs in Primosky Krai. **Findings** - There is no vital research to be found establishing the institutional factors in Russian Far East affecting on social entrepreneurship's performance and entrepreneurial activity. Institutional theory is the basic framework suggested to be the inclusive pattern for social entrepreneurship's performance. As well, it is turn out by our empirical research using the case method. **Originality/value** - This paper makes two vital contributions. First, it elaborates theoretical knowledge in institutional theory, expanding understanding of social entrepreneurship nature and success factors. This has yet to be studied. Second, the preliminary study provides the obtained outcomes - a broad view of institutional facets facilitating an entity's performance strategy having social impact in Russian Far East.

**Keywords:** entrepreneurship, social impact, commercial entities, institutional theory, Russian Far East.

**JEL code:** M0

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## EFFICIENCY OF INNOVATION ACTIVITY FUNDING AS THE DRIVER OF THE STATE'S NATIONAL ECONOMIC SECURITY (CASE OF UKRAINE)\*

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### Abstract

*The issue of economic security does not cease to be one of the priorities in forming macroeconomic policy of developing countries. This issue is particularly topical in the context of current challenges at the regional, European and global levels. One of the effective ways to increase economic security can be the innovative vector of economic development and the maximum application of scientific and innovative potential in all sectors of national economy. The study is devoted to the analysis of impact of innovative activity of enterprises on the level of economic security in the context of sustainable socio-economic development of the country. The existence of a relationship between economic growth and the level of innovation activity has been proved by many researchers (Barnett, 1960; T.C.R. van Someren and S. van Someren-Wang, 2013; Weiss, 2014; Leyden, 2016). Some Ukrainian researchers developed scientific approaches for assessing the impact of innovative development on the state economic security (Pabat, 2012; Loyko, 2015; Lyulyov and Shvindina, 2017; Vasyliieva and Kasyanenko, 2013). However, there is a lack of formalized studies that outline the most important sectors of innovation activity for a rapid economic security growth as well as point the ways how to stimulate innovation activity and maximize its growth. As described by Varenyk (2016), economic security of Ukraine can be estimated in two ways: 1. using the Methodological Recommendations on calculating the level of economic security of Ukraine, approved by the order of the Ministry of Economic Development and*

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*Trade of Ukraine (2013); and 2. according to the Global Competitiveness Index (The Global Competitiveness Report, 2017-2018). According to the first approach and findings by Bogma (2006), the overall level of economic security has a negative tendency to decrease. The same findings were received analyzing Global Competitiveness Index of Ukraine. And the most problematic are the factors of the latest technologies availability and development, the factor of foreign direct investment attraction, the state of cluster development, and government procurement of advanced technology products. Only one indicator (the indicator of the scientists' and engineers' availability) is quite high.*

*Ukraine is losing its position in global competitiveness but still has potential to innovate (Ukraine is ranked as 51<sup>st</sup> out of 137 countries) and is ranked highly in human resources (Ukraine is 25<sup>th</sup> out of 137 countries).*

*The main weaknesses of Ukrainian innovation security are low level of science funding by the state and low level of funding by economic entities themselves. It has been found out that in average only 65.15% of the created scientific and technical products are implemented. The funding share of low-tech sector decreased by 62% during a year (from 47% in 2014 to 18% in 2015), however, the funding share of high-tech and medium-tech sectors also decreased by 45% (from 44% in 2014 to 23% in 2015). One of the main causes of described tendencies is innovation development governance in Ukraine. There is no system approach to manage the innovation process in Ukraine as well as no common goals for different sectors of economy.*

**Keywords:** innovation activity, national economic security, funding, innovation policy.

**JEL codes:** F52; O31.

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## Abstract

*Organizations achieve their desired and expected business benefits mainly by selecting the right investments and by effectively managing them. The importance of concretion business benefits with investments in logistics in an organization can be seen very large, especially because they are integrated into a network of other business investments with all specifics of logistics as a set of supporting activities within an organization. Effective management cannot operate without effective control. Without both, effective management and control, there is a great possibility that investments will not bring benefits. Both practice and empirical research suggest that the investments managed within a chosen supervisory framework achieve significantly better results than those implemented without supervisory approaches and frameworks.*

*The article presents a survey carried out in organizations regarding their governance of logistics investments, whose results reveal important information needed to assess the actual current state of the topic and serve as a starting point of formulating insights in the field. The main finding is that in this area, no useful framework, standard or tool is being used to manage these investments. Furthermore, it has become evident that the companies face lack of knowledge and awareness of their importance. The survey results also show that, in the terms of investments in logistics, there is much room for further development, innovation and change of existing practices. In the article a framework for managing investments in logistics called ValLog, is proposed. It is based on the Val IT framework, which provides approaches needed to successfully manage IT investments. The authors consider that Val IT can be adapted in a manner where its structure is kept intact, but the IT-specific parts are adequately adapted to the field of logistics. The authors believe that this will provide an appropriate framework for managing investments in logistics.*

**Keywords:** business, investments, invest management, logistics.

**JEL codes:** G11, E22, F21, P33

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## MARKETING ANALYSIS OF SEAPORTS REPOSITIONING: EXAMPLE OF MONTENEGRO

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*Research interests:* maritime marketing, service marketing

### Abstract

*Repositioning is becoming a very popular strategy, and nowadays, especially in maritime industry practice, which means that companies are trying to find innovative ways to reach customers, emphasizing the differentiated competitive advantage of their services.*

*Based on the knowledge of the consumers' perception, positioning is used to provide a special place in their consciousness and create a positive attitude towards the service or the brand, while constant monitoring of ports' positions in the perceptual maps is the ground floor for making decisions on repositioning. However, in the case when the total cargo handling volume decreases, or the market share is reduced, which may tend to endanger the profit, it is necessary to make a conclusion about the extent and levels of the offer in which repositioning needs to be performed.*

*Market repositioning shows the way to adapt, compete and succeed in a dynamic market. In this sense, this paper presents the case of repositioning of the Montenegrin Port of Adria in the Mediterranean market, by analyzing four specific approaches in repositioning: a) repositioning of the image (the same service product/the same target market), b) the repositioning of the product (the same target market/different product), c) intangible repositioning (different market/ the same product), and d) tangible repositioning (different market/different product). The purpose of the paper is to explore and set marketing instruments towards achieving a defined vision making the Port as a regional logistics center in the Mediterranean market toward which it naturally gravitates.*

**Key words:** Marketing, repositioning, market approach, seaport, maritime business

**JEL codes:** L92, M31.

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### Abstract

*The perspective on brand meaning is based on holistic marketing approach, through internal marketing, integrated marketing, performing marketing and relationship marketing. Promotion mix is key platform for development of national brand meaning. Montenegro, as brand, is known as honored, beloved country, with nice people, beautiful nature and environment, with great history, culture, arts, monuments, tradition, hospitality and gastronomy. The perspective on brand meaning of Montenegro is based on storytelling about Montenegro as beloved country, in way that Montenegro is home for all of us, in the way "Our Montenegro is your Montenegro". Advertising, in modern branding, is based on open, friendship approach in development of Montenegro brand. Public relations is based on good storytelling and experience marketing. Montenegro has qualifications as country with good touristic experiences. First step in planning of strategies of Montenegro branding is strategies analysis, which gives all information about perception of Montenegro. After strategies analysis, second step is implementation of strategies, which will give the base for branding of the Montenegro. Third step is control of implementation and whole strategies process. Experience marketing is leading marketing approach nowadays and gives opportunities for public audiences to introduce Montenegro and find statement, according to experience. Experience mean that visitors of the Montenegro can feel history, culture, tradition, gastronomy and then share experiences with friends directly, or by social media, such as Instagram. Research will include comparative analysis of different branding strategies of Montenegro. Methodology of research will be focus groups, as well as, questionnaire. Focus groups will be organized with marketing professionals, as well as, with tourists of the Montenegro. The key goal is to find mode for strategies of branding Montenegro, in the way of nature of that country, and also, in the way of nature of tourists. It is good start point, where tourists feel like they come back home, like they feel in Montenegro. They feel free, acceptance and looking forward to introduce all history, culture, arts, tradition, hospitality and gastronomy of the Montenegro. It is specific storytelling, based on truth, open hospitality and friendship approach. Research will give specific model of strategies of branding that Montenegro can use in future branding strategies. There are, also, strategies of adaptation, strategies of innovations and experience strategies. Social media is new way of communications with audiences and it is good way for relationship strategies with target audiences. It is very important for Montenegro branding that tourists experience that specific feeling as „wild beauty“, or “welcome home”. Goal of theoretical and practical research is to define some models of strategies in Montenegro branding. This goal has scientific, but also, social contributions for Montenegro society.*

**Key words:** brand, brand meaning, Montenegro.

**JEL codes:** M31, L83

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## THE RELATIONSHIP BETWEEN POLITICS AND ECONOMY IN THE FUNCTION OF BUILDING SOCIOCULTURAL CAPITAL

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*Research interests:* economics, institutional economics,

### Abstract

*The relationship between politics and economy is directly in the function of building sociocultural capital. The subject of the research in this paper is an analysis of transitional reforms in post-socialist countries, both from the aspect of the stated relationship, as well as the connection and interdependence between the social environment and economy. The aim of the research is to analyze the ways through which the given relationships have a reverse impact on all other forms of social upgrading. The paper starts from the basic hypothesis that the quality of these relations depends predominantly on economic and social institutions, and the auxiliary hypothesis that institutional pluralism is an inevitable development imperative. In conclusion, the hypotheses have been confirmed.*

**Key words:** transition, economics, politics, sociocultural capital, institutions.

**JEL codes:** D02, E02, O17, P37

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## IMPACT OF GLOBAL FACTORS ON SOCIAL AND ECONOMIC REFORM IN THE SOUTH EAST EUROPEAN COUNTRIES

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### Abstract

*For centuries, the region of Southeast Europe has been a place where the various political, economic and religious interests of great powers have intertwined. Due to an impact of different civilizations, cultures, and religions there is a complex religious and ethnic structure. The paper deals with the analysis of the global, geoeconomic and geopolitical influences of various international subjects on the economy and the political stability of the SEE countries. The aim of the paper is to investigate and analyze complex external factors and events on a global scale, which have a significant impact on this region, and especially the phenomenon of a ruinous neoliberalism. It starts from the hypothesis that regional confrontations, combined with the economic*

*crisis and neoliberal dogma, have a negative impact on the underdeveloped economies of Southeast Europe and their socio-political instability. It uses a common methodology of social sciences. In conclusion, it is noted that these global processes significantly influence regional and local changes in economic and political life, and that the dominant form of geopolitical competition of the great powers is reflected through the struggle for natural resources.*

**Key Words:** globalisation, economic reform, economic crisis, neoliberalism, South East European countries.

**JEL codes:** F02, P30

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## ANALYSIS OF ELECTRONIC BUSINESS APPLICATION IN NAUTICAL TOURISM IN THE CASE OF MONTENEGRO

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## Abstract

*Electronic business in tourism industry plays an essential role in increasing the level of competitiveness in a global, highly competitive tourism market. Therefore, the main objective of this paper is to analyze and determine the level of electronic business application in different organizational sectors, among selected ports of nautical tourism in Montenegro. The research is based on data gathered from 150 marina managers through a structured questionnaire. This study included five largest Montenegrin marinas, where three of them are state-owned, while other two are privately owned. This implies a different ownership arrangement, management system and business organization. Analysis results of these different business systems, which perform the same activity, can create a clearer idea of the business organization, investment and achieving economic effects of modern business and the influence that they have on the further development of the yachting industry. The survey was conducted from January to April 2016. The findings suggest that the level of e-business application within Montenegrin marinas is far from desirable. Further analysis has revealed that the main reasons for low level of e-business adoption among ports of nautical tourism in Montenegro are the lack of clear e-business strategy, low level of ICT investments and knowledge among managers. However, the findings contain important recommendations for marina's managers and owners about the potential gains of accepting/using e-business for their businesses and their effects on business performance. Results presented in the study can also provide useful insights for government agencies such as Montenegrin Ministry of*

*Transport and Montenegrin Ministry of Sustainable Development and Tourism, for the formulation of their future strategies and legal frameworks regarding nautical tourism and shipping.*

**Keywords:** information-communication technologies, ports, yachting industry, yachting marinas, small tourism firms, nautical tourism, Montenegro.

**JEL codes:** D83, L63, L92.

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## BENCHMARKING BANKING SYSTEMS UNDER SHOCKS: CASE OF POST-SOVIET COUNTRIES

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## Abstract

*The subject of the paper is studying the level of development of the banking systems of the post-Soviet countries and their fragility to financial shocks during 2005-2017. The goal of the study is to show the main trends in financial depth that captures the banking system development in comparing with economy development and to define the main financial shocks that banking systems face. For the analysis, we took the indicators based on assets, liabilities, and equity, as well as an indicator of financial depth as a ratio of the weighted average assets of banks to GDP. This study uses two novel approaches to the analysis of banking system development. Firstly, the financial depth in the post-Soviet countries should be calculated taking into account the level of asset dollarization. Secondly, we suggest a score-based evaluation model for assessing the intensity of financial shocks in the banking system. The model includes three groups of indicators: assets growth rate and financial depth of banks; excess in the growth rate of assets or financial depth against the standard deviation of the growth rate of respective indicators; and banks' expectations of the asset growth rate and financial depth. The results of proposed score-based evaluation model prove to be sufficiently adequate in determining years with the highest turbulence for sample countries.*

**Key words:** financial depth, financial shock, banking system, dollarization, post-Soviet countries.

**Jel Codes:** G00, G01, G21, G22, G23, P34

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## INSTITUTIONAL PLURALISM AND ECONOMIC DEVELOPMENT

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### Abstract

*In this paper we analyze some basic features and structural elements of institutional behavior as a form of bounded economic rationality, which are a function of economic development and which recommend neo-institutional economic theory. Many of them have been confirmed by the practice of developed countries. During the period of transition, the whole system of inhibiting factors has been operating, causing the creation of conglomerate system disfunctionality and problems of institutional failure in the part of state regulation. In this respect, we start from the hypothesis that transition countries must selectively apply an exemplary model of rational institutional behavior, including plurality of domestic and foreign institutions, based on the conclusions of neo-institutional economic theory. In conclusion, we suggest that inventing the "original" institutional method is not necessary for the formulation of development strategies and appropriate economic policy, rather than adjusting its own specificities to the proven model of institutional pluralism.*

**Key Words:** institutions, institutional pluralism, institutional changes, economic development

**JEL codes:** B52, D02, O17

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## SESSION 3

### THE POTENTIAL OF HUMAN RESOURCES AS A CONDITION FOR THE DEVELOPMENT OF THE HOTEL INDUSTRY IN MONTENEGRO

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*Research interests:* tourism, human resources, hospitality industry

#### Abstract

*The subject of this work is the research of potential (quality) of human resources in the hotel industry of Montenegro. The aim of the paper is to test the specific impact of several independent variables on the potential of human resources (as dependent variable). The research uses a questionnaire method and its processing by multiple regression linear approach on a sample of 500 respondents in five Montenegrin tourist destinations. It begins by a hypothesis that the considered variables have a complex and different impact on the quality of human resources in the Montenegrin hotel industry. The results of the research have shown that the complexity and diversity of this influence predominantly stems from the seasonal and service character of tourism, the general development of individual micro-destinations, as well as the demographics and educational structure of employed staff. The conclusion is that factors of influence are not only global characteristics, but also some specificities which are immanent for the conditions that have been dominant in the Montenegrin hotel industry for a long time. The basic solutions proposed by the author are the improvement of hotel infrastructure and accelerated staff training according to exemplary world models.*

**Key words:** human resources, tourism, hospitality, Montenegro.

**JEL codes:** J24, O15, L83.

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### PRIORITY OF THE ANTI-CRISIS ECONOMIC POLICY BASED ON INSTITUTIONAL CHANGES - THE CASE OF THE BALKAN REGION

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#### Abstract

*The combination of a global and local factors gives the modern financial and economic crisis a specificity. The aim of this paper is to point to the urgent need of the consistent anti-crisis economic policy creation,*

which must take into account local and global crisis and risks factors. This article discusses the influence of real institutionalization on the efficiency of the economic policy. It points out at a primary significance of institutionalization on economic policy. Departs from the hypotheses that the creation efficient anti-crisis economic policy requires a correct and timely identification of the problems and crisis process, defining the necessary measures and creating a development approach, which should be based on innovative-institutional modeling.

**Key words:** Anti-crisis Economic Policy, Institutions, Economic Development, Transition Economies.

**JEL codes:** D02.

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## SUSTAINABLE ENERGY FOR SUSTAINABLE AGRICULTURE

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## Abstract

Renewable energy is nearly the most perfect thing in theory as you can imagine. Having an unlimited source of energy with costs close to none? Everyone would take that but in reality it is more complicated than it sounds. This is why the European Union with European Commission has set various frameworks, directives, regulations and other initiatives to guide the so called fresh and new countries, towards a sustainable and renewable energy powered future. Reviewing currently established renewable energy directives, legislations, strategies and other means of controlling how renewable energy goals are being created and met, we find that most of them are based on the share factor of achieving the goals by declaring and enabling regulatory and financial policies and very little of them consist of informational policies that would penetrate the social

acceptance of new renewable energy systems in place. Renewable energy development is linked to sustainable agriculture development as most renewable energy resources can be exploited in rural areas. At the same time agriculture sector is also important energy consumer. Most farm machines are driven by fossil fuels, which contribute to climate change. Such environmental damage can be mitigated by the promotion of renewable resources such as solar, wind, biomass, tidal, geo-thermal, small-scale hydro, biofuels and wave-generated power directly linked to rural areas. In addition, these renewable energy resources can provide an important contribution to agriculture industry development and making this industry more environmentally friendly and sustainable. The farmers should be encouraged by subsidies to use renewable energy technologies. The concept of sustainable agriculture lies on maximizing agriculture sector productivity and maintaining economic stability, while minimizing the utilization of finite natural resources and detrimental environmental impacts. Sustainable agriculture also depends on replenishing the soil while minimizing the use of non-renewable resources. Therefore, there is a need for promoting use of renewable energy systems for sustainable agriculture, e.g. solar photovoltaic water pumps and electricity, greenhouse technologies, solar dryers for post-harvest processing, and solar hot water heaters etc. The policies should be developed to address these important interlinked issues of sustainable agriculture and renewable energy. The paper analyses the interlinkage between sustainable agriculture concept and promotion of renewable energy sources in agriculture. The analysis of policies and measures targeting promotion of renewable energy sources in agriculture is provided by developing recommendations for harmonized policies aiming at sustainable agriculture and increase in utilisation of renewable energy sources.

**Key words:** sustainable agriculture, sustainable energy, energy sources, harmonized policies.

**JEL codes:** Q01; Q19; Q28; Q58.

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## THE CONCEPT OF CUSTOMER SATISFACTION IN THE FUNCTION OF CUSTOMER LOYALTY

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## Abstract

The purpose of this paper is to exam the relationship between satisfaction with the overall hotel and other tourist offer and their influence on probability of the guest returning to the destination. The subject, purpose and domain of research mainly determine the methodology of scientific research. In the primary research, the test method and a questionnaire as a research instrument were applied. For the analysis and the data processing, descriptive statistics, factor analysis, regression analysis and correlation analysis have been applied. Following the principles of all the stated methods, author conducted the research on the ever-present topic of the perceived quality and consumer satisfaction, and by processing and analysing data, he extracted the factors with the most significant influence on the consumer's loyalty. The results of the research indicate the statistically significant factor of satisfaction with the total hotel service and the tourist offer of the locality, as well as a high level of likelihood of returning guests to the hotel. Originality: Based on factor analysis, a model for predicting the likelihood of returning to the hotel was established on the example of Montenegrin holiday tourism.

**Key words:** consumer satisfaction, customer loyalty, quality, holiday tourism, regression and correlation analyses

**JEL code:** L83

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## THE NEW DEVELOPMENT ECONOMIC AND INSTITUTIONAL STRATEGY IN MONTENEGRO

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## Abstract

*The article explains the causes of failed economic policies and appropriate development strategies in the 20-year period of post-socialist transition. It points to a failed implementation of vulgarized neoliberal economic prescriptions and their institutional-monistic character, which were predominantly oriented towards the interests of narrow circle of privileged groups and individuals. It emphasizes the need for the adoption and consistent application of proven exemplary models of developed Western and other economies, based on plurality of economic institutions. It starts from the hypothesis that long-term reproduction of economic and social crisis and its actuality and depth imperatively require significant modification of existing economic development strategy and acceptance of civilization achievements, dominated by the implementation of real institutional change, which should lead to a pluralistic institutional development.*

**Key words:** Economics institutions, institutional pluralism, institutional monism, neoliberalism, economic development.

**JEL codes:** B52, D02,

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## DEVELOPMENT OUTLOOK OF THE NAUTICAL TOURISM IN MONTENEGRO

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### Abstract

*Nautical tourism is one of the fastest growing types of tourism in the world. In the Montenegrin part of the Adriatic coast, nautical tourism offer began to develop more seriously just over a decade ago.*

*The construction of nautical tourism facilities in Montenegro started more as a result of the initiative of some investors in tourist resorts, but as a part of the implementation of strategic development plans. Nautical tourism is a very profitable segment of tourism offer, in which direct incomes are realized on two bases, from tourists and from vessels.*

*Nautical tourists belong to the category of better paying guests. The destinations on which it develops get possibility of image enhancement, extension of the tourist season, creation of new workplaces and realization of significant incomes on multiple bases.*

*However, if the unquestionable need for the construction of nautical tourist facilities, is done in seamless, exclusively as a result of the aspiration of investors in real estate, the question will be when the development of this segment of the tourist offer will become contrary to the development interests of Montenegro as a tourist destination. Therefore, it is necessary to start redefining the development planning documents as soon as possible, in order to objectively observe the current situation with the application of modern scientific models, respecting the experience of the most developed destinations, in order to clearly determine the future development. In this process, on the basis of a detailed analysis of the economic and other benefits from the development of a nautical tourist offer in certain locations, it is necessary to clearly identify the roles of all participants, and then point out comparative analysis with the experience of the developed nautical tourist destinations, to indicate of positions that do not contribute to the destination within the usual parameters for this type of activity. The aim of this paper is to point out possible failures on the basis of the analysis until the present development and the current situation in Montenegro's tourist offer, so that through certain changes this segment of tourism will continue to retain the role of the driver of advanced development processes in the future.*

**Key words:** nautical tourism, Montenegro, nautical tourist destination, nautical touristic demand, nautical tourist offer.

**JEL codes:** J83

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## THE INSTITUTIONAL EVOLUTION IN THE SEE COUNTRIES

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### Abstract

*The two decades of duration, depth and intensity of the crisis, with all the accompanying painful events, have not been a sufficient warning to the holders of neo-liberal economic policy in the neighbouring SEE states that something is wrong and that the “development” model ultimately needs to be changed. Policy makers are not the dirigists any more but alibi neo-liberals. The paper discusses the causes and conditions that have disabled the pluralistic, even correctly monistic acting of economic institutes in the practice of transitional countries and led to their objective substitution by the quasi-institutes and meta-institutes of sociopathological nature. It emphasizes the primary importance of economic institutions for development, as well as for the destructive effect of pseudo-institute on economic policy and valorisation of economic resources. In addition to this, the article is providing evidence that monistic pseudo-market reforms in the period of post-socialist transition haven't succeeded in compensating for a vast institutional vacuum, and that they have even led to its spreading and turning into a quasi-institutionalization, and then in the institutional nihilism. We start from the hypothesis that the regulation of social and economic processes in post social transition hasn't been developing in accordance with scientific-methodological dualistic discussions on institutional monisms and/or pacificatory institutional pluralism, but has been subjected to recombined and decadent meta-institute of total control by the ruling nomenclatures, that led to the phenomenon of institutional nihilism.*

**Key words:** transition economies, economic institution, institutional pluralism, institutional monism, neo-liber

**JEL codes:** B52, D02

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## LEGAL STATUS OF YACHTS IN NAUTICAL TOURISM

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### Abstract

Maritime activity is related to the transport of people and consumer goods by sea and ranks highest in overall transporting. Its development is carried out through three periods as follows: Period of boats and ships to manual (rowing), the period of ships driven by wind power (sailing) ships and period with mechanical drive. The term includes all types of marine activities and skills at sea or in connection with the sea. It consists in the exploitation of the sea as the fairway, exploitation of marine resources, the exploitation of ports, shipbuilding, maritime economy... Constitution of Montenegro stipulates that the international rules have precedence over the local legislation, and are applied when arranged differently than in the legislation, and in this paper, in addition to the status of the ship in the national legislation, in detail, and the status of the ship to international regulations. Special emphasis is placed on the legal status of a yacht or boat lengths greater than 7 m, which is used in non-economic purposes for leisure, sport or recreation and which is suitable for a longer stay at sea. Worked certain models of luxury yachts, as well as the status of a foreign yacht in the waters of Montenegro. Yachting tourism, as the most interesting forms of selective tourism is significant because it allows the exploration of new places, where tourists come in direct contact with different people and cultures. What makes this branch of tourism so popular is the development of specialized port, the development of specialized shipbuilding, all of which affect the successful growth of the economy.

**Keywords:** marine, international rules, boat, yacht, yachting tourism, specialized port, the economy.

**JEL codes:** L83, L92.

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## PLURALISTIC INSTITUTIONAL CHANGE AS AN IMPERATIVE FOR SUSTAINABLE DEVELOPMENT OF STATE SOUTHEASTERN EUROPE

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### Abstract

Economic development of post-socialist countries of the Countries of Southeast Europe (SEE) is based on permanent discrepancy between rhetoric on pluralistic institutional changes and monistic implementation of neoliberal recipes of macroeconomic politics. All of this resulted in long-term destabilisation of economic

systems through disinvestments and spilling over of positive effects in spending instead of production. This article is trying to show the ruinedness of hitherto disinvestment and anti-institutional economic politics of post-socialist Balkan countries and wishfulness for applying anti-crisis economic politics based on real innovative-institutional elements. This article discusses the influence of real institutionalization on the efficiency of the economic policy. It points out at a primary significance of institutionalization on economic development. Departs from the hypotheses that the creation efficient anti-crisis economic policy requires a correct and timely identification of the problems and crisis process, formulating their monitoring, defining the necessary measures and creating a development approach, which should be based on innovative-institutional modeling.

**Keywords:** institutions, economic growth and development, transition economies, countries of Southeast Europe.

**JEL codes:** B52, D02

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## GLOBAL MANAGEMENT OF THE STRATEGY IN A MODERN MARITIME TRANSPORT

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## Abstract

*The paper explains the connection between globalization, maritime transport, and related business strategies. The aim of the research is to point out the need to apply the given management strategies in the conditions of small and undeveloped port systems, as this is a requirement for the reduction of logistical costs in maritime supply chains. The basic hypothesis is that the application of modern management strategies in maritime transport has a significant impact on the formation of competitive abilities and key business competencies in the business environment of maritime companies and seaports. The auxiliary hypothesis reads: the deficit of key elements of modern management strategies (in addition to resource constraints) is the basic limit in maritime and port business, which determines the level of business success and the development of vision, mission, and business policy. The paper uses the usual method of social and economic sciences. The analysis in this paper enabled the conclusion about the verification about the basic and auxiliary hypothesis.*

**Keywords:** global business strategy, maritime transport, port, logistics.

**JEL codes:** F01, M55

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## POSSIBILITIES OF THE APPLICATION OF OUTSOURCING STRATEGY IN INTEGRATED MARKETING LOGISTICS OF SEAPORTS

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### Abstract

*Over the past 25 years, in the area of integrated marketing of the logistics chain of shipments and seaports, there have been significant changes, which are characterized as revolutionary. The paper explains, analyzes, and compares the key theoretical approaches to logistics outsourcing strategy from the aspect of integrated marketing logistics, especially in the area of seaports. The aim of the research is to point out the growing importance of logistic outsourcing strategy in reducing logistic and general transportation costs, as well as increasing business and logistic integration, competitive advantages, and key competencies in port business. In this sense, the underlying hypothesis reads: the application of modern management strategy of logistics outsourcing in maritime transport and advanced seaports significantly increases their business (overall) and logistical (especially) competencies and competitive capabilities in the global, maritime, logistic-provider, and port markets. In addition to the generalization method, the paper uses a descriptive, empirical, historical and comparative method, as well as conclusions through abstraction, analysis, synthesis, induction, and deduction. The underlying hypothesis has been confirmed through the analyzes and conclusions.*

**Keywords:** logistics outsourcing, maritime transport, seaports, integrated marketing logistics.

**JEL codes:** M55

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## LOGISTICS STRATEGY EVOLUTION OF ADVANCED SEA PORTS

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### Abstract

*The evolution of the logistics strategy of advanced sea ports, which occurred in the last two and a half decades, is the object of examining in this work/ thesis. It was a response to the challenge of many changes which happened in the international environment. The evolution of advanced sea ports functional purpose is based on the transmission from sea ports transport functions to the logistic functions. It led to the creating of port clusters modern environment which links together all ports and logistics functions. This led to the development of logistics competitive capabilities and competencies of advanced sea ports, as well as to the integration of new logistics and port functions into the international logistics supply lines.*

*The practical and conditional creating module is shown in this work/thesis: a) port and industrial terminals and b) transport and logistic centers in special economic free zones of advanced sea ports, as well as methodological elaboration algorithm and logistics strategy realization in advanced sea ports. Based on consideration of previously stated issue the conclusion is made that the formulation, elaboration and implementation of the newest strategies in advanced sea ports are together a condition of their sustainable development in conditions of the continuously growing competition in the global maritime market.*

**Keywords:** logistics, logistics strategy, port cluster, advanced sea port.

**JEL codes:** L10, M55, L92.

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## THE PSYCHOLOGICAL ASPECTS OF INVESTING IN THE TERMS OF UNCERTAINTY

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### Abstract

*Despite the existence of large quantity of scientific works in the field of improvement of the investment component of the economic growth there are still many important issues to be discussed. The majority of the research works of the Ukrainian scientists are dedicated to the working out the mechanisms of improvement the investment climate and creating support in attracting the foreign investments etc. These all things are without any hesitation crucial to provide the long-term economic growth and development. It is well-known that the growing volumes of foreign investments do not only raise the economic indices but help to integrate the coun-*

try which receives investments into developed society through obtaining new technologies, knowledge and even culture. However in our opinion there has not been enough research concerning the psychological aspects of the investments in Ukraine.

The philosophy of investments has been mostly constructed the way to understand an investor as a rational person able to calculate the risks and rate of return in advance. An investor is considered to use the well known economic tools in order to forecast the future benefits and lost. [2] However in the conditions of Ukraine when the economic situation is difficult to predict and the uncertainty cannot be escaped the investment decisions are often based more on intuition and experience than on some calculations. The works of D. Kahneman [1] which raise the problem of the psychological aspects of investments have been very popular in the EU and the USA, but are still not widely spread in Ukraine. The scientist has proved that people are not able to analyze the situation properly when an uncertain situation appears. The investors behave differently even with risks. For example they are anxious to reduce risks at the growing markets but they are quite loyal towards risks at the markets which tend to reduce. As a matter of fact people are always more depressed bearing lost than they are happy obtaining profits. That is why some investment decisions are difficult to explain especially the ones made in the crisis conditions.

Thus we have to admit that the investment decisions are often based rather on intuition than on calculations. So that it is necessary to understand the psychological aspects of making investments in the existing circumstances of uncertainty to attract the foreign investments into the Ukraine's economy.

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## CORPORATE SOCIAL RESPONSIBILITY OF FOOD INDUSTRY ENTERPRISES

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## Abstract

*Defining the preconditions for the introduction of socially responsible business, A.Sh. Galimova and O.A. Poluyanov defines three main groups of factors that influence the possibility of introducing social responsibility: loyalty of the authorities to companies that carry out social policy tasks together with the state; economic benefits - the desire of the businessman to guarantee his own stability, to protect himself from unnecessary problems; moral and ethical reasons, which are guided by management and owners, taking part in voluntary social and responsible activities. The motivation of business to carry out socially responsible activities is determined, first of all, by the attitude of owners towards consumers and the social role of the enterprise. We are increasingly inclined to believe that under current conditions, social responsibility can be considered as one of the competitive advantages of doing business and as a strategic benchmark for market development [1]. According to N.V. Kuznetsova [2, p. 23], the business must take care not only of the profit and payment of taxes distributed by the state to solve socially significant problems, but also must be motivated by the need to share with society the responsibility for social injustice, economic inequality, taking part in the economic adaptation of socially vulnerable groups of population, in the protection of the environment. Based on the Code of Conduct, socially responsible corporations are expected to implement the guidelines in the so-called sensitive areas that are enforced by following management procedures such as: creating conditions for the preservation of health and environment, ensuring safe working conditions; ensuring a fair working environment; prevention of bribery, restriction of the value or inadmissibility of gifts and entertainment; observance*

*of human rights and participation in society; management of third parties (interested persons); management of differentiated pricing; management of «soft» permissions; knowledge management [3]. In order to achieve a larger effect, an enterprise should choose its own areas of influence that are most consistent with its strategic objectives and strategic intentions, such as: protection of life, health and property of consumers of enterprise products; prevention or reduction of harmful effects on the environment; use of materials and energy-saving technologies for the purpose of economical spending of non-renewable resources; assistance to low-income groups of the population. All these areas of influence belong to the food industry enterprises. Since the actual production of enterprises for quality characteristics must meet the standards that guarantee the safe consumption of food products.*

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