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CID: J11201-019**УДК 338****Kameneva N.A.****INNOVATIVE PROCESS IN RUSSIA***Moscow State University of Economics, Statistics and Informatics*

The role of innovative activity of the enterprises essentially is increasing on the conditions of fierce competition. Innovative developments and technologies give competitive advantages to the companies. Innovative activity of the enterprises is characterized by the degree of their participation in realization of technological or organizational innovations. The total number of the Russian innovatively active organizations, which are carrying out researches and development (R&D), is given in Table 1.

Tab 1

**Total Number of Research and Development Organizations in Ratio to Total
Number of the Russian Enterprises [2]**

Year	2005	2006	2007	2008	2009	2010
The Total Number of Russian Enterprises, in thousands	4 767,3	4 506,6	4 674,9	4 771,9	4 907,8	4823,3
The Total Number of Research and Development organizations	3566	3 622	3 957	3 666	3 636	4 190

The resulted comparisons of the international statistical data characterize current state of the Russian economy (see Table 2).

The analysis of the resulted data shows that less than 10 % of the domestic enterprises implement innovative activity. They deliver only 0,4 % of high-tech products and services on the world market.

The principal causes, constraining innovative activity in real sector of Russian economy, are the following: lack of financial assets, high costs of innovations, high economic risks, long terms of recoupment (self-efficiency), lack of information on new technologies and commodity markets, complexity of legal regulation in intellectual property management, lack of qualified personnel and required information support [4].

Tab 2.

Relative Density of the Enterprises Carrying out Technological Innovations, in the Total Number of enterprises in different developed countries, % to total number [4]

Country	Services Sector Enterprises	Manufacturing Enterprises
Russia	4,3	9,6
Austria	48,6	53
Great Britain	33,8	43,7
Germany	56,6	69,7
Italy	28,3	37,7
The Netherlands	31,5	42,2
Finland	47,3	55,4
Sweden	39	50,9

First of all the necessity of government regulation in innovative process is caused by its increasing significance for economy and society as a whole.

Now the state and the government define the prospects of development of the country and regulate innovative process. The project of the Economic Development Ministry «The Strategy of Innovative Development of the Russian Federation for the period till 2020 «Innovative Russia – 2020»» [6] is widely discussed in mass media. The purpose of the given strategy is maintaining high standard of living and wealth for the Russian population, strengthening geopolitical role of the country as one of the global leaders in the world policy. Unique possible way of achieving these

purposes is transitioning the Russian economy into the innovative socially-focused developing model.

Quantitative economic indicators to be received by 2020 are the following: increasing market share of high-tech and intellectual products and services by 5-10 % in 5-7 positions, doubling high tech sector shares in gross national product from 10,9 % to 17-20 %, growth of innovative products output in industry five-six times, rise in number of innovatively active (scientific and research) enterprises four-five times from 9,4 % to 40-50 % [5].

«The Economic Strategy of Innovative Development», approved by the Russian government, is started to be realized in many different regions. Russia is planning to create a network of modern high-tech clusters and also to raise the efficiency of commissioning and commercializing new technologies. The fund of «Petersburg policy», the Presidential Academy and RBC «Daily» newspaper submitted the rating of innovative activity in the Russian regions-2011. In the field of modernization of the industrial enterprises, creations of the venture centers, high-tech clusters, joint ventures and franchisee enterprises the following leaders were recognized: Tomsk region, Moscow region, Novosibirsk region, Perm region, Tatarstan, Krasnoyarsk region, Mordovia, Kaluga region, Magadan region, Irkutsk region [6].

Nokia Siemens Networks, Open Society «Rosnano» and research-and-production firm «Micran» made the decision to manufacture telecommunication equipment of fourth generation LTE in Tomsk special economic zone. In Moscow region 27 techno parks were set up. In Innovative Center «Skolkovo» five clusters in the basic priority directions of economic development started functioning: power engineering and power efficiency, information and telecommunication technologies, nuclear technologies. Innovative Center "Skolkovo" signed the memorandum on cooperation with 18 Institutes of the Russian Academy of Sciences. The representation of "Skolkovo ", RBC and Rosnano was opened in California. In Perm Region the program about formation of «Innovative Cluster» was started. Under this program new high-tech manufacturing works in Solikamsk, Bereznikiy, Kungur, Tchaikovsky will be set up. In Tatarstan Open Society Rosnano is planning to

establish the Nanotechnology Center "the Idea", developing and producing nanoproducts. In Irkutsk region the Savings Bank acquired 25 % shares of the Nitol Solar Limited manufacturing polysilicon for solar batteries [7].

The high technology branches will help the Russian Federation to regain the status of the leading world power again.

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FORMATION QUALITY SYSTEMS IN THE HOTEL INDUSTRY

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Introduction. The integration of the national economy in the world economic structure imposes on businesses, including hotel industry, tasks for use such conditions and standards that would ensure improvement the quality of services and processes that ensure market demand and simultaneously created the conditions for

investors interest in infrastructure investment in the hospitality industry and development partnership for the benefit of the service sector.

Solving these problems is possible only with improving the quality of hotel services, implementing rules and regulations according to the world's market and implementation of international experience in quality management. The complex of measures to ensure high quality hotel services development of modern quality systems that meet modern international standards, has an important socio-economic importance.

The question of quality management are disclosed in scientific and practical research of management, marketing, economy by such domestic researchers as (A. Vavilov, A. Gerus, I. Golovachev, V. Zlobin, S. Ilyenkova, S. Koyfman I, G. Krylova, M. Kruglov, E. Kupryakova, V. Lapidus, B. Litvak, A. Mazaraki, V. Okrepilova, T. Rosohy, M. Svytkina, T. Tkachenko, M. Shapovalov, V. Shvandara) and foreign scientists (R. Braymera, E. Deming, J. Dzhurana, K. Ishikawa, F. Korsbi, F. Kotler, M. Meskon, G. Taghut, A. Feigenbaum et al.).

Critical analysis of scientific works of the problems shows that they are not reveal the mechanism of quality control from the standpoint of systematic and process approach. Requires improvement of organizational and legal, economic, social and psychological components of the mechanism of quality control services, methodical approaches to determine its effectiveness.

Theoretical basis of quality management that are highlighted in the specific literature are examined only in the general scientific sense. They doesn't take into account the specific imperatives of the hospitality business as the service sector and the factors that determined the internal resource capacity and provide high quality service in the hotel industry. The necessity of improvement of theoretical and methodological fundamentals of quality management in hospitality enterprises, their practical importance led to the relevance of scientific direction.

The aim of our research is development of theoretical and methodological principles, scientific and practical recommendations for the formation and

development of adequate and contemporary system of quality management for enterprises of hospitality.

Among the reasons that cause the demand for building quality systems (survey conducted among U.S. companies) were listed as follows: development of new markets and the desire to obtain advantages in foreign markets (50%), consumer demand (41%); advertising demonstration its obligations in quality (25%), providing advantages over competitors that are not certified (14%) [1]. Among the reasons that cause the need for certification of quality systems in the study conducted in Western Europe [2] have indicated the following: providing advantages over competitors that are not certified (76% of companies); use certificate as promotional benefits, advertising demonstration of its commitment to quality (PR) - 55%; requirements of business partners - 60%, improving the quality of the final performance (services, products) - 54% reduction in legal liability for the product - 30%.

On the feasibility of the widest possible dissemination of modern management clearly indicates the number of certified quality systems in the world. Systematic generalization of the international statistical materials on certified quality management systems shows that the beginning of 2009 there were 776608 certified quality systems in 161 countries. Only in 2007 their total number in comparison with 2006, increased by 116476 (18%) [3]. At that time, total quality management systems was 660132 in 154 countries. (Table 1).

If to combine all the services sector, they constitute a high percentage of the total number of certified quality systems - 32.7%. Overall results of quality system certification in Europe and selected data for individual countries are presented in Tables 2 and 3.

Tab 1

Implementing a quality management system in the world in the dynamics for the 2005-2009 years

Indicators	2005	2006	2007	2008	2009
The total number	44388	167124	497919	660132	776608

Growth		122736	330795	162213	116476
Number of countries	97	133	149	154	161

Total number of certificates of quality systems in the world including other specialized quality management systems in some areas approaching 1 million, in addition, this figure has continued to trend growth even in times of economic and financial crisis since the quality specified key factor ensuring the efficiency of subjects on the market. At the end of 2009 the total number of certificates was 17 047 in 80 countries, it increased by 7028 (70%) compared to 2007 when there were 10019 certificates in 62 countries. Lead the U.S. (3693 QMS), China (2151) and Germany (2115). At the end of 2009 the number of QMS certificates in the medical field was 5065 in 67 countries. In 2006 their number compared with 2008 increased by 2662 (111%) when the total was 2403 in 55 countries. Three leaders - USA (1310) United Kingdom (973) and Germany (824).

Tab 2

Number of certified quality management systems in Europe in the dynamics for the 2005 - 2009 years

Indicators	2005	2006	2007	2008	2009
The total number in Europe	22867	76572	242455	320748	379937
Part of the global index, %	52	46	49	49	49
Number of counties	36	45	47	48	48

Tab 3

Dynamics of quality management systems for the 2005 - 2009 years

Country	2005	2006	2007	2008	2009
Czech Republic	320	1125	2565	10,781	12,743
Hungary	1349	4446	7750	10,207	15,464
Italy	1974	14733	64120	84485	98028
Poland	232	914	3216	5753	9718
Romania	87	767	2052	5183	6097
Russian Federation	35	314	962	3816	4883
Turkey	72	911	3248	5009	10929
Ukraine	26	181	308	934	1375

Based on the literature review it was found that the issue of formation of quality systems evolutionary considered position of the two approaches, first - as forming an integrated quality management system [4-7], and later - as a form of quality management system according to international standards ISO [8-11]. Exploring the first approach, it was found that most scientists in the process of creating (or improving) and implementation of quality systems highlights steps that can be grouped as follows:

1. Preparing for the development of the system - gathering a coordination and working groups, preparation and approval of work plan development and implementation of the system, compiling technical specifications, standards development and approval of enterprise registration cards technological training of workers and phased implementation.

2. Development of the project - preparation of technical specifications, technical design, project work management system.

3. Implementation of the system - the creation of orders for enforcement of approved standards, testing standards.

Evolutionary development of quality management caused the appearance of the second approach - the formation of a quality management system in accordance with ISO third version [12-14]. Results of studies on the implementation requirements specified standards in quality management at the enterprise level indicate that modern scientists in the process of quality systems allocate different number of stages, which ranges from 3 to 21.

In particular, the Russian scientist V. Ohvozdin notes that in developing new and revising existing quality system with some corrections can be used tested in practice a typical work plan (Table 4) in which these stages of development of quality management system [15, c. 115].

As seen from Table. 4, with the development of quality systems in the main, at the first account the recommendations of the ISO standards 9000, determine what should be done to control the quality of this particular enterprise, determine the composition of the necessary functions of the quality system. Then define the

structures that perform or will perform these functions. After that develops new, process or use existing regulations to carry out all functions in the enterprise. In addition, the list of works not given due attention to the preparation of the enterprise in the development of quality system and its further improvement and certification, which requires the standard ISO 9004. A similar pattern forming systems as offered by other domestic scientists.

Tab 4

A typical plan for development of quality system in accordance with ISO 9000 and TQM principles

<i>Name of work</i>	<i>Confirmation</i>
Submission of enterprise application services with the development of quality system	Statement
Adoption decisions in accordance with the application	Response
Informational meeting with the leadership and management of enterprise	Conference
The adoption of a decision by management to establish quality systems and appointment as head of	Order
Check consulting organization of work quality	Report
Contract services to develop quality systems	Contract
Development, agreement and approval of the schedule for development of quality system	Schedule
Development of program staff training on quality management	Program
The lessons according to the program	Register
Development of Quality Policy	Policy
Definition of functions and tasks of the quality system, based on the requirements of ISO 9000, TQM principles and specifics of the enterprise	Table
Definition performers functions and tasks of the quality system	Table
Analysis of and compliance with ISO 9000 quality system regulatory documentation	Table
Design graphic design and adjustment of regulations, specifying the terms and contractors	Schedule
Development and updating of regulations in accordance with the schedule	Documents
Development of "Guidelines for Quality"	Leadership

Introduction of quality management company and making recommendations for its implementation and certification	Act works
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Ukrainian scientist O.Momot considers appropriate to create a quality management system as follows [16, c. 160]: an information meeting, a decision on the establishment, development timetable for the establishment of quality systems, the definition of functions and tasks of the quality system, the definition of the structural units of quality systems, development of the block diagram of the quality system, development of functional quality management scheme, the definition of and documentation of quality systems, development of regulations and "Guidelines for Quality"; revision of existing quality systems, implementation of quality systems.

The most concentrated system implementation as regards V. Spytsnadel [17]:

1. Previous work: taking into account external and internal factors affecting the company.

2. Working out the methodological approach of building a typical model of quality and development of the model. This phase consists of the following steps:

2.1. Assessment of the situation, to verify the feasibility of this work.

2.2. Theoretical part - studied the principles of security, management and quality improvement, according to the terminology of ISO 9000.

2.3. Comparative analysis of existing quality systems with recommendations ISO - developing networks of public management (policy determination), works to ensure these systems (training jobs, their revision and improvement), development of quality systems in the enterprise.

3. Establishment of coordinating working group, which should solve the task: defining the model, under which you will create a quality system, the definition of listed products, which will be implemented system, a plan of work of implementing the standards. A revision of quality items: documentation of the business of quality of periodic inspections and regular evaluation of all system elements, forecasting and planning specifications and product quality; examination of projects for compliance with technological problems, order changes in the documentation, the organization works with suppliers; checking the stability of technical design, application of

statistical methods of management, technical control in the production process, accounting and cost analysis to ensure the production. The term implementation with approximately 3-5 years.

Y. Kabakov [18] development and implementation of quality system distributes the following project phases: 1 - creating an organizational structure and allocation of necessary resources, and 2 - development of requirements for quality systems, and 3 - the actual installation of the system, 4 - development of a comprehensive project plan, 5 - policy from the quality and measurable goals, 6 - developing system documentation and perform other scheduled activities; 7 - pilot implementation of quality systems.

Group of foreign experts in the field of quality recommended to introduce or bring current the company quality system to the level of compliance with the requirements of ISO 9000 in the amount of 3 units of work that contains 9 stages (Table 5) [19].

Tab 5

Stages of development, implementation and maintenance of the quality system in working order

<i>Stages</i>	<i>Sequence</i>	<i>Characteristics of stages</i>
Development	Step 1	Rewiew the main types of activities and processes of enterprise
	Step 2	Prove list of works in a quality manual, which will be the basic document of enterprise development in the perspective period
Implementation	Step 3	Involve employees, offering them to describe their job duties
	Step 4	Arrange descriptions of the sequence corresponding to the list of main activities of the enterprise
	Step 5	Determine how the standard and list of works linked
	Step 6	Apply standards and implement a quality management system
	Step 7	Maintain quality control system simple and effective (according to the list of works)
Maintenance	Step 8	Consider the information for feedback to develop ideas and improve business
	Step 9	Monitor and measure changes in order to know the results of efforts

The seven stages of development, implementation and certification of quality systems for compliance with ISO 9000, represented in the work of V. Yelyferova [20]:

1. Start of works – approval decision by senior manager of the enterprise.
2. Choice of certification bodies.
3. Preparation and training. Implementation plan of quality systems. Development of documented procedures. Assign responsibility for project development and implementation of quality systems. Approval of plan development and implementation of quality systems.
4. Selection and description of a network of business processes.
5. Develop documentation.
6. Monitoring processes.
7. Consulyancy and certification.

The formation of the quality system based on process approach is reflected in the work [21], these are the seven steps: solution manuals, training of personnel, the formation of program implementation as a period of 1.5-2 years; description and optimization of business processes, development of quality system documentation, system testing and quality of internal audit obtain the certificate.

The materials [22] proposed the following stages of development and implementation of quality systems: start - management - leadership and responsibility; summary - training, creation of project organization, project management, planning in general, analysis of the actual state - collecting information and documents: organizational structure , organization processes, guidelines, internal and external regulations; approach: interview, study, organize, documentation, analysis of weaknesses - a description of weaknesses, possible consequences, evaluation of appropriate measures for improvement, the proposal of measures for improvement, and a list of measures and targets - the transition from the plan in general terms to a specific plan - the project plan, analysis and restriction purposes, to attract employees, setting goals, project phases, in general terms, evaluation of benefit / effort costs, development and implementation - implementation of planned

activities, providing aids, training ; development documentation; udyt, certification, following an audit, maintenance, revision after certification.

G. Lisitsky [23] in the works to develop and implement quality system identifies nine stages:

1. Preparatory. Includes measures of motivation and adoption the strategy of implementation by senior manager. Negotiation and legal registration of agreements. Duration of the stage - up to one month.

2. Training of senior management. Purpose: To provide a basis for further work to demonstrate intention to senior management to create and implement modern quality system. They discuss the concept of quality systems, quality policy, common questions, staff training, sharing the elements of quality. Duration of the stage of training of senior management - for one month.

3. Planning the development of system documentation quality. Objective: To identify characteristics of documenting the quality system, responsibilities for the development of documentation, resource planning and obtaining confirmation of readiness of senior management to allocate adequate resources. Duration of the stage - up to one month.

4. Planning training. Objective: Planning multilevel study in the company of the quality system. Duration of the stage - up to two weeks.

5. Development of system documentation quality. Purpose: To ensure the quality system documentation including the number of documents and their revisions, the number of conciliation courts, monitoring the development process. Depending on the volume and complexity of the documentation phase. Duration ranges from three to six months.

6. Training of technical staff and employees. Depending on the number of employees and the quality of the learning process step length - from two to five months.

7. Training employees. Depending on the number of employees taken of training for jobs and the quality of the learning process step length - up to six months.

8. Planning implementation of quality system documentation. Purpose: To ensure the quality of the work of planning the implementation documentation, identification of training for documentation, monitoring the implementation process. Duration of the stage - up to two weeks.

8. Implementation of quality system documentation. Implemented distribution documentation departments, staff training on documentation of internal audits and the use of corrective measures. Duration of the stage - up to three months.

G. Lissitzky clearly defined the duration of each stage, giving precedence personnel training (4 of 9 stages) as a factor that has significant impact on the organization formation process quality system.

In general, possible to identify two approaches to quality system based on ISO 9000: the process approach - used in cases where the company (or its subdivisions) is activity that does not allow deviation from the predefined parameters. In this case there is a need to elaborate methods and guidelines to be strictly observed. Process approach is less flexible and is used for documenting the processes used in the enterprise; competent approach - used in case of an enterprise is based on extensive knowledge, professional experience, qualifications (competencies) personnel. In this case, the staff has a certain freedom of action, allowed the introduction of certain changes in the course of customer service, cancelling the use of documented procedures.

Exploring the reasons for the development and implementation of quality systems, we concluded that in the first case, the standards are considered as a tool for improving the efficiency of the organization where is domestic demand for their implementation. With this strategy the priority is the quality of goods (services), processes, quality systems and organization as a whole, and there is a need to develop the most efficient structure of documents, resources to increase the effectiveness of the system to an objective internal audit. Otherwise, the standards are implemented in order to obtain a certificate, demand for which may be due to the requirements of the partners or consumers, that environmental factors. In this approach, all efforts are concentrated on the process of developing documentation and executing the formal

requirements of certification. Thus the main goal - improving the quality - not a priority.

So, considered alternatives development process and implementation of quality systems should be noted that there is no commonly accepted methods of these works. We propose to apply the generalized scheme of the formation of the quality system developed by considering the results of the study (Fig. 1).

Procedure of development and certification of quality hotel company provides a phased implementation of these units of work: 1 st - the organization works to create a system of quality, benchmarking, outsourcing, 2 nd - design (engineering) systems, 3 rd - documentation of systems, 4 th - implementation of system, 5 th –certification of system, 6 th - assessment of the effectiveness of the system and its correction.

1-st - stage associated with the implementation of these units of work: the decision to implement standards, selection consultancy company, determinate the implementation strategy of standards, guidelines and creation of working groups on development and implementation of systems, basic training managers and leading specialists of hotel enterprises, development of policy and goals of quality.

Step 2 defines requirements for system design as a hotel management companies (reengineering): definition of processes, the establishment of core activities in the quality system, responsibilities and authority of senior management in the system.

Step 3 - documentation of the quality system, which help to create organizational and regulatory basis of the quality system by defining the structure, composition and rules of the quality system documents, drafting schedule of design documentation, development and training groups of developers of document organization advising and monitoring the development of documents.

When implemented system of quality hotel services at the standards ISO 9000, special attention should be given to documentation of the quality system that ensures the effectiveness of work in a system of inspection and control.

The next stage of implementation of ISO standards is a direct implementation of quality systems to ensure its functioning in accordance with specified requirements and goals. This phase involves the implementation of these measures in quality:

implementing action designed to document the quality system, a hotel internal audit, compliance checking of documents, analysis of the results of the quality system and the necessary corrective measures, making the act of implementation of quality systems.

Internal audit (monitoring) should include the following elements of quality hotel company: organizational structure, quality system procedures (administrative and operational): personnel, material and technical facilities, jobs, operations and processes, services provided, maintaining and state documents reporting and data recording.

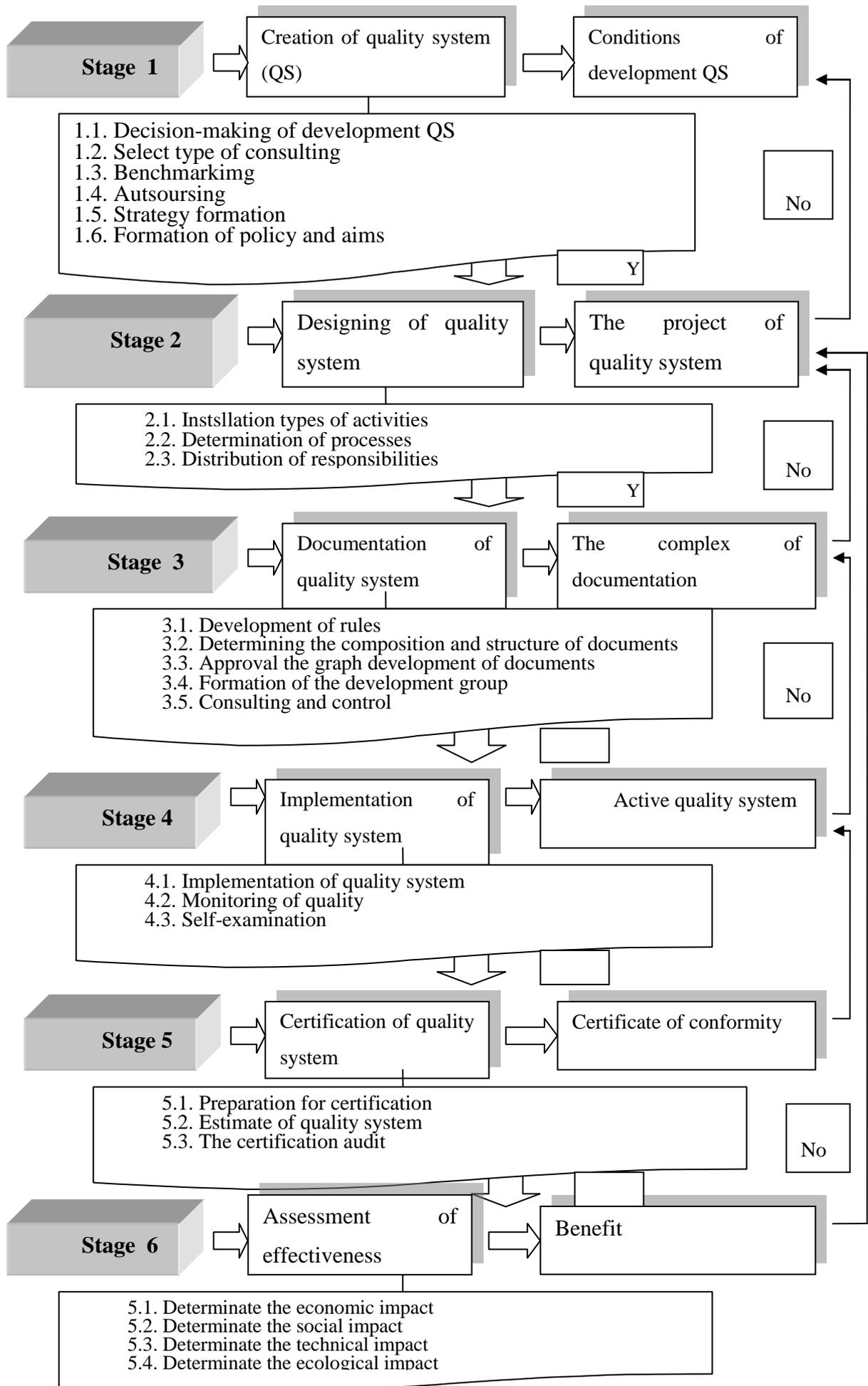


Fig. 1. The stages of development and implementation of quality system

Stage 5 - preparation for certification of quality system - this stage is associated with choosing a certification body of quality, design contract for the certification, conduct pre-certification audit of quality systems, training personnel to interact with internal auditors.

In accordance with legal and technical documents of Ukraine can be divided into 4 main stages of quality system certification services, including hotel: the pre-certification stage, an estimate of the quality system, test and evaluation of quality at hospitality; Inspection certified quality system.

The last stage of quality system implementation is associated with its evaluation. We performed calculations that based on methods of determining prices for high quality. Hence, the average importance of the j-th additional increases for a consumer (S i) propose to define by formula:

$$S_i = \frac{\sum_s N_s \cdot S_j}{\sum_s N_s} \quad (1)$$

N_s - number of consumers who assigned the same S importance j-th for additional requirement;

S_j – the importance of j-th additional requirements, this ratio is determined by the ranking: 1-ranked factor is the importance of - 0.25, 2-rank - 0.21, 3 rd rank - 0.18, 4-th rank - 0.15, 5 th rank – 0,11.

The average level of satisfaction with quality characteristics that can be improved through additional requirements (D i)

$$D_i = \frac{\sum_q N_q \cdot D_q}{\sum_q N_q}, \quad (2)$$

N_q - number of consumers who have expressed the same degree d satisfying q-exceptional quality characteristics

D_q - satisfaction q - exceptional quality characteristics

Then the specific quality of service (K) can be calculated by the formula:

$$K = \frac{\sum_i S_i \cdot D_i}{Z}, \quad (3)$$

S i

- importance of quality characteristics for the consumer

D_i - satisfaction of quality characteristics of the consumer

Z – price.

The optimal price of the service, which is less than or equal to the maximum possible price is determined by the formula (R_{max}):

$$P_{max} = \frac{\sum S_i \cdot D_i}{K_b}, \quad (4)$$

K_b - specific value without additional benefits.

The optimal price is based on how many consumers are likely to pay more money, in view of this model calculation is:

$$f(K) = \frac{\sum_i S_i \cdot D_i}{P_{opt}} \longrightarrow \max \quad (5)$$

$$\left\{ \begin{array}{l} P_{opt} \leq P_{max} \\ P_{opt} \leq P_{спож} \end{array} \right.$$

Conclusions. For hospitality business the implementation of standards ISO 9000 - enough scale and complex process which covers all processes of the enterprise and the activities of all personnel. The implementation of quality system has a positive effect on the activities of hotel companies, namely increased competitiveness by reducing unproductive expenditures materials and time, the internal balance of processes at the enterprise level, increasing the quality of services by creating an effective mechanism for management, in which the employee benefits to increase or stabilize the quality of services provided, is the improvement of management and its subdivisions, which involves detailed division between management level responsibility for achieving the planned results, providing a quality service and quality of their processes to achieve coordinated work of various departments, quality system to optimize the structure of the enterprise and quickly rebuild and

management, optimization of enterprise document and provide a basis for rapid and effective implementation of other management systems, increase accountability, discipline, level of personnel competence, gaining loyal customers as the system as perceived by customers as a factor of stability.

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**MODERN INNOVATIVE APPROACHES TO DEVELOPMENT OF
AGRICULTURE AS A RETROSPECTIVE OF TRADITIONS OF RUSSIAN
LAND MANAGEMENT**

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Introduction

Today, under the threat of urbanized settlement, degradation of productive land, water and food scarcity, it must be necessary to think of the reasonable land management, the revival of such values as life arrangement and land use, the improvement of land and resettlement schemes. Appeal to the Russian practice of land in the early XX century is highly relevant to address recovery of economic growth without compromising the integrity of the environment.

The Theory of "Hozyaynoderzhaviya" and an Ideal Host Model

Before putting forward innovative approaches to modern agriculture, it is necessary to reveal the theory or the basis on which these approaches will be built.

It is known that the "theory" is a "complete system of knowledge that characterizes the logical relationship of one element from another, hatching content of the theory of a certain set of propositions and concepts – the original basis of the" theory " – according to certain logical and methodological principles and rules" [26, a. 649]. The "theory" emerges as the most perfect form of scientific studies and programming practices. Based on the knowledge embodied in the theory, a person is able to create something that does not exist in the given natural and social reality, but maybe in terms of theoretical opened objective laws.

Implementation of targeted practical transformation of reality, based on theoretical knowledge is the criterion validity of the theory. In the course of the practical application the "theory" itself is improving and developing. Methodologically, a central role in shaping the theory is, the underlying, idealized object of the theory – a theoretical essential reality model of relations represented by certain hypothetical assumptions and idealizations. The ratios of elements of the idealized object – both source and output – are theoretical laws that are formulated by certain mental actions with an idealized object. The deployment process involves the maximum content of the theory to identify the opportunities inherent in the assumptions of the theory, the structure of the idealized object "[26, p. 650].

We represent the theory of "hozyaynoderzhaviya" and the model of "the ideal host", which offered Russian economist Peter N. Sawicki still in the 1920s. The theory of "hozyaynoderzhaviya" says a private home in the housekeeping. P. N. Sawicki introduced a number of "host's categories" using the concept of Russian national language. For further consideration of the theory of "hozyaynoderzhaviya" we also have proposed several job categories from the national language. P. N. Savitsky proposed following categories: the host's will, the host's valuable, the host's mind, the host's works, the host's business, the host's a measure of power and hostship. We have added the following categories: the host's choice, the host's benefit, and the host's happiness. P. N. Sawicki also introduced directly the concept of "society" and "host", exploring their relationships.

We left the category "society", but interpret it in a different context. 12

categories have in total turned out. Also, we have developed a system of internal relations as a category of elements of the system. All 12 categories were divided into three "terms". The first base circle is called the "circle of faith» (I). It consists of the following categories: will, measure, saving, power. These categories are proposed P. N. Savitsky. These categories are most clearly reflected, to our view, a system of "host–person." Thus, the circle could be called a "circle of the host–person."

The second circle is called a "circle of valuable» (II). It consists of such categories as valuable choice, creativity and community. Each of these categories are associated with the time, respectively, with the past, present, future and eternity. This circle could also be called the "circle of time or eternity."

The third circle – the "circle of mind» (III). It includes such categories as intelligence, benefits, work and happiness. In due course we term this circle as the "circle of space." We emphasize once again that only 12 "host's" categories, which one way or another, reflect the mental idea of human economic activities of traditional Russian culture. The essence of this theory as a "spiritual and moral teaching" is a special sense of "the Russian host," as a businessman of other warehouse, rather than a European businessman. In this case, the identity of the host-P. N. Savitsky assimilated the host–person to the Host–Creator [23].

Let's notice that the P. N. Savitsky just outlined his theory. Further the scientist left consideration and development of his theory, as he put it, to "future generations". Having accepted the theory of P. N. Savitsky, we have expanded the circle of categories, identified four levels of socio-psychological features of personality and tried to create an idealized object – the image of the "true host" in view of the personalities of Russian Old Believers, as the strongest Russian hosts.

Initially, it was necessary to isolate and determine the quality level for each category – vertically. For each category, each level is designed semantic interpretation. We have developed four levels of the main features of the typical personality or psycho-social features of the person, reflecting the presence or absence of features of the host. These levels will be presented by the terms of modern psychology. Traditionally, they have the following names: low, medium, high and the

highest [2, 8]. It should be pointed out that their descriptions are built with the new "host's categories," but without their selection. For brevity we describe only the highest level of personal development, as it is from these positions we will consider a source material.

The highest level of person development, in our opinion, reflects the ability of a person approached to God. A man deliberately create a situation with a strong limitation of its foreign freedom. External barriers are required as conditions of the moment of choice, setting goals – the most interesting and creative. Appealing to the supreme "I" in others. He perceives group work as part of the evolution of thin and thick worlds. He considers his obligations from positions of value of actions of group in the thin world.

The main thing is not the external result but qualitative evolutionary growth of a group that helps the spiritual growth of individual members. When the team decides its internal problems, external problems can be solved easily. The man guessed (see) impersonal will of the Absolute. Service to the Absolute – the most creative and natural part of his life. He sees the victim and the sacrifice, understands how and when they should bring, and, more importantly, what role they play in the destiny of the people. Humility before will of the Absolute forms the higher will. He understands the external challenges that face the world, voluntarily taking part in them. The ideal of the "I" is developed carefully and in detail.

The highest level of emotional development. The person shows God to the world in any appearance. The restructuring of the world picture is a constant.

A man learns all the time, gives the possibility of spiritual development to all the people around him. Around him a strong energy field. The study of foreign culture gives new strength. None of the features of the ideal he is not considered mandatory. He has great realizable power, sees several options for future development, and can choose which will be implemented based on the circumstances, what is vital work. He has no external enemies. Each partner carries God's will. His principal external opponents are the chaos, the principle of involution. He perceives his life as a job. Ethics is complex. Performing his requests is blessing. The main load is the inner

workings.

External situations are his control of internal developments. Any request to him, he believes, is of divine origin, he tries to accomplish.

Personality - a working tool to connect the outer and inner worlds. The conscious control of the inner world. Adequate perception of the outside world. The exact expression. Flexible, mobile, plastic personality. Blows to the individual he perceives impersonal, there is no pride in the conventional sense, only regret about his own inadequacy. A man extends his ideas about the external world, including the thin world.

He knows how to connect the two worlds together, interpreting external events as a manifestation of inner life. The man knows his thoughts and emotions are not his internal affair, but influenced by the outside world. He sees people as spiritual beings.

A man learns all the time, coordinating his new knowledge with its general view of the world.

Each deals with the desire to improve their level. All contacts are educational, as events in his spiritual life as an opportunity to unleash the problem. He prepares in advance to any meeting, to any conversation. Social ethics is detailed. People want to confess if he is nearby.

He sees more, looks more attentively. The person well sees the future and the highest sense proceeding. He communicates with God constantly and this is his self-assertion. The house is in order, has the mystical evolution meaning. Patriotism is as a planetary consciousness. A person can clearly see the spiritual meaning of the situation. Virtually he can embody in any way that makes it possible to feel directly the other person. Image effects not the people. He can create a taste of all the energy, hence the secret of charm and power. Each product is individual. The entire life is always in contact with God, which helps to select the role in different situations, prepares these situations in order a person can help him to solve them.

Let's represent an ideal model of the host or the "true host" of all categories within. We identified 12 positions in three circles: 1) the circle of "will" or "host-person", and 2) the circle of "time", and 3) the circle of "space." They describe an

idealized type of the host and his necessary features.

I. The circle of "host–person": "will," "measure", "savings", "power".

1) The "true host" is, above all, a man who seeks and knows what is his Destiny, on what the Laws he lives. He has his Keys to life. He has a strong will and momentum to life.

2) He is always looking for who or what could help him to reveal his own personality, his grace: who or what could help him to win public acceptance and credibility. He feels measure, and the dynamics of the relationship very well, he knows how to perfectly commensurate things and affairs.

3) He knows his ancestors, knows his traditions, he knows talent and hereditary power, has true freedom. He protects and saves his farm.

4) He knows that the real power is a power from God. A true host is chosen by God and is accepted by the world to put into practice the world of law and the will of God. He operates under the laws of honor and conscience, from the standpoint of true faith and the highest order. He is single-minded and flexible in achieving his goal.

II. The circle of "time": it includes the category of "valuable", "choice", "creativity" and "society."

1) He accepts the world as the military field, as hard work, the life as a bearing of the cross, the performance of a world debt. At the same time he realizes that life in the body is limited by time. However, the true host knows that in this earth world "the spirit of God" is living. It is the accumulation of creativity, the work of inspiration, the joy of performed work. Earthly life is a heavy cross, and a great joy! He is hardworking and fundamental.

2) He understands the laws of another world, learns and takes extreme situations, leading to a victory over fear of death. He has a natural wisdom, depth of thought and power of words. He recognizes two ways of understanding the world: rational and irrational. He is not afraid to take decisions and make a strict choice.

3) He is aware of God in ршъыуда and in others. He is able to create. He rises to a higher spiritual transformation, reflection structure of the universe and his place in it. He loves new ways and solutions.

4) He awakens the mind by good word. He has the highest responsibility, which allows to make the right choice, he had lofty goals and ideals. He has service to the righteous, aimed at the transformation of the world, honor and conscience, external and internal cleanliness due to the fortitude and strength of faith. He has the highest professionalism. He knows how to use the creative potential of a society or a group, but he remains free and independent host.

III. The circle of "space." It includes the categories of "mind", "benefit", "business" and "happiness».

1) He is able to explore emotionally the world, information, seeks to understand the place of good and evil in the world, seeks to understand himself, his own soul, inner self, he assesses a position of good and evil, fights with his own dark beginning. He is opened to perception of new knowledge and its transmission.

2) He has the gift of teaching and guidance of others, is able to concentrate and to use the enormous inner strength, broadens the scope and field of activity, he has great energy efficiency. He attracts wealth, strengthens the material possessions, cares about the growth of wealth. He searches for benefit and profit/

3) He is ready to fight, battle, to inflame the passions and emotions – for the sake of peace, love, wealth, harmony, spiritual calm. He is ready to lead the way of the warrior. He is a man of duty, in addition, he is able to serve, suffer difficulties, subjecting himself to the task. He is able to rally a lot of people, he knows how to manage large teams, he affects the world. He is clear in work and conscientious in his performance.

4) He is looking for harmony and peace, the acquisition of physical and mental strength, peace, quiet, love, beauty, wealth, universal grace and virtue. The result of his work is peace of mind, spiritual liberation from all misery and sorrow, full disclosure of the soul, the beauty and purity of soul. He is lucky and knows how to be happy.

Thus, the model of the tools is generated by which you can search the necessary information to determine the mentality of the Russian host from the source on a variety of materials. Let's refer to the historical source material of the Stolypin land

management reform in Russia, more specifically, in the Urals, and in the territory of the Perm province.

The Ideology of Land Use Legislation in 1906–1917

We analyzed the first Russian Land Use Planning Act of May 29, 1911 "Regulations on Land Management" through the theory of "hozyaynozhaviya" and ideal host model [9]. With the help of the method of content analysis we initially determined the overall ranking of word forms "host categories." Within the "circle will" dominant positions occupied: category of "power" – 19.72%, followed by "measure" – 7.94%, followed by "will" – 5.42%; "savings" – 3.57%. In the "circle of value or time" in the first place of importance was "society" – 18.78%, followed by "valuable" – 9.41%; "choice" – 1,94%, "creativity" – 0.09% . In the third "circle of mind or space" the first place has "it" – 19.10% "profit" – 4.92%; "happiness" – 0.64%; "mind" – 0.42%.

Direct category rating shows a mixture of all circles: 1) "Power" (from a circle of "will"), "case" (from the circle of "space"), "society" and "valuable" (from a circle of "time"), 2) "measure" and "will" (from the circle of "will"), "benefit" (from the circle of "space"), "savings" (from a range of "will"), and 3) the "choice" (from a range of "time"), "happiness" and "mind" (from a range of "space"), "creativity" (from the circle of time "). Mixing circles only emphasizes the practical realities inherent in the document. The first level reflects the appeal of legislators to formation of «the authorities of the host» and to its "business", with the account in its comprehension of "eternal and last values». The second level contains harmonious development «the host with the account «saving his economy» and for the purpose of "expansion" of this economy. The third level shows an orientation of legislators in "the future" finding of well-being and rational manufacture of the person of the host by means of creative activity in the present.

However, the analysis found that in a legislative document, there are word forms that belong to multiple categories simultaneously. In this case, the first two categories, as defined by us, reflect the conscious characteristics and have a

pronounced awareness of the value and nature, the two following have characteristics of the subconscious.

Such an approach let to explore the issue of "hozyaynoderzhaviya" more subtle and detailed. For example, the word form of "free" clearly contains and reflects the importance of the categories of "freedom" and "society", but also contains not a pronounced response and involves and reflects the value of the category of "happiness." Thus, we have separate categories of word forms the most significant and deliberate, and separately by category of collective-unconscious. As a result, in the first place among the important categories entered the category of "business" from the circle of "mind" or "circle of space." This is followed by "power" from the circle of "host-personality", "society" and "valuable" from the "circle of valuable or time." As we see, again, all of these categories are from different circles. Thus, to understand the "host-personality" at the conscious level of the individual in the legislative document were the most important category of "business" as an action and work within a certain space, "power" as a complex individual host controls the entire process of agricultural production, "society" as a necessary element of awareness of their economic freedom and the "valuable" as a recognition of past experience. Further, in quantitative terms are categories such as "measure", "benefit", "savings" and "choice." These categories are also from different circles. "Measure" and "savings" from the circle of the "host", "benefit" from the circle of "space" and "choice" in terms of "time". In the last category of "will", "mind", "creativity", "happiness."

Further, an analysis of categories, reflecting the collective unconscious in the beginning of the legislative text was made. In the first place there is a "society", then "will", "benefit" and "measure". P.N. Savitsky has paid special attention to "society". He said that "society" could also be a host. In his work there is even a category of "host–society." But, as we see, this is what is called "social subconscious crosstalk", which just prevent to understand the phenomenon exactly. This communication category indicates that the collective unconscious in the first place is "society" as the sole manager of the economy, which should have "power" or "will" to management,

in particular for the "benefit" as the expansion of production, profit, and with the knowledge certain "measures" for the equitable distribution of income.

Table 1

The Diagram of the Categories Reflecting the Individually-Conscious Characteristic

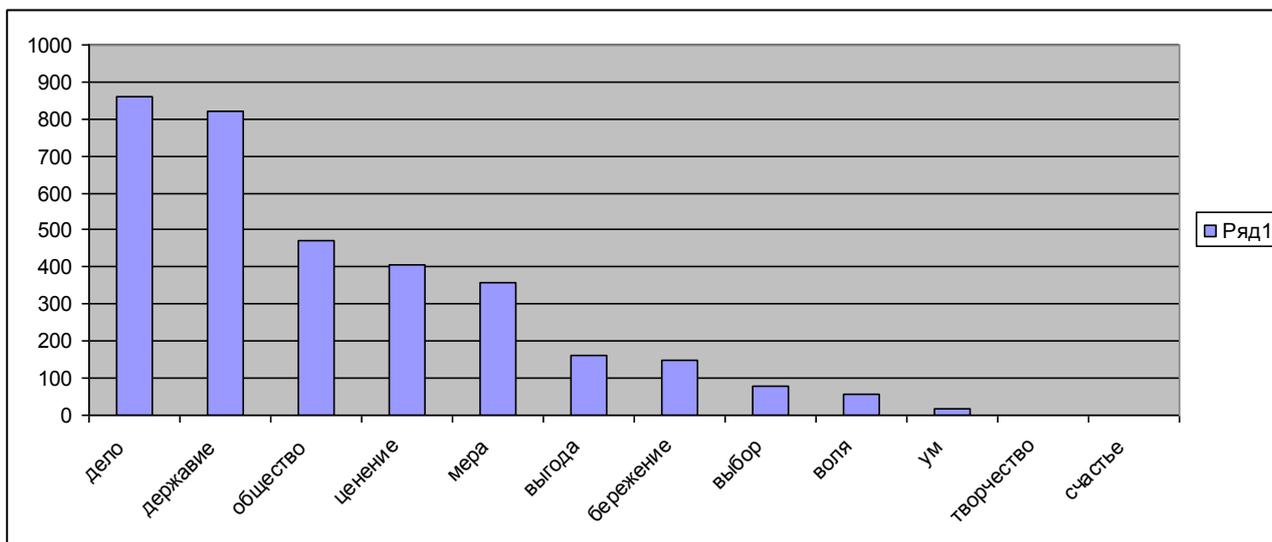
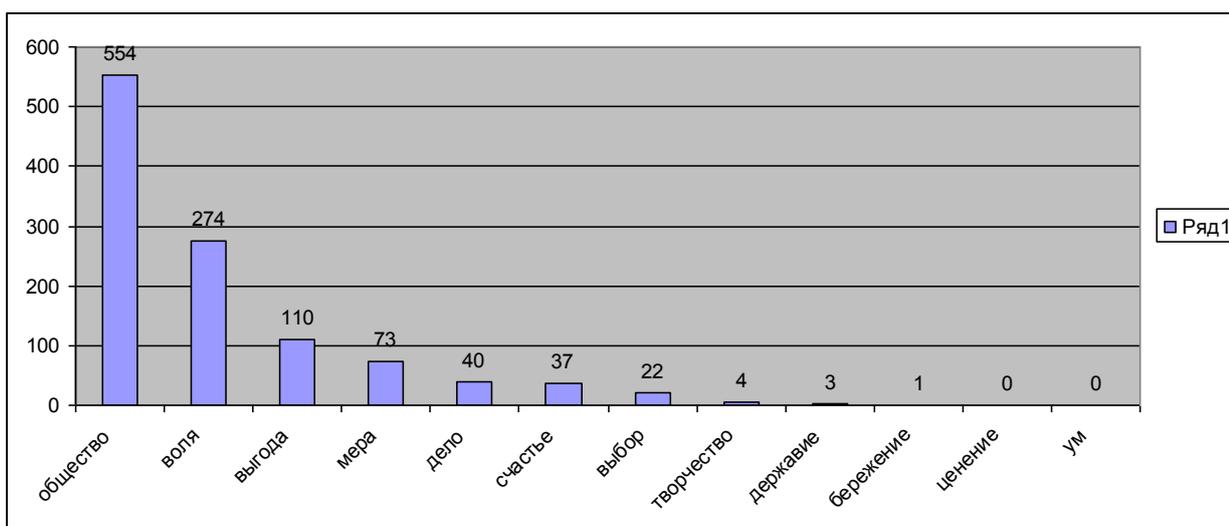


Table 2

The Diagram of the Categories Reflecting the Collectively-Subconscious Characteristic



As you can see, the most important category for economic activities such as

"power", "savings", "valuable" and "mind", i.e. power, host saving management, based on past values and the rate of adoption of information and solutions in this case are in last place. In general, it does not contribute to the successful development and expansion of production and income. Moreover, the category of "choice" as a moment of crisis, leading to the formulation of goals and objectives and, ultimately, to increase profits, it is worth after the category of "happiness", even psychologically, it is not true and correct position of management. "Happiness" is the final act of the host. At a time when "society" is the host, "happiness" becomes an illusion, followed by the crisis. This creates instability, instability of economic activity.

The equal percentage of all categories – on 8,33 % would be obviously, most harmonious decision of idea «hozyaynoderzhaviya».

These figures in our analysis correspond to a "valuable" and "measure". But in this case, these figures underscore the right approach of legislators to business land. Legislators have always sought an amicable agreement between the parties. A huge selection of categories "power" and "case" emphasizes a highly respectful attitude to the peasant as to the true host and shows a respect for his agricultural labor.

Moreover, legislators, as we see, clearly understood the difficulties and the severity of the tasks, and appealed to peasants to overcome difficulties due to the new organization of land in order to lift the economy as a true "warriors" for their happiness. In the dry part of the genre of a legislative document there is no room for the use of such concepts as "creativity," moral concepts "happiness" and "choice." Of course, the lack of elaboration of these categories has played a missing role in the ideology. The peasants did not receive the "image" of their future wealth, prosperity, and therefore they could not be carried away, as happened at the close of land management reforms after the declaration of the «Bolsheviks' Decree on Land». Legislators were "too busy", in a good sense of the word, not empty slogans, but real actions and concerns.

They sought to ensure that a peasant is really "hold" his land and could develop his "business". Further analysis of the lexical-semantic categories allows a closer look at the ratio of legislators to the peasant question and land management. Now the main

thing is to emphasize that the legislators came up with the full confidence of the individual peasant, to his own ability to lead and manage his economy. Therefore, this law reflects the government's attitude to the peasant as an equal, and even more so, as to God as the Host-Creator in understanding P. N. Savitsky, as the "true host" refers to the "true host". Thus, the "Regulations on Land Management" reflects the highest degree of noble ideas and noble tasks.

At the heart of modern land management as a whole for the pre-revolutionary period of Russian history, in contrast to the Soviet period, lies not only state, but primarily private rights to land. At the same time the development of legal mechanisms for land development in our days is almost in the "ideological vacuum", as distinct from pre-revolutionary Russian land, as was shown by means of content analysis of the legislative instrument. In pre-revolutionary period the main category of land use law was the concept of "householder." It was a small proprietor of land to 50 hectares. At the beginning of the twentieth century land management was a system of measures for the rational organization of land for the "householder" to lift his individual farming. On the eve of the development of land management activities Russian experts has been studied in detail all the European land management legislation and land management legislation of the United States and Canada. Only after that, taking into account the advantages and disadvantages of global legislation of land management, Russian lawmakers have started to develop legal mechanisms to Russian land.

By 1914, the Department of State Land Property, by order of A. V. Krivoshein, amounted Collection, under the general heading of "Land Management", consisting of seven separate editions [4]. All issues of the Collection was prepared for a general program. Any sensitive issue of land management has been agreed in the legal sense.

Land management was a finely developed set of measures such as the measuring part of the judicial, financial, credit, resettlement, agronomic, land reclamation, hydraulic engineering, traffic, construction, social, ethnic, audit-inspection part and so on.

Moreover, even a system of land management work payment has been spelled

out in law. And this applies to all categories of land which existed at that time in Russia and in all areas and districts, which were limited to the Russian borders. But, more importantly, the approach to the development of laws, regulations, mandates, various regulations were flexible, with strict regard to time factors and the real world. As we see, from the legislative instrument, government land management was a brilliantly designed state program and ideology, which lay at the heart of the rise of the welfare of each "householder."

State Management In Land Management during 1906–1917

General Directorate of Agriculture and Land Management was formed on May 6, 1905. The main structural part GUZiZ became the Committee on Land management Affairs. The Committee was established by the Act on March 4, 1906, together with the establishment of district and provincial land commissions. Chairman of the Committee on matters of land management was the chief superintendent of GUZiZ. Members of the Committee of the Affairs of Land management were managing the State Nobility Land and Peasant Land Bank, one representative each from the Ministries of the Imperial Court, and principalities, Finance, Justice, Interior, and state control.

The Committee granted the right to make decisions about granting loans and grants for land management and land reclamation, to determine the conditions of sale and lease of state lands. The first concern of the Committee were the creation of local land management organizations, namely the opening of district land commissions. The funds for the organization of district land commissions were released on April 26, 1906. Commissions began to open up to the month of July and the end of 1906 they operated in 184 districts of 33 provinces of European Russia. Already during November and December 1906 to oversee and audit County Commissions were sent to various ranks of agencies: the State Chancellery, the Ministries of Interior, Finance, Justice and the General Directorate of Land Management and Agriculture, there were 23 people, divided into 10 lots. It turned out the general direction of land use cases in the provinces, the ratio of population to the Commissions and local official interaction of various departments was installed there. The visitors of all

ranks rounded of the County Commission's province. They were obliged immediately to resolve misunderstandings, and in cases of doubt, write the questions to be submitted later to the Committee on Land management Affairs. The visiting ranks acquainted with the production office in the Commissions, with the relations established between the Commissions and field offices of the Farmers Bank. It also drew the attention of all local officials to the need for vigorously promoting the full objectives of the Commission. At the meeting of the Commission were invited zemstvo activists, farmers, both in the face of township chiefs, and all comers. The visiting person acquainted them with the tasks and the order of the land commissions, with the use of land management measures. They also answered questions asked farmers about all the ways to increase and improve the land. Thus, land began to develop in areas with lower administrative structures, namely the organization of county Commissioners, which led to a further rapid progress.

The following were discovered in 1907 County Commission has 190 counties, and in land management network newly joined 10 other provinces. In 1908 - was discovered 36 more county Commissioners, in 1909 - 10, 1910 -11, in 1911 - 21, 1912 - 11 county Commissions. Thus, within six years of land management organization has spread to 463 County 47 provinces of European Russia [11]. We note that the provincial land commissions began to open up much later. Thus, in the province of Perm Provincial Land Management Committee was established only in 1909 with the introduction of the law "Regulations on Land Management" on May 29, 1911 Provincial Commission began to operate in all 47 provinces of European Russia in the required order.

Simultaneously with the creation of new land management agencies was an active process of developing legal mechanisms. Already in 1909 a draft law "On the exemplary economy" [10]. There was also a thorough land development regulations, taking into account soil fertility, population density and so on., Not only in the provinces, but also separately for all the districts of European Russia [11]. Ground rules were approved November 30, 1910 they were published and subsequently included in the Annex to Article 2 of the "Regulations on Land Management" on May

29, 1911 The following is a table showing the minimum and maximum ground rules for each province [15, . 32-36]:

Tab 3

Ground Rules of Stolypin Reforms

Provinces	Norm of the earth in dessiatinas	Provinces	Norm of the earth in dessiatinas
Arkhangelskaya	67	Olonetskaya	67
Astrakhanskaya	30-75	Orlovskaya	25-41
Bessarabskaya	15-25	Penzenskaya	23-33
Vilenskaya	45-60	Permskaya	35-67
Vitebskaya	36-44	Podolskaya	18-25
Vladimirskaya	25-42	Poltavskaya	25
Vologodskaya	47-67	Pskovskaya	44
Volinskaya	24-40	Rjazanskaya	25-33
Voronezhskaya	25-30	Samarskaya	35-60
Vjatskaya	30-67	S.-Peterburgskaya	17-47
Grodnenskaya	37-45	Saratovskaya	28-55
Area of the Army Don	35-50	Simbirskaya	28-36
Ekaterininskaya	30	Smolenskaya	36-44
Kazanskaya	30-42	Stavropolskaya	35-45
Kaluzhskaya	36	Tavricheskaya	17-35
Kievskaya	18-30	Tambovskaya	25-33
Kovenskaya	45-60	Tverskaya	43-47
Kostromskaya	43-67	Tulskaya	25-30
Kurskaya	23	Ufinskaya	30-50
Minskaya	45-65	Harkovskaya	25-30
Mogilevskaya	50	Hersonskaya	25-30
Moskovskaya	17-39	Chernigovskaya	27-41
Nishegorodskaya	28-42	Yaroslavskaya	43
Novgorodskaya	47-67		

The activities of the land commissions from the beginning has been put on a practical basis. Land management ranks have been not only to draft land use, but also result in the execution of these projects in the field. As concerned land management of each individual householder, estimating the extent to fund in each county was held strictly in accordance with the number of applications - applications from farmers. Estimated proposal for next year should have been submitted to the GUiZ from 1

April to 15 June this year, so that in the field season, it was possible to maintain active land management. Direct public expenditure on land management for the period from 1907 to 1913. made the following figures [17, p. 144]:

As you can see, it is on land surveying surveying the state spent more than 60%. Of course the peasant population was only obliged to provide housing surveyors and surveying tools: poles, ropes and carts. All design and landmark legal documents for the peasant was free.

For comparison, in Prussia, for example, the participants in land use, ie peasants were obliged to pay 12 marks per hectare, or £ 6. 07 kopecks. per acre to cover the costs of the Treasury for payment of per diem and passing commissioners, secretaries of commissions, surveyors zadelnoy fees and remuneration of the arbitrators, witnesses, etc. In Russia, all of these costs are absorbed by the state. In this case, the activity of the land commissions in Russia was several times more efficient than in Prussia and Austria [17, p. 153-154].

Table 4

Public Expenditure on Land Management 1907-1913

Years	Administrative expenses						Mezhevye expenses		In total
	The central management of land management		The provincial commissions		The district commissions		Geodetic part		
	Roubles	%	Roubles	%	Roubles	%	Roubles	%	
1907	70 000	2,9	124 579	5,1	1 477 421	61,1	747 212	30,9	2 419 212
1908	150 000	3,0	314 456	6,3	2 038 999	41,1	2 464 207	49,6	4 967 662
1909	196 000	2,5	406 102	5,3	2 588 187	33,6	4 520 252	58,6	7 710 541
1910	220 000	2,1	414 193	4,0	2 504 629	24,3	7 190 392	69,6	10 329 214
1911	243 000	2,2	454 382	4,0	2 613 771	23,3	7 926 859	70,5	11 238 012
1912	272 000	2,2	492 354	4,0	3 285 777	26,4	8 379 583	67,4	12 429 714
1913	347 000	2,4	502 900	3,6	3 732 100	26,9	9 295 750	67,0	13 877 750

Итого	1 498 000	2,5	2 708 966	4,3	18 240 884	29,0	40 524 255	64,3	62 972 105
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The government conducted land management to economic benefits for farmers and went at the same time, the enormous cost. Cash assistance for land management by issuing interest-free loans and grants directly to farmers repayable over 8 years has resulted in an even more figure - about 31.4 million rubles [18, p. 43]. Land management activities of the Commission has been widely developed. By the beginning of 1916 she had raised in the space of 47 provinces of European Russia for more than 36 million hectares of land. In 1911 GUZiZ developed a program of "fireproof" construction. In practice, this was the construction of "private housing": residential and farm buildings on an individual plot of land an individual householder. Costs for the work of the Treasury "fireproof" building gradually increased from about 2 million rubles. in 1911 to 4.5 million rubles. in 1915, "spread rapidly among the peasantry made the news about the possibility of independent hosts of their land, caused a massive influx of Land management in the Commission's requests for razverstaniyah declared already in 1907 from more than 200,000 households, and now [back to top 1916 . - GV] exceeded 6 million, ie swept nearly half of all peasant households in European Russia "[18, p. 2].

High professionalism of land management officials, strict auditing and oversight of the legal land surveying part, a detailed study of the legal and land management a clear time frame of action is unique managerial experience of the "Russian land."

In 1916, the Committee for Land Management published a summary of a decade of work of land management agencies. "In the public life of a great country for ten years, of course, not a long time, and time to write a history of established land just has not come yet. But the work of institutions that had the highest task of arranging a land of life millions of Russian peasants, for this first and, presumably, the most difficult period of activity, certainly deserves to be noted. "The report says that in 463 counties in the area of more than 25 million acres of land ("the area in excess of some of the great-areas") in chrezpolosnyh razverstano possessions and formed up to 2 million individual farms with the service of their agronomic, hydraulic engineering

and construction organizations and financial assistance [18, p.1].

In modern terms, to 1916 in Russia among the peasant population was formed 2 million full-fledged legal persons with full rights to your property management, who owned a private plot of land and develop its private business or your business. Recall that in 1916 more than 6 million farmers have expressed their desire to become "true hosts" of their land, ie "Legal persons" and to his farm, "his business" independently.

Moreover, the National Agricultural re - Cell Phones in 1916 showed that "the size of the area under cultivation in 1916, approximately 50% higher than the area needed to meet the needs - sion of the Russian population. This witness of the presence in the country significant amounts of excess grain stocks needed to supply both the army and the population. And since 1913, 1914, 1915 and 1916 crop years on, in general, were prosperous, the stocks of these words - zhilis from the remnants of several years. Thus, Russia has enough grain resources to safely and confidently face the future: offering the wealth of Russia, for all contingencies, provides for a long time provisioning of the population and, if necessary - divergence can also serve as the subject you're in the cart - friendly countries "[22].

Thus, the new legal ideology and government land management in order to boost agricultural entrepreneur during the period from 1906 to 1917. served as the foundation for the successful development of efficient agriculture.

Cost-effectiveness of the Permian land of the peasants in the period 1906-1917 gg.

Land, as a set of measures for the rational organization of the territory included the improvement of land tenure and use of the peasants in order to spur their economies. Land implied: the work of surveyors on the note of land to one place, relocation of buildings and transport, if required, and it was possible, the design of Megève and legal documents for each householder. Also included in the Land Development agronomic assistance to the farmer: the organization of the most successful, effective and harmonious relationships between the various economic sectors: Arable farming, ranching, animal husbandry, vegetable growing, gardening, beekeeping and other agronomical assistance in the early XX century was an almost

individual peasant agricultural education on his own land. The scope of land in 1911 also included an individual "fireproof" construction of residential and farm buildings with brick and concrete in fire protection purposes [4, p. 34-47]. Land included as loans, ie granting loans and even grants irrevocable farmers for their agricultural needs. Finally, the last in the "land management" was to organize the farmers cooperative in its various forms, extensive development of their own initiative.

By order of A. Krivoshein, Chief Planning and Agriculture, in the autumn 1913 trial was carried out a survey in 12 districts of European Russia, all arranged by the time and had time to start a new economy of individual householders. Survey farms were formed only up to January 1, 1911, ie economy formed before the new law "Regulations on Land Management" on May 29, 1911, which is much easier and finally settled the legal mechanisms for land use planning process. The survey was carried out on the overall program. The program included such important aspects of economic life, such as: population, land tenure, the movement of land hostship, leasing, building, living and dead stock, crop rotation, the proportion of crop yield, fertilizer, special branches of industry, land reclamation, monetary and agronomic assistance, cooperation, demonstration and other activities. Also gathered information about how educated individual holdings - by emphasizing individual householders from the village or by razverstaniya of the village. Family composition cited in full. Wage labor was shown a number of householders who hire workers without distinction srokovyh, casual and piecework. Evaluation of live and dead stock, and buildings in the survey was conducted in accordance with market prices. Peasant economy in the processing of the data were grouped into three groups, separately for allotment land and banking: 1) the resettlement village, 2) cut with no displacement, and 3) farm land with prirezki to old estates or cut to the resettlement of villages on the purchased land. Of the districts of the Perm province was selected and examined in detail Krasnoufimsk County [20].

The total area of the province of Perm, which consists of 12 counties for that period amounted to 291,760 square meters. miles, or more than 28 million hectares - is one of the largest provinces of Russia. Perm province area was in third place after

the Arkhangelsk and Vologda regions. Krasnoufimsk county, being one of the smaller counties of the province, occupied an area of 21 514.2 square meters. miles. By area, it is more than Warsaw Province (15 359.2 square meters. In.) Or the province of Estonia (17 791.7 square meters. In.). But less than Courland Province (23,977 sq. m. In.), Or Kaluga Province (27,142 sq. m. In.). In comparison, we note also a small area, such as the Moscow province (29,263 square meters. In.). Accordingly, the area should be provided to both the magnitude and scope of land management in the Krasnoufimsk County in the early XX century.

Krasnoufimsk county, according to the descriptions of the Zemstvo, was "located on the western slope of the Ural Mountains, its surface is covered with great mountains, hills and ridges of hills, in places as are plain. Ore and mineral resources of the region is quite significant. The southern part of the county is characterized by outstanding chernozem soil and grain. Irrigation up rivers and its tributaries Chusovaya Duck and Shaytanka, Sylva and its tributaries tees, Irginoy, and Suksun Molebka, Ufa and its tributaries Bisertom, Saran, etc. Artey Residents along with the city for the 1897 census was about 261,066. n (127 242 m and 133 764 g.). The main occupation of people - farming. From crafts the most common were: manufacture of agricultural implements and machinery, nails, boilers, bent furniture, leather, mining of tar, resin, turpentine, pine and pine oil. From other studies it should be noted felling forests, fisheries, bee keeping, favorable article were carting, in addition, work on mountain plants. The county had 10 active and 7 non mountain plants with 10,700 people. workers. Some of the largest villages in the factory area and the number of people were not inferior to many county towns, such as: Lower Sergin, Upper Sergin, Nyazepetrovsk and so on. The county had 180 schools, 18 of them - 2-ministerial class, 98 Zemsky, 39 parochial 25 school diplomas and 30 libraries, 6 zemstvo medical sites, 28 paramedical points, 3-veterenarno paramedical points. Administratively, the county is divided into five police officers mill, 10 parts of the Zemstvo, 44 parish "[25, c.3-4].

To carry out land in the county is already Krasnoufimsk May 15, 1907 was opened Krasnoufimsk provincial land commissions. The activities of the commission

headed indispensable member of the NV Belevich. On January 1, 1915 in the county finally discharged Krasnoufimsk bran and farmhouse plots was 2640 households with a total area of 50 388 dec., The average size of 19.1 put on dec. As a result of land management group has also been finalized zemleustroennyh section 1442 of the yard with a total area of 27 701 dec., The average size of 19.2 put on dec. [21, c.64-65].

In 1913, the county among the peasant Krasnoufimsk individual farms surveyed only those that are formed prior to January 1, 1911 For the sake of brevity, we consider only the economy, educated at the allotment lands. Such households were surveyed in detail the entire 695. Of these, 177 householders moved to sole possession of Mark, a group of 518 householders razverstaniyu. The total area allotted to the sole hostship amounted to 11 239 dec .. By the time the survey had to arrange the land, ie distribute, plow and think with the amount of rotation of the earth: more than 25 dec. - 92 householder 15 to 25 dec. - 222 householder, from 5 to 10 dec. - 168 households, and 5 dec. - 33 householder [1].

Next, the details of the description of one individual farming on land allotment peasant farms Bannovskih Kriulinskoy parish Krasnoufimsk County Nikita Vasilyevich Frolov, who fall in 1913 for exemplary management of the economy has been awarded "Romanov Award" at 300 rubles. [19, p. 25-33]. Because this document is unique, we give it in full.

"The family consists of Frolov 7 persons: the host of 46 years, his wife of 46 years and five daughters. The two older daughters (18 and 16 years) participated in the work on the farm, and three others (10, 6 and 2 years) on the early childhood are not yet able to work. On either side of the host or other family members did not give his labor. Frolov's Farm was founded in 1910 by Krasnoufimsk land commissions from the allotted land the peasants Bannovskogo rural society and within the parish Kriulinskoy Krasnoufimsk district of the Perm province is 10 miles from Krasnoufimsk. The latter is a market for products produced in the economy. Weekly Torzhok in the city and cash in its grain wharf (at the Ufa River) put the farm in relation to market opportunities, in favorable conditions. But the distance from the railway (the nearest railway station Kungur Perm 130 miles) keeps the price of farm

products at the secondary level. Message from the town and railway station riding on a good road Traktovaya. Total land described in the farmhouse area 18 acres, of which 17 acres of arable land and a tithe estate - by buildings, garden and production for livestock. Neither the meadows, or pasture, or forest on the farm there. The soil at the site brown loam, topsoil depth of 4 inches, red clay subsoil. Since the area set aside from the zapolnoy allotment of land, had never seen fertilizer, the soil it was badly drained and blocked. In recent years, thanks to the timely processing and application of manure, soil quality markedly improved. The surface area is flat, with a slight slope to the north-east. The site is completely free from thickets, marshes and forests, so no work to improve the land in this respect, the host did not have produce. Frolov, satisfied with the size of the site, the ground rent has not, although it is entirely possible to rent it cheaply from local Bashkirs. Buildings.

Frolov on the farm has the following construction: 1) Dwelling house of mud brick on stone foundations, tiled, cost - 400 rubles. 2) Warm pit farmyard on eight cows and a pigsty, both of wood under one roof glinosolomennoy - 120 rubles. 3) The court for the horses cool, wooden, indoor glinosolomennoy roof - 60 rubles. 4) Barn for ssypki grain of wood, covered glinosolomoy - 30 rubles. 5) Covered storage of agricultural machinery and implements, with a wooden roof glinosolomennoy - 10 rubles. 6) Bath wood, covered with boards - 30 rubles. 7) The Pit and the cellar with wooden frames - 50 rubles. Total to sum - 700 rubles. Livestock sector is composed of three middle-aged working horses cost 70 rubles each, two milch cows 6 and 4 years, the cost of 45 rubles. each, one bull-teen, valued at 25 rubles a heifers at 15 rubles., the two major British breeds of pigs, boars, and pigs at the age of one year, valued at 45 rubles. each, and one Russian pig breeds at the age of 1 year to 20 rubles. All the livestock sector is estimated, therefore, 450 rubles. In the dead inventory management does not have advanced machines and implements, besides reaping samosbroski, bought the company with 2 other hosts, the farmers, so it falls to the lot of Frolov's third of the cost - 50 rubles. Machines and equipment necessary for processing fields, Frolov uses a rolling station land commissions. From the usual dead stock on the farm there s carts, third sled and harness for 3 horses, only the

amount - 100 rubles. Total dead stock in the amount of 150 rubles. The main attention is paid to farm husbandry and animal husbandry; which is gradually reduced to the proper combination. The system of animal husbandry farms, grain, field crop system - improved crop rotation and grain-9-dipole with the next alternation of plants: 1) pairs of fertilizers, 2) winter rye, and 3) with the wheat sowing clover, 4) and 5), clover, 6) pasture 7) pairs are not fertilized (pasture until late June), 8) wheat and 9) oats. The time of laying the rotation - in 1912. The area assigned to him under 16 acres, for each wedge has a quarter on 1866. blacks. In addition, selected another plot - homestead, an area of 1 acre, on which the alternation of plant used: 1) vetch-oats, 2), fodder beets and turnips, and 3) the potatoes. After removal of the last section (wedge) fertilized with manure and comes with a spring vetch-oats. Tillage. Treatment begins with a fertilized a couple of autumn autumn plowing. In the spring, as soon as the soil dries out, the field is processed extirpator (skoropashkoy). But after the spring sowing is hauling manure and spreading it, and he immediately plowed into 2-3 inches. Then the field is harrowed two layers along the trail and for 2-3 weeks before planting is the second pair of plowing to a depth of 5.4 inches and harrowing 2 trace. Sowing of crops is an ordinary drill. For wheat, winter rye is a treatment under that begins autumn plowing under the stubble *vzmetom*. Spring is *skoropashkoy* harrowing and sowing seed drill, and then scattered the seeds of clover, which is sealing scraper. Treatment is not fertilized a couple of starts in late June or early July, raising turf (peeling), and then go strong harrowing and autumn plowing. Others work for other crops in the rotation are in the same way as for wheat after the rye. The fields involved loaves, after sowing the packer wheel harrow, and harrowed "zig-zag" in one track. Winter rye sown with drill seeding 6 pounds on an acre, wheat 10, clover - 1 of oats and vetch in the following proportions - five pounds of oats and vetch 7 pounds. Caring for bread during the growth is limited to a single canvas. Treatment of soil in the garden under the vetch-oats, and root tubers begin with, after the potato harvest in the autumn leaves manure and plowed to a depth of 3 inches. In the spring field (the wedge) is strongly loosen *skoropashkoy* and sown vetch-oats. Under the tubers after harvest of vetch and oats for green fodder field plowed in the

autumn and spring plowing under the plow and harrow. Planting roots produced hand-drill "planets." Beet seeds sown on the calculation of fundamental 40. and turnip seven fundamental. On the tithe. Row spacing is left to 12.10 inches. Thinning is performed 2 times, 2 times and ridging tillage factor of 2. Cleaning roots coincide with the 1st half of September. After cleaning the site from the roots by plowing plowed, the next day to loosen skoropashkoy. Potatoes are sown under the plow and harrow harrowed "zig-zag." Hilling potatoes 2 times. Fertilizer is applied manure (not counting the demonstration sites in the fat of the mineral), which turns in the economy: from 3 horses 1050 pounds., 2 cows and 2 calves 1800 pounds. and 3 pigs 180 pounds., but only 3030 pounds. On the tenth of manure is brought 2000 pounds. Harvesting crops is zhneey-samosbroskoy - herbs, roots, and a mixture of Wick - manual.

Tab 5 Counting the Cost of Labor by Crop

The name of works	The working tool	Time for doing works	It is required the working days			
			m	f	adults	horses.
One dessiatina of culture of steam						
Stubble vzmet	2 case plow	August	1	0	0	2
Cultivation	grubber	April	1	0	0	2
Manure export	cart	May	8	8	8	16
Spreading	manual	June	1	1	0	0
Manure plowing	1 case plow	July	1 $\frac{1}{3}$	0	0	2 $\frac{2}{3}$
Harrowing	harrow zig-zag	July	$\frac{1}{2}$	0	0	1
Total			12 $\frac{5}{6}$	9	8	23 $\frac{2}{3}$
On an integral wedge in 1 des. 1866 sq. sazhen.			22,1	16,2	14,4	42
One dessiatina of a winter rye						
Crop	Ordinary seeder	July	$\frac{1}{4}$	1	0	$\frac{1}{2}$
Harvest	Samozbroska	August	$\frac{1}{4}$	8	0	$\frac{1}{2}$
Transportation of sheaves and laying	Cart	August	2	2	2	4
Thrashing	Thresher	Winter	2	6	1	2

Total			4½	17	3	7
On a wedge it is required			8,1	30,6	5,4	12,6
On one des. pair without manure						
Shelling	2 case plow	July	1	0	0	2
Harrowing	zig-zag	July	1	0	0	2
Total			2	0	0	4
On all wedge it is required			3,6	0	0	6,4
On one des. summer						
Plowing under zjiab	2 case plow	August	1	0	0	2
Cultivation Singular cultivation Plural cultivations	grubber	April	1	0	0	2
Crops	Ordinary seeder	May	¼	¼	0	½
Harvest	Samozbroska	August	¼	8	0	½
Cleaning of sheaves	Cart	August	2	2	1	2
Threshing and trend	Thresher and winnower	Winter	2	6	1	2
Total			6½	16¼	2	9
Under summer crops there are 3 wedges which area will make 5,3 des. it is required			34,5	86,1	10,6	47,7
On cleaning 1 des. sowing grasses						
Mowing and cleaning	Manual	July	4	4	4	1
Under grasses 2 wedges 3,54 des., on what is required			14,16	14,16	14,16	3,54
Expenses of work for cultures in a personal plot under which is registered 1 des., from which ⅓ is under viko-oats, ⅙ - under a turnip, ⅙ - under a beet, ⅓ - under a potato						
Plowing of all site under zjab	2 case plow	August	1	0	0	2
Under ⅓ the part is taken out 600 pood is taken out to manure nearby.	Cart	August	2½	2½	2½	10

Harrowing	Ekstipator	April	$\frac{2}{3}$	0	0	$1\frac{1}{3}$
Viko-oats crops on $\frac{1}{3}$ and seal	Manual and a harrow	April	$\frac{1}{2}$	0	0	1
The second plowing $\frac{2}{3}$ des. under a root-klubneplody	One-case a plow	May	1	0	0	2
Crops of a beet, turnip and potato under a plow	Manual and a plow	May	2	2	0	$\frac{2}{3}$
The first thinging, loosening, an earthing up of root crops	Pololnik	June	$\frac{1}{2}$	15	15	$\frac{1}{2}$
And a potato	Okuchnik					
The second loosening, loosening and an earthing up	The same	July	$\frac{1}{2}$	15	15	$\frac{1}{2}$
Cleaning a root-klubneplodov	Manual and a plow	September	4	5	10	4
Total the working days on cultures it is required			10%	47	35	22
Expenses of work for an economy, not resulted above: transportation of fire wood, snow cleaning, repair of constructions, trips on a mill and on a market, grain sorting and so forth			50	20	0	100
In total on an economy			132	215	81	235

Working conscious force in the economy enough. In those works, which require just a large number of workers per day (as a threshing), the farm uses hand neighbor, for which, in turn, helps them. Excess working horses due to the final liquidation of the economy in the community - Movements of the buildings and so on. When it enters into the usual rut, it will be serviced by only two working horses. Harvest crops in 1913, the farm was to tithe: winter rye 80 pounds., Wheat 140 pounds. and oats "victory" 180 pounds. In the neighboring bands of peasant crop in the same year: winter rye 70 pounds., Wheat 110 pounds. and oats (Local) 120 pounds. Gross

harvest of grain and feed on the farm minus seeds: 131 pounds of winter rye, wheat and oats, 472 pounds 297 pounds., 560 pounds of hay Wick., Clover 350 pounds., 294 pounds of potatoes., 400 pounds of fodder beet. 420 pounds, and turnips. 280 pounds of straw of winter., Oats 470 pounds. wheat and 745 pounds. Chaff: 11 pounds of rye., 60 pounds of wheat. oats and 55 pounds. Cattle. The focus of the economy calls for productive livestock. This industry adapts another important industry - husbandry. Cattle is currently still in a period of organization, in view of the fact that the transition to a 9-polyu is not over. The farm only two milch cows. Increase the number of productive livestock host first concern. With this purpose in the economy brought two young instance. Both cows 20 pounds of live weight and yield of 90 tons of l. of milk each. Sales of dairy products is not the case.

Consumption of food:

1) A working cattle. In the horse is given a day off about 25 pounds of clover hay and Wick. In time added on 12 fundamental. oats. With 235 days of hard work 3rd horses need forage hay - 228 pounds., Oats - 71 pounds., Litter - 180 pounds.

2) At the cows. Per cow live weight at 20 pounds. and the annual milk yield 90 pounds. need to:

on average per year: two cows:

clover hay, 120 pounds. 240 pounds.

Spring 73 pounds of straw. 146 pounds.

19 pounds of oatmeal. 38 pounds.

92 pounds of beet. 184 pounds.

turnip 104 pounds. 208 pounds.

litter - 100 pounds.

The two calves a year will require 180 pounds of hay clover., Oats - 30 pounds., 110 pounds of straw of spring., 100 pounds of litter. On all cattle need fodder and litter:

sown grass hay 420 pounds.

256 pounds of straw of spring.

70 pounds of oatmeal. (or 37 pounds. oats and 37 pounds. rye)

184 pounds of fodder beet.

turnip 208 pounds.

200 pounds of litter.

3) pigs. In the food for pigs are: potatoes, oatmeal, chaff, and skim milk, yogurt and other dairy wastes. All the chaff, and dairy waste, produced at the farm, go to feed the pigs, is also required:

180 pounds of potatoes.

29 pounds of oatmeal. (or 15 pounds. oats and 14 pounds. rye)

Revenue Management. The net balance of products of field crops for food and family to buy:

winter rye, $131 \text{ n } 37 \text{ n } 14 \text{ n } \text{n} = 80 \times 60$ because 48 rubles. 00 kopecks.

Wheat Section 472×80 because 377 rub. 60 kopecks.

oats, $297 \text{ n } 713 \text{ n } 715 \text{ n} = 174 \times 87$ rubles 50 kopecks. 00 kopecks.

hay seed grass $p.228420 \text{ n } 910 \text{ n} = 262 \times 25$ because 65 rubles. 50 kopecks.

294 p.180 potato = $114 \text{ n } \times 15$ because 17 rubles. 10 kopecks.

straw of spring $1215 \text{ § } 959 \text{ § } 256 = k \text{ } 10 \times 95$ rubles. 90 kopecks.

fodder beet $300 \text{ n } 184 \text{ n} = 116 \times 6 \text{ k } 6$ rubles. 66 kopecks.

turnip $320 \text{ n} = 112 \text{ n } 208 \times 5 \text{ k } 5$ rubles. 60 kopecks.

Total: 703 rub. 46 kopecks.

Rye straw, leaves covered with litter.

Expenditure Management.

1) a threshing machine at work 3 days to 3 p. 50 since the day of 10 rubles. 50 kopecks.

2) for the drying of grain 10 rubles. 00 kopecks.

3) for the two mating cows rub. 60 kopecks.

4) for the purchase of clover seed 1, No. 32 p. to 12 rubles. 21 rubles. 60

kopecks.

5) for the purchase of seeds wiki section 15 for 1 USD. 15 rubles. 00 kopecks.

6) for the purchase of fodder beet seeds 7 f. 2 rubles. 80 kopecks.

7) for the purchase of seeds turnip 1 $\frac{1}{4}$ p. \$ 0. 80 kopecks.

8) taxes are 18 rubles. 00 kopecks.

9) to buy materials to repair the harness and so on. 10 rubles. 00 kopecks.

10) for the treatment of \$ 0. 50 kopecks.

11) payment of the cost of 3 working horses, 21 rubles. 00 kopecks.

12) payment of the cost of repairs and insurance of buildings of 14 rubles. 00 kopecks.

13) payment of the cost of inventory and repair a dead 15 rubles. 00 kopecks.

Total: 140 rubles. 60 kopecks.

Labor costs the host and his family is 562 rubles. 86 kopecks. At work on the farm is 132 journey-work men, 215 women and 81 - teens.

For the care of livestock should be put as a female and male journey-work journey-work day $\frac{1}{3}$ that is 121 years journey-work, and all the farm work days will be conscious forces $132 \ 215 \ 81 \ 121 = 549$ journey-work.

Payment of a working day will make a rub.2 cop. "

In more detail and brilliant, as we see, the description of farm economy, NV Frolova, given the prices of major crops at the time: winter rye - 0.6 rubles per pood, wheat - 0.8 rubles per pood, oats - 0.5 rubles per pood, and potatoes - 0.15 rubles per pood. It is this information that the rest of a "survey" and not reflected in pouezdnyh tables allow for an objective conclusion about the outcome of the transformation of agriculture in those years [3, s.472-476]. Indeed, the area sown to winter rye, the "Survey", 26.5% of all arable land, wheat - 24.3%, oats - 33.4%, and potatoes - 1.8%, for a total of 86% [3]. The cost of the four selected crops, much greater, for example, compared with fodder beet (0.06 rubles per pood) and turnips (0.05 rubles per pood). It is this indicator provides an objective and accurate to evaluate the effectiveness of economic activity in 1913 compared to 1912 Pouezdnye table "Survey" contains information about the area sown to crops at the allotment lands and the collection of

per unit area in poods. Multiplying these figures along with the price of pounds of culture, we get the value of the crop of all households in a certain culture:

1912 to obtain for the winter rye: $028.9 * 58.7 * 0.6 = 238.436$ (Euro) for wheat: $943.5 * 80.7 * 0.8 = 60912.1$ (rub.) for oats: $1296.8 * 69.1 * 0.5 = 44805.2$ (USD), for potatoes: $69.9 * 559.3 * 0.15 = 863.35$ (USD ..) In sum, we obtain 147,819 rubles.

for 1913 we determine the values of similar parameters. For winter rye: $1193.7 * 55.8 * 0.6 = 39965$ (Euro) for wheat: $1052.5 * 76.8 * 0.8 = 64663$ (Euro) for oats: $1540 * 90.4 * 0.5 = 69606.3$ (VA) for potatoes: $77.5 * 595.3 * 0.15 = 6916.2$ (VA). In sum, we find 181150.6 rubles, or 22.5% more than in 1912.

It should be noted decrease in the yield of winter rye and wheat, where revenue growth is associated primarily with increased acreage by 16% and 11.5% respectively. However, due to a significant increase in yield of oats in conjunction with an increase in area under cultivation of this crop, the value of the crop of oats increased by 55.3% (!) [Mathematical calculations performed YR Aidarov, p. Ven. department. management processes and information security of Perm State University]

As a result of increased acreage of 15.7%, the total value of crops increased by 22.5%, which speaks not only of extensive development by increasing the acreage, but also of intense development by increasing productivity. Of course, this estimate says about the effectiveness of land management reforms to increase the welfare of individual households.

In the report, the governor of the Perm IF Cats for 1913 contains information about what a field period of the year in the province of Perm was founded 3169 farmhouse and bran parts of an area of over 48,000 acres of land management and the group allocated land for 10,000 yards over an area of 45,000 acres [13, p .2]. In the report the Governor of MA Lozina-Lozinski for 1914 - 1915 years. read: "The welfare of the rural population during the war, despite the diversion of significant work force, quietly improved, as can be judged by the increase in contributions from the peasants in credit institutions and to strengthen the purchasing power of the rural

population. So overall, in the province, the amount of deposits in the credit and savings and loan association shall be made on January 1, 1914 - 5,726,923 rubles increased by 1 January 1916 to 10,161,160 rubles. The abundance of currency among the rural population is also proved its increasing purchasing power. The main reasons for a significant abundance of currency among the rural population are suspended trading in alcoholic beverages, a good harvest crops with the existence of high prices for agricultural products, substantial wage increases, partly tide of money from issuing treasury families designed to ration. In 1914, corn acreage in the province, according to the Provincial Zemstvo, was 2,366,671 acre, giving a yield of 119,296,388 pounds, ie, an average of 53 pounds on the tithe. In 1915 the acreage was 2,281,317 acres, a decrease of 85,354 acres at the expense mainly of privately owned farms. Gross gave the same collection of grains 138 074 755 n, up against 1914 nearly 20 million pounds "[14, 1.25].

Thus, the Russian land management 1906 - 1917's., Being the most valuable practice of resettlement and the rational organization of the territory, can be used to develop the economic and industrial and socio-economic decision-making rural development and food problems. Moreover, the Russian practice of land beginning of XX century proves the success of the principle of individual hostship of land and development of the organization of family farming with the support of the state and the public. Thus, the fall of 1914 in Russia, came out 352 periodicals devoted to the development of rural economy and agriculture in general [5]:

However, in the province of Perm surveyors faced with the unusual fact that the natural traditional settlement. Among all the provinces of Russia by the number of Russian Old Believers living Perm province, occupied the first place. In many districts of the Ural half of the settlements, especially the Old Believers, were *odnodvorki*, repairs and settlements from 1 to 8 yards [7].

A detailed analysis of local sources showed quite a flexible system of settling in small settlements (often up to 5 yards), harmoniously integrated into the socio-economic system. Such farms in the land management reports are called "original village".

Table 6**Periodicals on Agriculture in 1914**

The agricultural press on categories of publishers		
Categories of publishers	Number of editions In total	% to total
Agricultural societies, etc. public institutions	169	48
Private persons and establishments	92	26,1
Zemstvoes	54	15,4
Government agencies	37	10,5
In total	352	100

It is known that their special survey in the Perm province zemstvo statisticians began only in 1915 emphasize that this reflects an ancient national tradition of settlement and economic activity, namely, the advantage of not "public" and "personal" in the beginning of housekeeping [12, p. 342-347]. This fact can not be ignored in the future development of agricultural production and rural economy as a whole, since it is the foundation of the Russian mentality. This once again proves that the settlement of land management, which took place during the period from 1906 to 1917. is historically harmonious for the Russian people, who sought to feel free in their native land host.

Conclusions

1. The main innovative approach to the development of Russian agriculture is to appeal not to Western standards, but to the traditions of the Russian economy with an understanding of the specifics of the Russian mentality. It makes no sense to impose innovations in Russian social means of production and capital, especially the interaction with the Earth. Russian Host in his own land – is, first of all, Personality, likening God the Creator. His main task is to make the Earth fertile and prosperous. That is why Russia has such a vast territory. That is why the Russian tradition was the

constant development of new territories and lands, with constant new "clearing."

Just the Russian peasants were so careful with the Earth, they had land in their so-called "reservoir" for 10–15 years in order to restore land fertility in a natural way. That is why the ground rules developed by the state land administration officials in the period from 1906 to 1917 were from 15 to 75 hectares in various regions of Russia with regard of quality of land, soil fertility and yield, population density and so on.

2. Innovative approaches in land use law-making in order to develop efficient agriculture should reflect the new ideology of government interaction with every single individual wishing to become a "Farmer." This is the creation of new jobs and caring for the welfare of every member of our society. Thus, the state will take on a large and noble task of protection to each family, as in "making the Earth," first and foremost, you need a family organization of production. This will solve the problems and demographic character, and the problems of food production and environmental problems. We must return to nature and revive the biological rather than purely technocratic experience of life on Earth. Such a return to tradition can be demonstrated only by Russia.

3. Innovative approaches should be in the immediate radical and rational organization of land. It was so during 1906–1917 years when they planned the ground areas. Surveyors tried to plan the ground areas close to the square, at the same time they take into account the presence not only of arable land, but forests, and mowing, and the availability of water sources and so on. At one time they thought about the construction of residential and farm buildings, reclamation and hydraulic works. Further, once they thought over all the agronomic assistance, i.e. process of the organization of a crop rotation. Agronomist immediately went on the "householder" land and carried with him a separate work.

4. An innovative approach should be to the most complex agricultural production. "Farm approach" involves the development of a focused production in any branch of agriculture, for example, in the field of animal husbandry. Russian traditional experience always shows the development of a diversified economy,

which is considerably more efficient than narrow production. Because the main purpose of the Russian farmer-householder production is not only an extremely important commodity-money circulation and profits, but, above all, life itself, happiness and freedom, that is, independence.

5. An innovative approach should also be related to financial and credit assistance. During the resettlement of peasants during 1906–1917 years they issued as interest-free loans, and loans at 3%, Payments were established only 2 times a year. Moreover, the grace period is often determined by up to 3 years until the economy did not stand on his feet. The main concept of the state financial-credit and banking institutions was not profits for the state, but the creation of full-weight "legal persons", hosts of land in order to develop their own agricultural production or business.

6. An innovative approach to the management should also be the simultaneous flexibility and speed of decision making at various stages of land use planning process, i.e. in the possession of the present time, but also in a strict audit-inspection supervision. At one farm land management has been identified 1.5 years. Almost every two years ranks of the central agency in the field verified the correctness of legal and surveying instruments for the organization of each farm. Strict requirements for the organization of land were especially increased after the introduction of the law "Regulations on Land Management" on May 29, 1911. At the same time, all ranks had strict certification for professionalism. Within five years after the reform of land management there was selective control check for the welfare and profits in the newly organized farms in different regions of the country. A year later, all the collected statistical data have been published. Thus, the work was conducted accurately and was organized. In winter, they drawn up plans to land, in summer field seasons took directly surveying, land surveying, road, building, hydraulic engineering and other of works took place. As part of agronomic assistance, in winter time, the peasants were held a variety of educational, agricultural courses.

7. An innovative approach should be brought to the case of land management and organization of individual farms of various social structures, and the entire public

at large. First of all, it is necessary to raise the status, respect and credibility of a Person working in the Land. Land Use Planning in the period 1909-1917th Russian peasants were learned by the whole European community. Due to the Company "Russian Grain" young farmers from all over Russia were sent abroad for training. Further, never before that Russia did not know such a burst and flowering of periodical publications, both governmental and private community dedicated to agriculture and the peasant.

8. An innovative approach should also be that: only when there is a strong individual households there can be co-operation, which later lead to the organization of factories for processing agricultural products and to enter the international markets. This was the case during the period of the Stolypin land management where, for example, the Russian oil was highly prized in the markets of London and Paris.

Only thus it is possible to make final transformation of Russian agriculture, agricultural production and rise of the real welfare of every citizen of Russia. The legacy of the land as a "home" will lead to the improvement of the surrounding space and the Earth. This problem is possible only for Russia!

Surprising is the fact that it is technically feasible much easier than in the period 1906–1917. In the current context of the digital cartographic data accuracy, innovative GIS-technology it is possible to reduce significantly the time on the technical development of land, and thus the success of the new land management all over the country. It is much harder to restore the tradition of love relationship to agricultural labor among the younger generation and the prestige of the profession of the farmer. Obviously, this is a special challenge for of future economists and managers and marketers, as well as for historians and anthropologists, linguists, folklorists and other scholars and the general public as a whole.

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INNOVATIVE APPROACH TO DEVELOPMENT OF HOTEL CHAINS

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Deepening of specialization of companies operating in hospitality industry is interconnected with such a primary trend as a formation of international hotel chains (operating networks) that play a huge role in developing and promoting high standards of service. Operating Network – a group of companies (two and more) engaged in collective business and acting under the direct control of management of the network.

Modern development of the global hotel industry is characterized by significantly increased competition, a high degree of fragmentation, connected with the appearance of a great variety of hotel product concepts; differentiation advantages of guests; a wide range of competitive strategies to attract and retain customers in order to form a constant base of repeat sales; the growing importance of informational technologies in hotel business.

The results of these trends – intensive consolidation of hotels into the chains and the active cooperation of hotel chains in the spheres of marketing, sales, and creation of unique hotel offers. The concept of chain (network) has been grounded on the idea of creation of recognizable image of the hotel industry and unified hotel product in order to replicate the standards of hotel offers, transfer the best practices and use of integrated service vision in both domestic and foreign markets.

Statistics show that the joint management in the hotel industry more cost effective than management by independent hotels. Joining the hotels under single management provides a great benefit to owners of facilities and their operators. The main advantage for the hotel that is incorporated in a chain – reducing overall costs, which in its turn allows the chains to enter into international markets, expanding its sphere of influence. Commercial success of chain hotels depends on many factors, such as joint reservation system to the centralized supply of consumables.

International hotel chains association divides hotel chains into three groups:

- corporate chains – hotel corporations that possess a large number of hotels;
- chains of independent companies joined for usage the common reservation system, the concept of marketing, advertising and other services;

- chains, providing management services.

The process of increasing the importance of hotel chains in management by the global hotel industry is characterized by significant contradiction: on the one hand, become larger leading hotel chains operating in many countries, on the other – an increasing number of countries create their own hotel chains, which successfully compete with international monopolies, 195 headquarters of hotel chains are located in the USA, 17 – in the UK, 14 – in Japan, 11 – in Germany, 8 – in Hong Kong, 6 – in France and in Singapore.

There are different options for integration:

- hotel consortia (associations of several hotels and small hotel groups of different categories);
- families or associations (consisting of hotels that meet certain requirements);
- hotels, united on the principle of franchising.

Franchise (or commercial concession) – a form of cooperation between legally and financially independent entities (companies and / or individuals), in which one party (the franchisor), which owns a successful business, a trademark, know-how, trade secrets, reputation and other intangible assets, allows the other party (the franchisee) to use this system on agreed terms.

Besides the franchising agreement may be specified such approaches to the development of hotel chains as contract for management, and leasing (rental).

Leasing (rental), as the organizational form of hotel business management, has become popular in the 1950s and 1960s. The essence of leasing is that the hotel is taken on lease for a specified period by the percentage of the sales (usually 20-50%). The problem in signing lease contract is connected with agreement regarding most points of the relationship between landlord and tenant. The issues of particular importance are: lease payments, expiration date, conditions of sublease.

The management contract means a written agreement concluded between the business (hotel) owner and a manager or a company specializing in the management of the relevant types of businesses.

In the process of concluding a management contract one of the major problems for hotel owners is the choice of a management company. It is necessary to make a distinction between independent management companies and companies that manage the hotel chain. The independent management company is dealing usually with different types of hotel products of different trademarks. In this case, the owner of the property pays for the services of a management company, and separately pays to the company-franchisor appropriate fees (entry fee, royalties, etc.). The company managing the hotel chain mainly is dealing with hotels united by one trademark. In this case, the owner also pays to management company for management services as well as pays for traditional corporate services provided by the hotel chain.

International hotel operators entered the Ukrainian market in 2005. The first were four-star Radisson Blu Resort Kyiv and five-star Rixos Prikarpattya in Truskavets. In 2006 – Radisson Blu Resort Alushta. It is planned setting into operation the Radisson Blu Resort Bukovel. Five-star Hotel Hyatt Regency Kyiv was opened in 2007, and in 2009 entered the domestic market another world leader in hotel industry – Intercontinental Hotel Kyiv managed by IHG.

Other world leaders in hotel industry also intend to enter the domestic market in the future: Hilton, Windham Hotel Group International, etc. Windham Hotel Group International, which operates a network of three-star hotels Ramada Encore, and intends to enter the Ukrainian market, is planning to open 15 hotels in Kyiv and other cities of Ukraine with a population of more than 200 thousand people by 2018.

In June 2011 development company ArtBuild Hotel Group (ABHG Ukraine) signed an agreement with Best Western International, Inc. (USA). Best Western International (USA) – international hotel chain, providing support on the reservation, operational activity and marketing for 4 thousand hotels including 309 thousand rooms in 90 countries around the world. The company combines the hotels under three brands: Best Western (three stars), Best Western Plus (four stars) and Best Western Premier (four plus and five stars). Best Western is considering opening hotels under its trademark in all cities of Ukraine, and one of the conditions is the presence of at least 70-75 rooms except the hotel with a unique location. Earlier this

year the first Ukrainian hotel in Sevastopol has joined to this chain. Also in plans of Best Western is opening hotels in Kyiv, Kharkiv, Yalta, Odesa, Mukachevo, and Lviv.

Other international hotel chains, which planned to open new hotels in Ukraine waiting and watching due to the fact that the standard contract for hotel management usually signed for at least 20 years, and the situation in the country is still unstable [domobaza.info]. Today in Ukraine three hotels operated by Rezidor are in the process of construction – The Park Inn Dnepropetrovsk for 250 rooms, Radisson Kyiv Airport with 250 rooms and Radisson Bolshaya Yalta to 505 rooms. Rezidor Hotel Group, the global hotel business operator with headquarters in Brussels, intends in 2012 to open a second line of Hotel Radisson Resort Alushta (Alushta, Crimea) with 137 rooms.

At the present stage of economic development in Ukraine, there are only two national hotel operator – Premiere-Hotels International and Reikartz Hotels & Resorts. The structure of Premiere-Hotels includes seven hotels, "Premier Palace" (Kyiv), "Oreanda" (Yalta), "Dniester" (Lviv), "Star" (Mukachevo), "London" (Odesa), "Aurora" and Art Hotel "Cosmopolitan" (Kharkiv). It does not correspond with conventional strategies, as is the union of totally different in concept and a set of services hotels in major business and tourist centres of Ukraine. Due to the specifics of each site, the network will not be forced to solve problems connected with unification of product. This kind of association allows doubling the competitive advantage connected with market positioning and trademark awareness; also, all hotels benefit from a single booking system. Hotels network Premiere-Hotels positioned in different segments and under different trademarks.

Reikartz Hotels & Resorts comprises 14 hotels: two stars hotel "Atlantic" in Sevastopol and 13 three and four stars hotels, which are located in large cities and attractive resort areas of Ukraine as well as in Dnepropetrovsk, Transcarpathia, Zaporizhia, Kamenetz-Podilsk, Kirovograd, Kriviy Rig, Lviv, Mykolayiv, Pochaiv, Sevastopol and Kharkiv. Two hotels – in Kharkiv and Zaporizhia – preparing for the opening. In 2012 hotels in Zhitomir, Odessa and Mariupol are planning to open after

reconstruction. Reikartz Hotels & Resorts is planning to open 20-25 hotels at the national market by 2015.

The main segment of the corporate network at the Ukrainian market in the future should be formed of a newly-constructed, comfortable three-, four star facilities available for a wide range of tourists, with average living cost 50-60 euros per day. However, standardization of services and prices of hotels that are part of hotel chains does not finally solve the problems of development and modernization of the hotel industry in Ukraine.

International hotel chains in the Ukrainian market of hotel services only constitute its future activity. Analyzing the prospects of national hotel chains, local hotels should set a goal – the creation in Ukraine of modern hotel chain, united by a common trademark and high quality.

Based on the above, the analysis of patterns of formation the chains in hotel industry as well as features of strategies in development of hotels, united in a network (chain), is important for Ukrainian practitioners in hotel business.

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**MECHANISMS OF INVESTING INNOVATIVE PROJECTS OF
ENTERPRISES**

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For today forming of efficient internal market of high-tech must become the important factor of scientific and technological and innovative progress, as a result a requirement for investment resources grows. In fact achievements of science and technology are the source of considerable national riches that the developed countries own at present. Science became the main motive power in economy. In the developed

countries market and state systems are adapted to coordination and defence of interests of all participants of investment process.

In our society the potential of innovations and scientific and technological researches remain while, but it is necessary to tell frankly that that we have, are in majority the achievements of past epoch. If this potential does not receive sufficient impulses of growth today, a bit time will pass, and it will definitively exhaust itself.

Therefore it is necessary to build the new innovative policy with considering of experience of the countries-leaders and existent scientific and material potential which remained in the inheritance. An essence of this policy should be creation of system which with integrating possible resources of development, with the help of market mechanisms, mechanisms of stimulation of innovative development would provide the maximally high rates of development of the state In other words, it passing to innovative principle of life. Thus the deep transformations that occurring in world economy, demand more effective use of financial resources. It is necessary to conduct complex examination of an estimation of innovative projects efficiency at the previous stage of its introduction by the enterprise. The following stage - it is necessary to be defined with a source of financing of innovative activity. The provision of the innovative project by financial resources at all stages of life cycle assists decrease of risk of tearing away of an innovation by the market and increases its efficiency.

As sources of investment of innovative projects can act:

- Own funds of the enterprise (reinvested part of a profit, depreciation charges, the insurance sums on indemnification);
- Involved means (a share issue and other securities, payments, donations, the means that given on an irrevocable basis);
- Debt funds (budgetary, commercial, bank credits and credits of other financial institutions).

Let's allocate following forms of investment of innovative activity:

- State financing which provides financing due to money of budgets of different levels and specialised state funds of priority directions of innovative activity;

- Joint-stock financing that is inherent in joint-stock companies which for the purpose of attraction of additional means of investors pass to placing of actions that allows to accumulate on a certain time interval the considerable sums of means for realisation of innovative projects according to expected gain of the capital;

- Venture financing as the special form of investment of innovative projects which along with a high share of risk of loss of invested capital innovations provides reception of superprofit in case of its successful placing. Thus risk decrease is reached first of all by especially careful selection of invested innovative projects and simultaneous investment of several projects which would be at different stages of realisation;

- Bank crediting that provides attraction of means for certain term under the percent which size directly depends of the degree of risk of the innovative project, term of its realisation and recoupment, characteristics of the subject of business;

- Financial leasing which becomes one of the most widespread and rather effective investment tools of innovative activity of the enterprises in the last decades.

It is expedient separately to distinguish also two more specific financing forms: forfaiting, factoring which are less extended in the domestic innovative market:

- Forfaiting which represents certain transformation of the commercial credit in bank.

- Factoring as the mechanism that accelerates turnover of a debt receivable and is a cession of money resources at the essence.

Efficiency of financial leasing in attraction of financial resources that necessary for realization of innovative projects which combines elements of trading, credit and investment operations, does not cause any doubts recently. Firstly, the market of leasing services of Ukraine is young enough and is in process of development and transformations. Secondly, leasing is very perspective direction for work. At the basis of occurrence and fast distribution all over the world leasing business lie two groups of factors:

- Objective that is related to conformities and features of development of scientific and technological progress and with growth of investments into the high technology manufactures;

- Subjective - the socio-economic policy of the state and overcoming by public consciousness of a psychological barrier comprehension by a wide range of businessmen of that simple fact that effective business can be built on the borrowed (leased) funds.

Among objective factors of development of leasing the following has essential value:

- an acceleration of rates of updating of technics and technologies and, accordingly, reduction of terms of an obsolescence of the equipment and increase in their separation from the period of full physical deterioration; complications of service of the new technics that are limit its implementation by users;

- strengthening of differentiation of production and expansion of requirement of expensive specialized technics temporal use;

- growth of complication of the most optimal choice of kinds of technics;

- shortage of capital at the financial market widespread inaccessibility of traditional sources of investing are for small and average business.

In the developed countries leasing activity is caused, first of all, by high rates of scientific and technological progress and growing requirements of investments for use of its results. And leasing exactly is an effective trade channel of sale of scientific and technological innovations that will provide conditions for production development. Reasons of development of leasing activity of enterprises of Ukraine is slightly others. Leasing has appeared as reaction to limitation of financial resources, low level of provision of enterprises by technics and high degree of wearing of the basic assets of production. At the same time transformations of leasing to the effective tool of revival and development of domestic economy is observed that strengthens interest of leasing process from the side of the state. In this connection there was a necessity to regulate leasing at the level of national associations and on regional and world levels. Realization of analysis of leasing business abroad is very

important for making of strategy of development of leasing activity of the enterprises of Ukraine. But it is obvious that borrowing of this experience it should be carried out with taking into account individual conditions of Ukraine.

Conformity to law which consists that the increase and expansion of privileges conducts to increase of leasing scales and imposing of restrictions reduces leasing activity. Thus, sharp necessity appears of reorientation of an available state policy to highly effective innovative which would provide assistance to leasing development. Within the limits of leasing essential properties credit agreement, investment and rent activity are organically combined and closely intertwine and interpenetrate each other, forming in aggregate the new organizational-legal form of business.

From the economic point of view leasing represents difficult trading-financially-credit operation, form of lease of machines and equipment, a way of financing of investments and sale activation that based on preservation of the property right to the goods for the lessor for all term of contractual activity.

Gradual change of structure of the market of leasing services allows talking about that the competition will grow further. The consumer of leasing gets undoubted advantages in such conditions, such as fall of the rate of financing, gradually decreases advance payment and terms increase. The leasing companies in turn aspire to develop the new products that are claimed by business, but it is difficult realisation practically in connection with absence of clear legislative base and complications with registration of a subject of leasing. It concerns first of all real estate leasing.

At the same time, not each businessman owns the information concerning leasing. It is the reason, that braking development of leasing services. Growth of leasing financing restrains by comparative novelty of leasing as financial tool and as phenomenon in the Ukrainian market and, as consequence, by insufficient knowledge of potential consumers of leasing and its advantages. In other words, leasing as the financial tool has not occupied appropriate position in minds of consumers yet.

Leasing attributes to enterprise activity of higher level in comparison with rent, bank or commercial activity. It demands and assumes: a wide range of economic

knowledge of financial business; a position in production, in the equipment and real estate markets, and also variation.

It actually to tell that a condition of the basic production assets in the country it has appeared in such position that it is necessary to give the status of the state target program for this problem and to involve for its development at presidential and governmental level National bank and all economic departments.

The condition of considered above sources of financing of innovative development in Ukraine confirms that basic sources of the enterprises can be their own and involved means. But the volume of the enclosed means is absolutely insufficient now.

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PROSPECTS OF DEVELOPMENT OF WASTEPROCESSING INDUSTRY

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The current system of waste management in cities of Ukraine does not meet the requirements of current legislation and European directives and does not solve the issues and problems that concern local people today. To solve them requires coordination of local governments to develop technical, institutional, regulatory and financial systems of solid waste, which provide solutions of urgent problems of improving the health and ecological condition and territories. Solid waste (MSW) - this is waste generated in the process of life and human activity and accumulate in homes, social and cultural institutions, civic, educational, medical, commercial and other establishments (a food waste, household items, rubbish, fallen leaves, residues from cleaning and minor repairs flats, waste paper, glass, metal, plastic, plastics, etc.) and have no further use for the place of their creation. Thus, the term solid waste is similar to commonly used terms solid municipal waste, used in Europe.

The analysis of the accumulation of solid waste in the region and the country as a whole is characterized by the fact that in densely populated and industrialized regions with a high percentage of urban waste volumes considerably higher than in agriculture. Preferred amount (27.6%) of waste generated in cities. Accumulation standards of solid waste in settlements, according to current regulations, differentiated according to their population, and the accumulation of solid waste rules in homes depend on their level of accomplishment. On the basis of the accumulation of waste is calculated required number of specialized transport container fleet and personnel to conduct sanitation particular locality. In recent years, due to the increase of goods and products in different packaging, trend growth in waste per capita and as a consequence - in many cities there is a discrepancy between the approved norms and actual accumulation of solid waste. Wastes of non-productive areas include waste, which are formed in the trade, catering and consumer goods, markets, children's, educational and cultural facilities in hotels, boarding houses, hospitals (except hazardous waste in sanitary respect), as well as office and administrative entertainment and public facilities, institutions, offices, banks, post offices, etc.. These wastes are wastes which are formed at industrial

enterprises where they are collected in separate containers and not mixed with industrial waste.

There is no standard classification of solid waste industry in Ukraine. Solid waste generated (formed) in various industries. In industries, where classified waste production and consumption production.

Waste production is the remains of raw, materials and intermediate production, which formed during production process. They lost their properties partially or completely and they don't meet the standards. After pre-treatment and sometimes without it, these wastes can be used in the production of consumption. In particular waste can be used for the production of by - products. Waste consumption - products and substances that were used and restoring them economically impractical. For example, worn out or obsolete machinery, products for industrial purposes (waste industrial consumption), old clothes and household goods and personal consumption (waste household consumption).

Morphological composition of wastes in the cities of Ukraine has not been investigated in recent decades. However, existing data sample surveys in Kyiv conducted by the authors show a significant increase in their stock of packaging. This significant increase leads to moderate weight loss of one cubic meter of solid waste, as well as significant seasonal fluctuations morphological structure. In summer heating value of mixed municipal waste in Ukraine ranges from 900 kcal/ kg in winter to 1,300 kcal / kg.

Collection and transportation of solid waste is essential sanitation settlements of Ukraine. This work is carried out 56 public specialized companies, numerous private automobile, 65 departments in recycling and disposal of these wastes. Departments include more than 7.5 thousand special vehicles for waste collection, treatment and cleaning sanitary areas.

In residential areas of cities used mainly planning and regular acquisition system mainly planned regular system for collecting solid waste: waste collected in open containers on 0.75 cubic meters volume and euro containers 1.1 ISM volume placed on container floors. Removal of waste shall be in accordance schedules - daily or

every two or three days, garbage (mainly domestic) side loading. For budgetary and commercial enterprises used as a regular routine and Application system of removing solid waste - garbage truck challenge as filling containers.

In a growth market relations, everywhere there are new processes associated with demonopolisation services, creation of enterprises of different ownership forms that create serious competition for utilities. In addition to utilities in each of the cities, especially large, constantly working with several companies private or collective ownership (some of them are only 1-2 machines - garbage), including some with foreign capital. Recent years have seen the emergence of enterprises in Ukraine's leading operators in the field of waste management - Veolia (France), Remondis (Germany), AVE (Austria) and others.

In general positive evaluation of trends that enable customer choice artist and increase the quality of services through competition, there are some significant difficulties. Competing small firms actually "fall" out of sight structures that control the sanitary cleaning of cities by selecting the most convenient and paying customers, "pulling out" some areas and leaving "not covered" adjoining area. As a result - utilities are forced to create additional "unprofitable" routes of waste collection in those areas. Instability of small firms, bankruptcy, forcing utilities to keep excess reserve equipment and employees. Utilities that used to be monopolists in cleaning urban areas, now take out 20 - 50% of total urban waste. Hazardous waste, tires, batteries, household and electronic appliances are collected sporadically, but there is no centralized collection and utilization of specialized companies in specialized landfills.

Collection of solid waste determined by local authorities considering the density and number of storeys building.

Typically, the collection of waste performed without using container. In accordance with the requirements of sanitary standards and rules of solid waste in the warm season to take out every day in the cold period (at temperature of -5°C and below) - at least once in 3 days.

Planning and regular system of removal of solid waste includes regular removal of waste from the territory of service on a contractual basis without special orders from a prescribed intervals on a clear route schedule with fixing garbage trucks at certain area of service.

In Entry system waste producers are turning to service transport companies every time they accumulate a certain amount of waste. In Entry system large waste, construction waste and street litter are taken out.

To ensure quality and timely removal of waste, the whole service area is divided into operational areas. The sites are formed due to local conditions: type, number of floors and the degree of improvement of housing development, density of population, the need for some service organizations, working conditions of garbage trucks and other indicators.

Depending on the volume of accumulated waste on the site service, the route is determined and the mode of garbage trucks is set. The basis for determining the routes of garbage trucks is the total amount of solid waste, distance from places of service to the locations, number and type of garbage trucks and their productivity, the need for essential compliance schedules of the removal of waste.

In Ukraine, the park of garbage trucks with side-loading is mainly used. their main disadvantages are: moving containers by crane (capture, picking up, overturning, shaking) leads to the scattering waste around the machine, pollution of the territory, creates severe working conditions of operators, creates the extra cleaning of sites.

Capital assets of specialized companies are obsolete - almost 70% of trucks have exceeded their required lifetime and should be written off. There is 1% of recovering the park, but the norm is 12%. The increase in tariffs for the provision services of waste management has led to fewer contracts for these services.

In cities there is a developed network of reception centers, which take and receive processed waste and packaging waste. They are organized directly by mentioned companies or private businessmen. Recyclables is accepted for reception

centers, thus to its form and quality specific requirements are put forward. while ignoring that recyclables will not be accepted and transported to landfills.

In Ukraine since 1984 four waste incineration plants have been built - in Kharkiv, Dnepropetrovsk, Sevastopol, Odessa. Nowadays, only two are working - in Kiev and Dnepropetrovsk.

Despite the existence of rules, the waste disposal in Ukraine, in many cases is carried out at landfills and dumps, which are placed wrong, in particular with regard to hydrological conditions and distance to water objects, wells and aquifers.

That's why, most landfills and dumps are a serious threat to precious water resources. Moreover, the most of landfills and dumps, operate 20-40 years, not designed properly, concerning drainage of surface water collection and treatment of filtrate and treatment polygon gas.

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INTERNAL FIRM INSTITUTIONS OF OPPORTUNISTIC BEHAVIOR

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Introduction

The domestic institutional market is characterized by difficulties in applying the growing number of formal rules. The result is a change of formal institutions to informal institutions in the activities of firms. Special forms of these rules are internal firm institutions of opportunistic behavior. High level of the shadow economy of Ukraine, saving non-economic (power) control methods, traditional priorities of personal factors in economic relations, the weakness of institutional system – all these create a hidden readiness of members of firms to operate in the shadow intracompany field, reducing the effectiveness of the company as a whole.

Nature, formation, evolution and consequences of informal institutions are investigated actively in papers devoted to institutional issues [1]. The essence of anti-

institutes that restore «status quo» or restrict the scope of a non-shady institute is also considered within the framework of the institutional economics [2]. Authors studied the phenomenon of opportunism in the post-Soviet economic system [3]. Scientific apparatus of the game theory enables to create intracompany cooperation in an official and shadowy framework [4]. In other words, there is opportunity and necessity of further study of intracompany opportunistic institutionalization and analysis of its effects on economic behavior of firms.

1. The essence of internal firm institutions of opportunistic behavior

To determine nature of intracompany opportunistic (shadow) institutionalization we need to find out the criteria for referring of an institution to the internal firm institutions of opportunistic behavior.

The first criterion is informal nature, i.e. opportunistic rules of conduct within the company are not documented but fixed in the form of branded customs, traditions and codes of behavior.

The second, these institutions have opportunistic nature or contradict to the interests of the company. According to O. Williamson, opportunism is defined as "self-interest seeking with guile" [5, p. 97]. The shadow institute is a form of existence of the intracompany system opportunism. Unlike anti-institutes [2, p. 63] that restore «status quo» or restrict the scope of formal institutions, the element of the institutional competition is not obligatory in this case. There is opportunism not to the formal institutions but to the goals of an organization. The form of manifestation of opportunistic nature of shadow institutions is receiving an institutional rent by members of the firm – they get personal benefits from the institute.

The third feature of the opportunistic intracompany institutionalization is hiding transactions or their essential features from intracompany control.

The fourth feature of these institutions is their local nature, regulation of interactions within the activity of one firm.

Thus, internal firm institutions of opportunistic behavior can be defined as informal conduct rules that have local nature, govern interactions within the activity

of one firm; and they are a hidden form of existence of intracompany opportunism and of obtaining an individual institutional rent by actors.

Internal firm institutions of opportunistic behavior are the rules in which the guarantor of the norm coincides with its addressee. They are capable of evolutionary development, so they can be submitted in equilibrium and non-equilibrium state. Shadow institutionalization may involve every kind of economic relations depending on the scope, area, management level, size of dissemination, maturity stages, and the hierarchy.

The variety of internal firm institutions of opportunistic behavior can be aggregated to two groups:

rules governing the behavior of agents of the firm in illegal transactions;

using of shadow rules in legal transactions (including obtaining personal benefits and misuse of formal institutions).

Prohibited transactions are realized as fraud of firm's agents. In the broadest sense, fraud is an intentional lie or abuse of confidence in order to receive any benefits. Thus, a high level of trust between agents of a company may be not only a factor of adaptive economic behavior, allowing the firm to respond to market signals quickly and adequately. Breach of trust becomes more common in conditions of development of market relations and economic virtualization. Concerning a particular firm fraud may take the following forms:

misappropriation or theft by an agent of the company (appropriation of property or funds of the company directly by employees or by and with the participation of others);

fraud of central agents (manipulation of financial statements);

fraud with investments (realization of investment projects that have no real value);

fraud by suppliers (overstating the number of products supplied, supply of defective goods or non-delivery of goods);

fraud by customers or clients (non-payment for delivered goods, receiving payments for unfulfilled work).

Study of the fraud problem has shown that firms suffer greater damage from its employees than from customers: in the retail trade store thefts account for 30%, and fraud by staff - 70% of all cases. In the banking sector 95% of the amounts losses produced by dishonesty of staff and only 5% - due to the actions of clients. It emphasizes that the losses from fraud is growing in difficult economic periods, in the period of growth, financial crisis or merging of companies, as well as during making risky projects - that is, during the greatest diversification of economic behavior [6].

Economic spying is the most difficult and dangerous form of intracompany fraud. It does not prejudice such obvious damage to national economies, like other shady institutions. Negative consequences of economic spying practice have more complicated and prolonged nature, because companies that are succeed in the armaments industry, high technology and manufacturing - such as pharmaceutical companies, chemical, food, or major industrial giants which form the basis of national economies - are the most sensitive in this case. Economic spying is collection of economic information in order to cause harm or advance in economic activity [7]. Theft of confidential information, technologies, and production methods causes damage to the interests of a company - from disruption of a particular contract, reduction of interest income from operations, complication of fulfilling of a separate agreement to loss of goodwill, conflicts with state authorities, depending on the criminal structures. The firm that performs economic espionage also has some loss; as in most countries these steps are criminal, therefore they require more resources and time (high opportunity cost). In addition, the company risks being liable to legal liability and the firm may suffer reputation risks.

Vandalism as a prohibited transaction is one of the forms of destructive behavior of firm agents, deliberate and senseless destruction of tangible and intangible values. According to S. Cohen's typology, there are six types of vandalism:

vandalism as a way to purchase (a kind of theft);

tactical vandalism (destruction used to achieve other objectives - for example, whole shipments are destroyed to prevent falling prices);

ideological vandalism, directed against the government, formal institutions, any social or formal groups;

vandalism as revenge in response to insult;

vandalism as a game - an opportunity to raise status inside the group by display of force;

persistent vandalism - malicious actions that have a personal basis for a relatively non-specific object [8].

One of the contemporary manifestations of intracompany vandalism is computer sabotage – «introduction, change, damage or destruction of computer data or programs, and intervention in a computer system with intent to interfere with functioning of a computer or telecommunications system» [9].

Getting personal benefit through using of shadow rules of non-shadow transactions appears in the form of bribery mainly. Bribery is receiving property or provision of material goods by an official in any way and any form for the implementation (or failure) of acts in favor of the briber within the jurisdiction of this officer [10].

“A kickback” is the most common form of bribery in activity of companies. According to current studies, about one third of transactions in post-Soviet countries are under kickback schemes, while their average size is about 5-10% of the transaction. The largest known kickback operation took place in Italy in 2004. Financial Guard took to court over 4400 physicians and 273 employees of the British pharmaceutical giant «GlaxoSmithKline» for passing kickback to the amount of 228 million euros [11].

The shadow nature of these procedures causes opportunity only to suggest their impact on the amount and dynamics of gross national product. The most "dangerous kickback" industries are the market of information technology, pharmaceuticals, insurance business, and marketing. We can say that the degree of destruction of the Ukrainian market by this shadowy institution is medium - agents of the company try to keep balance between the interests of the company and personal gain. Principals know and agree with this situation tacitly, and try to limit its growth. Indirect signs of

the kickback institute are a hardly transparent policy of companies in corporate discounts and relatively low salaries of firm agents that provides "self-stimulation". However, the current institutional dynamics shifts the domestic market to severe forms of affection when, instead of market goods and services there is a "kickback market", which is the main tool for promotion and the essential part of the price, and special companies are created to gain the shadow bonuses by agents.

The need for dynamic innovative development of Ukrainian economy and its globalization actualize the problem of studying kickback institutes. The following definition is the most complete: "A kickback is any undeclared fee of an employee of the commercial firm or an administrative authority to any third agent for making profitable economic or administrative decisions under his official powers [11]. When such an institute exists within the company, a kickback receiver (firm agent) doesn't choose the most efficient variant of economic behavior in the existing market conditions, and adheres to the principle of maximizing personal gain. On the one hand, we can say that in some cases kickback reduces time of conclusion of a contract and transaction costs. However, except for distortion of parameters of transaction and market situation, there is a danger to manipulate (blackmail) one of the participants.

Misuse of institutions takes place when the motives and the nature of the appeal to them do not meet the purpose and meaning of formal institutions, thus their ability to perform its main function is lost. Researchers have identified a typology of such phenomena.

The first type - exploitation of information asymmetry - takes place when "economic agents pretend that they adhere to the rules of institutions, but in fact they violate these rules in their own interests, using the fact that such violations are unpunished" [12, p. 29]. Reliable disclosure of implicit information - an important feature of institutions - is lost in this case, and the uncertainty of firm behavior increases. In addition, the credibility of the institute decreases, and the distortion of information perception increases. Of course, rationality and, therefore, adaptability of the economic behavior of firms decrease.

Another variant of misuse of institutions is manipulating them. Imperfection of formal fixing of institutes can allow agents to act in contradiction with its spirit and intent, following them formally [12, p. 31]. For example, the institute of internal reports should perform a communication function within the company. But it may be used as a tool for personal career fight, distorting information about the activities of other firm's agents.

If institutions hide a shadow activity, we are talking about using them as a cover. One of the most common examples of such misuse is the institute of non-fixed working hours. It can be used for rapid and adequate response to changes in the firm's environment as well as for reduction of the intensity of a working day.

The fourth type of such phenomena is the subordination of the institutions, when an institute is "captured" by a group of agents for using it in their own interests at the expense of the general interests of a firm. In this case, rationality of a firm's behavior is sacrificed to rationality of individual behavior and to opportunism of agents.

2. The reasons and stages of intracompany shadow institutionalization

The causes of intracompany institutions of opportunistic behavior can be combined into the following groups:

market causes (environmental parameters that affect the institutional structure of a firm - ambiguity and variability of environment create the prerequisites for the formation of institutional deformation);

external institutional reasons (institutional structure of the economy as a whole, the experience of enterprise's markets, the pressure of behavioral patterns of other firms);

internal behavior causes are associated with the mental peculiarities, social, ethical, psychological and motivational characteristics of employees (the traditional priority of personal factors in economic relations, priority of short-term goals over long term objectives);

internal institutional reasons - the effectiveness of rules that regulate repeated economic interactions (low quality, high level of opportunism, high transaction costs

of using formal institutions, the degree of institutionalization of corporate interaction).

The analysis of the internal causes of informal institutionalization is an object of a special interest. The current studies identify the dependence of institutional quality and qualities of human and social capital in this way:

$$QI = \frac{h \cdot s}{g^2}, \quad (1)$$

where QI - institutional quality,

h - index of human capital,

s - index of social capital,

g – performance indicators of stakeholders [13, p. 58].

Stakeholders are a set of agents, characterized by coincidence of economic interests and affected by selective incentives for production of a common collective good [13]. Social capital is defined as a source of economic growth that occurs through the formation of specific local institutional environment [14, p. 33].

As noted, the formation of shadow institutions is the result of low quality of formal institutions. So we can say that the cause of shadow institutionalization is low indexes of human and social capital. Researchers emphasize that "the presence of persistent and rooted groups with special interests makes impossible even the potential to create or to implement effective market (economic) institutions" [13].

Among the social causes of institutional deformation are defined:

necessity of institutional changes and lack of mechanisms for their implementation (institutional pits);

breach of interdependent relationship between institutions (gaps);

lack of appropriate institutional structures (voids);

breach of a number of interrelated institutional units (collapses);

existence of the relationship between institutions, which leads to permanent narrowing and fading of processes that these institutions should provide (loops) [4, p. 60].

To understand the essence of intracompany institutions of opportunistic behavior we should consider the process of their formation and selection, which consists of several stages (fig. 1).

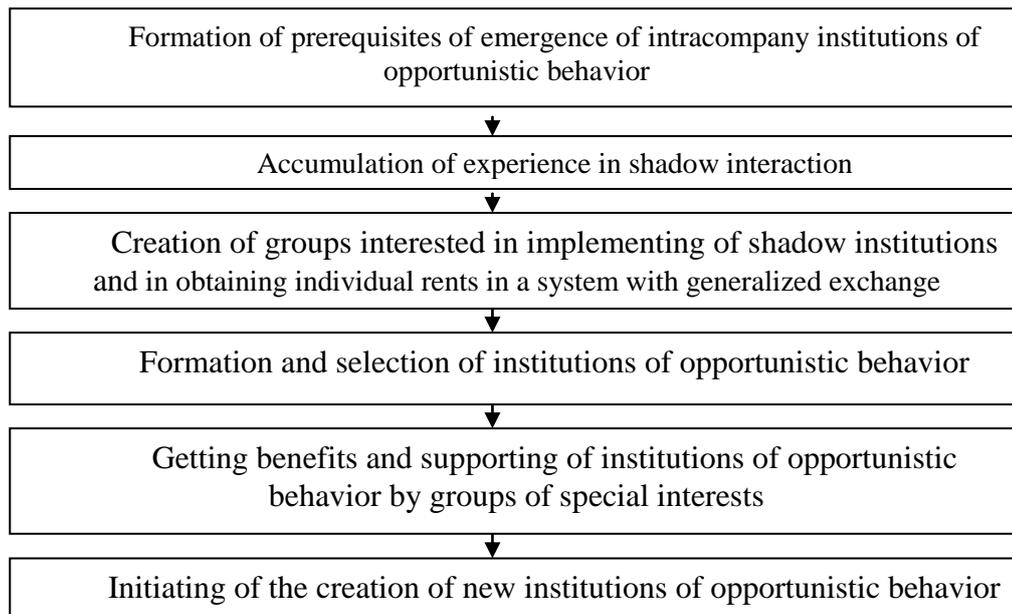


Fig. 1. Stages of intracompany shadow institutionalization

The first stage includes formation of prerequisites of emergence of intracompany institutions of opportunistic behavior. These internal and external prerequisites are considered above. The second stage is the accumulation of successful experience of solving economic problems in a shadow way, whereby over time the experience becomes the starting point for solving the same problems and acquires the nature of rules. The third stage: a rule of interaction between employees of a company becomes an institute when a large number of individuals involved in socio-economic relations follow it. Therefore, formation of stakeholders is a factor in creating and supporting of institutes of opportunistic behavior. According to M. Olson, only stakeholders' activity often leads to introduction of effective institutions [13]. The next stage is the selection of institutions depending on the structure of stakeholders which implement

and support their favorable rules. It is important to consider evolutionary nature of emergence and development of institutions of opportunistic behavior. If a set and quality of institutions after random or minor events are relatively low, the system will reproduce these inefficient states multiplicatively (the sixth stage) until a new situation arises and contributes to the evolution ("bottle neck effect") [13, p. 62].

The consequences of existence of institutions of intracompany opportunistic behavior are mixed. It is obvious, that basically it is a negative impact, with the effect of delay of development of a company (fig. 2).

The institutes of opportunistic behavior affect the possibility of solving the "agent-principal" problem and the problem of contractual opportunism as a behavior, that are deviating from a contract terms [15, p. 558].

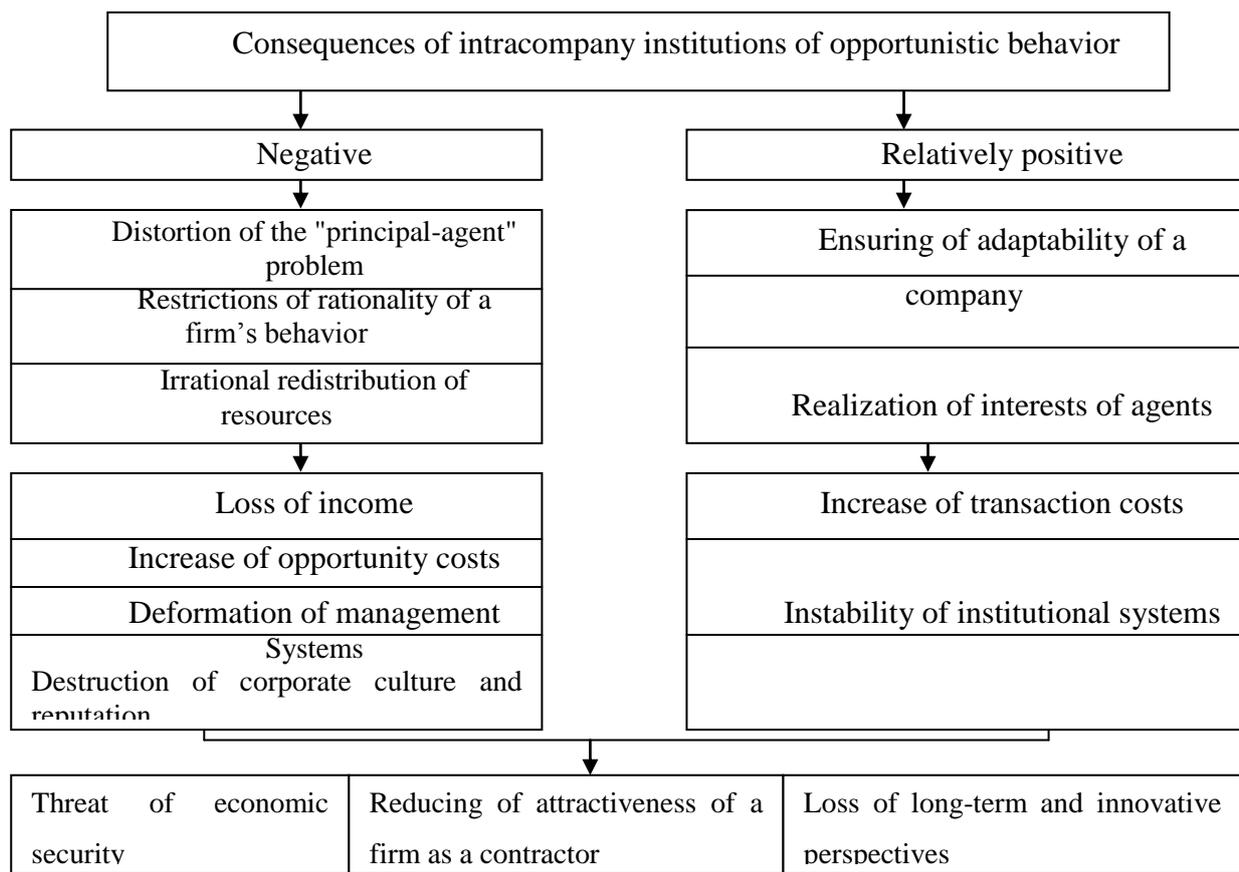


Fig. 2. Consequences of shadow institutionalization of a firm

An agent, who is in a shadow institutional environment, makes decisions based on personal financial and social-class constraints. Opportunism of actors of shadow

institutions restricts rationality of conduct of the company, promotes a warp in decision making and redistribution of resources between spheres of activity

Ineffective institutional structure prevents from taking an advantage of coordinating of economic activity. The firm loses some income, opportunity costs increase; management, motivation, decision-making systems are deformed; organizational culture and reputation of the firm are destroyed. The main consequence of these processes is a threat to economic security of the company and a loss of long-term and innovation prospects (investment myopia). As experts note, "an economic system with an excessively low estimation of the future is doomed to stagnation or at best to low growth" [16, p. 35].

However, consequences of shadow institutionalization may also have some different character. When sudden changes of environment occur, institutions of opportunistic behavior are their shock absorbers, and provide adaptability of a firm. Agents use a shadow institutional field for solving economic problems if formal institutions are ineffective. Separate elements of institutes of opportunistic behavior can cause formation of effective formal rules of conduct. Nevertheless, in the long term shadow institutionalization would increase transaction costs, immerse a firm in a shadow institutional field, reduce attractiveness of a company as a contractor.

To identify and to assess consequences of shadow institutionalization the following conclusion is used: the degree of opportunism is not a constant [16, p. 32]. Obviously, there is the critical degree of opportunism, in which an individual enters a shadow intracompany institutional field and refuses to use formal institutions. To assess consequences of shadow institutionalization we should analyze the dependence of parameters of a transaction on the degree of opportunism of an agent:

$$UI = \Delta\pi_{ia} - \Delta TAC - \Delta AgC, \quad (2)$$

where UI - estimate of effects of shadow institutionalization;

$\Delta\pi_{ia}$ - change in profits (transaction's benefits) after transition the critical value of opportunism;

ΔTAC - change in transaction costs of a company after transition the critical value of opportunism;

ΔAgC - change of agency costs on a transaction after transition the critical value of opportunism.

3. Impact on the dynamics of intracompany opportunistic institutions

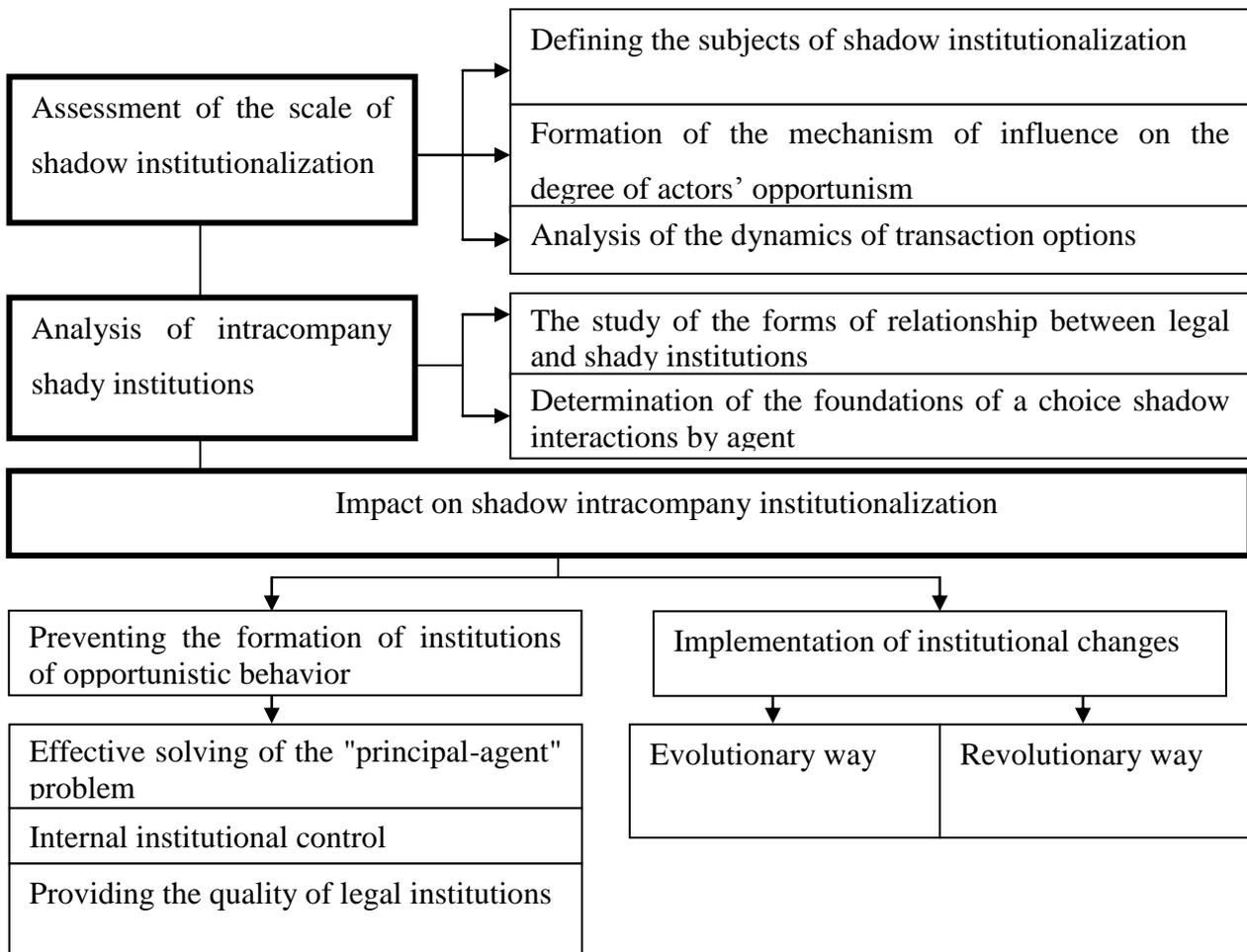


Fig. 3. Assessment, analysis and impact on intracompany shadow institutionalization

The main objective of managers of a firm is providing effective management of intracompany shadow institutionalization. It includes assessment, analysis and impact on this process (fig. 3).

Assessment of the scale of shadow institutionalization involves defining the shadow interaction, formation of the mechanism of influence on the degree of actors' opportunism, analysis of the dynamics of transaction parameters.

The first stage of the analysis of shadow institutionalization is to study the ratio legal and shady institutions. There are three forms of relationship between the rules by which people interact - expansion, touching and compromise [17, p. 51]. Expansion of institutes of opportunistic behavior is the most dangerous form because it involves extrusion of legal rules and organization of intracompany cooperation entirely on the basis of shadow institutions. Effective relationship of legal and shadow intracompany institutes is possible in the case of compromise when there are new rules that take into account the requirements of different types of transactions. Touching means the capability of the same interactions to base both on official and shady arrangements. Adverse consequences of this relationship are shown in two forms. First, when both participants choose the shadow interaction, and second, if there is uncertainty, participants interact in different types of agreements (formal and shady). In this case there is a model of relationships that is considered in frameworks of the game theory (fig. 4).

Contractor Agent of a firm	Stay in official interaction	Use an institute of opportunistic behavior
Stay in official interaction	1,2 (P ₁ ,St ₁)	θ,0
Use an institute of opportunistic behavior	0,0	2,1 (P ₂ ,St ₂)

Fig. 4. Model of selection of the type of interaction

In this model, the first player receives personal benefits from the using opportunistic behavior institutions (employee of a firm, the person who makes a decision). Player № 2 is the counterparty interested in a transaction and official interaction is more favorable for him. Pareto equilibrium (a situation when you can not improve the status of both players simultaneously) exists in two locations, designated P1 and P2 - when both parties use the same type of interaction. The condition of Shtakelberh equilibrium is the maximum of utility of players in not

simultaneous decision-making. If the player № 1 (employee of a firm) decides first, institutions of opportunistic behavior are used (St1). If the player № 2 decides first, it is a legal interaction (St2). In this case there is no Nash equilibrium (N), when none of the players can increase the profit unilaterally.

There are preconditions for the emergence of evolutionary stable strategies in this model. This strategy is a set of rules that determine the participants' choice used by most participants, and no alternative rules can supersede them.

In order to a legal rule of conduct becomes evolutionary stable strategy within a firm, the following conditions are necessary:

$$EU (\text{legally}) > EU (\text{in a shady way}), \quad (3)$$

where EU - benefits from using the type of interaction.

In this situation, taking into account the probability of using legal institutes by contractors, the condition takes the form:

$$1 \cdot p_l + 0 \cdot (1 - p_l) > 0 \cdot p_l + 2 \cdot (1 - p_l); \quad p_l > 2/3, \quad (4)$$

where p_l - probability of using legal institutes.

That is, if the share of transactions performed in a framework of official institutions exceeds $2/3$, for any participant using them is beneficial in each case. The same condition is true for institutions of opportunistic behavior.

However, the situation changes if the contractor considers both interactions equivalent (fig. 5).

Contractor Agent of a firm	Stay in official interaction	Use an institute of opportunistic behavior
Stay in official interaction	1,1(N ₁ , P ₁ ,St _{1,2})	0,0
Use an institute of opportunistic behavior	0,0	1,1(N ₂ , P ₂ ,St _{1,2})

Fig. 5. Transformed model of selection of the type of interaction

Therefore, in order to an official interaction becomes an evolutionary stable strategy, its share (p_l) should exceed a half:

$$1 \cdot p_l + 0 \cdot (1 - p_l) > 0 \cdot p_l + 1 \cdot (1 - p_l); p_l > 1 / 2. \tag{5}$$

The existence of control over institutions of opportunistic behavior within an organization encourages employees of a company to participate in non-shadow interaction (Fig. 6).

Supervisory authority Employee	Control the transaction	Do not control the transaction
Stay in official interaction	1,1 (St ₁)	1,2(P,St ₁)
Use institute of opportunistic behavior	-2,0	2,-2

Fig. 6. Model of selection of the interaction type under control

Under these conditions, the benefits of implementation of interaction will be determined by inequality:

$$1 \cdot p_c + 1 \cdot (1 - p_c) > -2 \cdot p_c + 2 \cdot (1 - p_c); p_c > 1 / 4, \tag{6}$$

where p_c - probability of the control by senior authorities.

Thus, the minimum requirement of non-shadow institutionalizing of a firm is an effective control of 25% of transactions. If management of a company performs this requirement, the dominant strategy of using official institutions are formed among the staff.

Social choice is the basis of individual choice of formal or shadow behavior. Using M. Weber typology of social actions [18, p. 633], we can say that an organization has most appreciable losses if individuals choose intracompany opportunistic institutions as a basis of behavior resulted in the goal-rational actions. By such conduct an agent has maximum information and cognitive abilities and makes decisions based on multistage schemes. That is, except for losses of shady transactions, opportunity costs of using human resources of a firm increase.

In the case of value-rational actions an individual is guided by the set outside objectives when he chooses official or shady transactions, so opportunity to influence his choice is real.

Affection action is the easiest subject to change, because it is based on the "stimulus - reaction" model when the goals and means are not highlighted.

We can define three main conditions that prevent shadow intracompany institutionalization.

First, existing of institutions should reflect the interests of employees of the firm, i.e. to ensure the full realization of their possibilities.

Second, the cost of subordination to legal institutions should be less than to the shadow institutions.

The third condition is the existence of internal control over institutions of opportunistic behavior that creates incentives to employees of the firm to join official interactions. Analysis of the game model "Supervisory authority - Agent" with participants' prizes from -2 to 2 formulates the minimum requirement for non-shadow institutionalization of firms - effective control of 25% of transactions. If the

management company fulfills this condition, the dominant strategy of using formal institutions is formed by staff.

The mechanism of overcoming the shadow intracompany institutionalization involves a choice between two strategies - through evolutionary transformations (the same economic system creates the conditions for transformation) and in a revolutionary way (violence way) as a result of reforms.

The evolutionary way involves creating an environment where transaction costs of transformation of shadow rules exceed the costs of cancellation and / or the introduction of formal rules (critical point).

In the case of reforms, their success depends on the ratio of means and activity of various stakeholders who are subject to institutions of opportunistic behavior. The process of such institutional change involves four stages: destruction of institutions of opportunistic behavior (reducing the density of institutional fields), creation of new official institutions, formation of meta-institution that regulates the other, and strengthening the institutional foundation.

The direction and effectiveness of institutional reforms can be determined by the game simulation. Participants of intracompany shadow institutionalization, types of resources and resource restrictions, a possibility of informal interaction, agents' targets are set as output parameters for this simulation. Costs of institutional control, its probability and size of fines for participating in the shadow institutionalization, the probability of detecting the shadow interactions as a result of institutional control, the possibility of controlling shadow institutions, the number of resources that an agent manages, the norms of firm's profit are influential parameters of modeling.

The modeling process is based on the adapted models of organizational systems with corrupt behavior of participants. One or another model is chosen according to the specific company goals and institutional transformation.

The model of corruption eradication by M.I. Levin [19] can be used where it is necessary to eliminate the vertical shadow interactions between the two levels of agents. This model enables to determine the size of the fine, in which the game is carried out without the shadow of interaction (set Nash equilibrium). Moreover, the

author shows that a large fine should be entered only for a short time to go to equilibrium without the shadow interactions. That shadow operation becomes unprofitable after the reduction of the fine to zero.

The model of corruption restriction by F. T. Lui [20] is used to search for the share of the shadow-institutionalization agents over time and to assess the impact of fines on the follow-up agents' activities. The two-period dynamic problem in a two-tier organizational system is solved in this paper.

The model of corruption in the Forest Guard by G.V. Gubko [21] enables to develop the incentive system, which provides for non-shadow agents' activities under the organizational control.

The models developed by R.A. Vybornov can solve the largest number of problems. Such mechanisms of management of organizational systems with shadow behavior of the participants as the individual and collective incentives and planning are formulated in his paper [22].

The calculation of the optimal costs of control, the probability of its realization, the size of fines for participating in shadow interactions, the probability of detecting the shadow interactions as a result of control, the justified need for advance notification about an increased probability of control and so on are the main results of these models.

Summary

Internal firm institutions of opportunistic behavior can be defined as informal conduct rules that have local nature, govern interactions within the activity of one firm; and they are a hidden form of existence of intracompany opportunism and of obtaining an individual institutional rent by actors. Rules governing the behavior of agents of the firm in illegal transactions and using of shadow rules in legal transactions are the types of institutions of opportunistic behavior.

The emergence of prerequisites of forming of intracompany institutions of opportunistic behavior; the accumulation of experience in shadow interaction; the creation of groups interested in implementing of shadow institutions and obtaining

individual rents in a system with generalized exchange; the formation and selection of institutions of opportunistic behavior; getting benefits and supporting of institutions of opportunistic behavior by groups of special interests; the initiating of the creation of new institutions of opportunistic behavior – all these are the stages of intracompany shadow institutionalization.

To identify and to assess consequences of shadow institutionalization the following conclusion is used: the degree of opportunism is not a constant.

Effective management of intracompany shadow institutionalization includes assessment, analysis and impact on the processes.

We can define three main conditions that prevent shadow intracompany institutionalization: existing of institutions should reflect the interests of employees of the firm; costs of subordination to legal institutions should be less than to the shadow institutions; the effectiveness of institutional controls. Managers should include institutional analysis and control, sanctions for using institutions of opportunistic behavior in a mission, a goal tree, job descriptions and provisions of firm's divisions in order to counter intracompany shadow institutionalization.

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**SYSTEMS AND RESOURCE APPROACHES IN THE INNOVATION
MANAGEMENT**

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Introduction

The main problem of the high-tech industries in the current economic situation in Russia is to find and allocate efficiently the resources, mainly - investments in their broadest sense (funds, securities, technology, machinery, equipment, licenses, property or property rights, intellectual values invested objects in the business and other activities for profit (income) and achieve a positive social effect). The scale and

status of modern Russian technology and industry are such that government funding is not able to solve this major economic problem. Enterprises are interested in investment security to ensure their own survival and effective functioning of multi-channel sources.

Resource support of knowledge-based industries can be done by involving both low and extra-budgetary funds, including [1]:

- the budgetary allocation to the state customers of high-tech products with a full right to dispose the allocated funds within the relevant budget items;
- the involvement and use of central budget funds by the government generated by income from businesses, taking into account the cost of centralized payments to the relevant products, and other extra budgetary sources;
- the attraction of the own funds of the enterprise received through depreciation deductions and tax incentives or tax exemptions when the organizations have the target to use them for technical development, job creation, etc.;
- the raise funds from the foreign customers;
- the attraction of the business (including foreign) investments and loans, including through government guarantees to investors;
- the attraction of Russian entrepreneurs;
- the involvement of other borrowed funds, established by the legislation of the Russian Federation.

The problem of development of the domestic technologies and demand on the high-tech products in international markets is topical due to the following circumstances:

- the value of high technology in the solution of the problems in public defense, economy and science is constantly increasing;
- the role of civil, commercial use of technologies and knowledge of dual-use in meeting the needs of the state and society is also increasing;
- the real possibilities of using scientific and technological potential of high-tech industries for technical upgrading and modernization of the production base of other industries, etc.

SYSTEMS APPROACH IN THE INNOVATION MANAGEMENT

The process of innovation can be regarded as an artificially created system, which is the entrance to the development, materialized in a particular facility. In this process, we can distinguish three different components in functions:

1. *the main link* that converts input into output (elimination product on the market);
2. *feedback*, ensuring consistency between the actual and the desired output by changing the input;
3. *restrictions* to ensure the correspondence between the output of the system and requirements to it as the entrance to the follow-up system, which is the consumer of this entry.

It is advisable to take into account two main areas: 1) study the interaction of the system with the environment, 2) investigation of the structure of the process of creating innovations, as well as their interrelations. Study of interaction of the studied system with the external environment reveals specific features of the process of creating the input side and output.

Features of the output model of creation process of innovation is that its components enter the feedback subsystem and perform operations: a comparison with the model of the beginning of the innovation process, the definition of qualitative and quantitative parameters of the designed system and the relevant decisions on their participation in the designing process of innovation in many organizations causes the complex relationship both vertically - from the development of the scientific concept of the system to create a pilot or industrial design, as well as horizontally - in the course of work on a system. This requires a new approach to the process of creating innovation. As a tool for implementing such approach to improve the organization of the process of creating innovations can be program-target method.

A more complicated structure of the process of innovation, new forms of organization require substantial rehabilitation and improvement of the existing system of managing this process. They should be comprehensive, top to bottom, realizing the general principles and requirements in relation to a centralized management system, and the bottom up, realizing the features of the general

principles and requirements for a particular process, linking with the indicators and methods of assessment, planning and incentives into a single real system [2]. Such representation of the management of innovation allows us to consider in terms of system analysis methodology problem of choice of the design decisions.

Each subsystem must ensure effective functioning of the process of creating and applying innovation at every stage of its "life cycle". The net impact of the mechanism of managing the innovation process is determined by the combined interaction and interconnectedness, coherence and pointedness of the economic, organizational and legal sub-systems [3]. Each subsystem and each of its individual components affect the efficiency of management of innovation in general. Error in one of them can not effectively solve the problem even in an ideal state of other subsystems.

The central point in the management of the innovation process is *the economic subsystem*, which is oriented to increase of labor productivity and production efficiency, which acts as a carrier material to create innovations. On the one hand, the implementation of the objectives of economic subsystem is provided through better management, the creative activity of scientific and technical teams involved the creation of new products of labor, on the other - the process of creating innovation. In the first case management is carried out using the arsenal of methods, means and tools of planning, assessment and evaluation, promotion, pricing and financing. In this case the subject of management serves as the main economic interest incentive to improve the efficiency of a living creative activity. In the second case - with the help of methods and tools to search for reserves growth performance of new products, optimize their structure, technical and economic parameters of the individual products and their complexes, methods of analysis and evaluation, etc. The subject of management appears here the socio-economic effect as the outcome of innovation. Economic management should cover the entire "life cycle" - from the birth and formation of technical and economic potential of the system to achieve its efficiency during the operation.

It is worth reiterating that the preparatory stage, taken as a whole, determines both the technical and economic relations as the direct production of new goods, and their operation. Consequently, improving the management of this stage is crucial in increasing the efficiency and quality of the new goods. For the successful functioning of the economic subsystem of control of the creation of new technology in the preliminary stages of production a wide range of work should be done that can be roughly grouped into the following main steps [4]:

℞ comprehensive long-term and medium-term forecasting and planning of the development of industries-consumer innovations, including the development of classification of existing and prospective technological processes of industry, the final product;

℞ comprehensive long-term and medium-term planning and forecasting of the manufacturers of innovation;

℞ socio-economic assessment of market demand for particular products;

℞ comprehensive technical and economic analysis and evaluation of economic viability and technical capability of innovation in the light of resource constraints;

℞ pre-feasibility study for the selection of effective trends of design, including development and analysis of promising basic models of systems, systems and individual products;

℞ techno-economic analysis and optimization of technical solutions in the design of goods, including ℞ selection of the optimal structure of the system, its level of standardization and other indicators;

℞ definition of cost (value) indicators as a whole and on individual components, depending on the level of efficiency and quality systems;

℞ definition of economically viable level of mass production.

With regard to the economic management of the *production phase* of the following main activities:

℞ definition of technical and economic level and the estimated period of obsolescence of products and their components;

℞ definition of cost-effective timing of the launch of the production and removal of innovation;

℞ techno-economic analysis and evaluation of the conditions of production,

℞ a cost-benefit analysis;

℞ definition and analysis of the level of wholesale prices.

With respect to the *operation stage* in the economic subsystem of innovation are the following main activities:

℞ techno-economic analysis, evaluation of the conditions for future use and evaluation of operation of the existing products in order to identify "bottlenecks" in the functioning of similar products;

℞ identification and analysis of technical and economic level of new products designed for use in specific operating conditions;

℞ definition of cost-effective upgrade and repair boundaries.

Major reserve of performance managing growth in the innovation process is the requirement of **complexity** - the organic unity of all aspects of management and system - the scope and into the design problems of all its bonds. The implementation of an integrated systems approach to management is provided by the programs, which are reflected in detail and worked not only targets but also the appropriate organizational, resource, teaching activities aimed at implementing the necessary conditions for achieving the ultimate goal. Complexity characterized by the following requirements:

℞ a set of goals and subgoals, results-oriented - to meet the needs of a particular product;

℞ a need to consider throughout the process of "life cycle" - from basic research to the materialization of scientific development and operation;

℞ a complex provision of management process, including material, financial and labor provision;

℞ accounting of the complex effect of the use of innovations.

Analysis of economic practice of technical problems solutions showed that the coordination plans will not ensure implementation of all requirements of the complexity, resulting in a series of "research-production" is largely open, there is no reliable connection between its components. The complexity of coordinating plans is often understood as a one-sided: either as a pass-through drafting a work plan for the entire cycle of "research-production", or as a mechanical unification of time, not by a common purpose, a complex subject. In many cases, insufficient coordination plans are focused on outcomes - the introduction of scientific developments into production. Coordination plans are not properly aligned with the plans of production, capital construction and logistics.

A new stage in improving the management of innovation is the movement to the development of complex target programs aimed at creating specific objects of the new techniques and technologies to put them into production. Comprehensive programs are quite different from the coordination of plans, especially its focus on getting the final results (the plan is focused on the performance of certain functions). The main advantages of targeted programs to manage the process of developing innovations include:

℞ orientation of the components of this process, the final result, i.e. creation of innovation that meets all the requirements for this product, from the market;

℞ complexity of a process goals, covering the preparations, production and operational stages;

℞ consistency of provided activities and resources, providing a more complete linkage in general 'objectives - activities - artists - Resources ";

℞ centralized management at all levels and stages and phases of the work.

A necessary condition for effective management of the program is to centralize all instruments of management - planning, finance, resources, monitoring and incentives. Building management system targeted program should include, above all, structuring and description of the complete cycle management process, defining the basic procedures for the implementation of the management and development of

organizational structure, management, distribution functions, economic, informational and technical support.

In a series of management system targeted programs can be divided into four levels. At the *first level* formed the main target (direction) of the process of innovation is determined by the sequence of actions that characterize the solution to the problem and the conditions for achieving these goals. Formed on the *second level* targets problem-solving process, determine the mode of consumption of resources and procedures for implementing them and subcontractors for the next planning period. At the *third level* of managing the innovation process are eliminated possible bias from the process plan, which, depending on the nature and causes can be eliminated or redistribution of resources, either by adjusting the current plan to address the problem. The results obtained at this level are the basis for the decision-making or to transfer the results to the next stage or on returning to the feedback line of the project to completion, or cancellation of the project as hopeless.

In implementing the program, the target need is a constant monitoring and analysis of change, of changes associated with such adjustments in the program and resource allocation. Revising and updating the program can be caused by the results obtained after the implementation of its earlier stages, as well as unforeseen events in conflict with planned development of the system. Almost at every stage "life cycle" made different in content and importance of the adjustments that can be differentiated into two main groups:

1. caused by the need to address shortcomings and improve the quality and efficiency;
2. related to the dynamism of STP, i.e. with the advent of new technical guidelines and new forms of energy, fundamentally new materials, etc.

Updating and revision of targets of innovative programs make it necessary to assess, control and change management. Management system and change control should be based on the following **principles** [5]:

℞ principle of *targeted corrections*, which are made only those changes that are aimed at compliance with the technical requirements, improving the performance characteristics of the goods, reducing costs and improving performance. Changes

aimed at modifying the product is recommended only if their entry into the program due to the need of functional changes and approved by the customer;

℞ *systems* principle when making management changes in the program runs through all the stages of "life cycle" of the goods;

℞ principle of *continuity*, which consists of a continuous recording of all changes to the goods, as well as all the structural changes as a result of a strictly regulated procedures correspondence principle, i.e.; full compliance with the specifications of the developed system and its components;

℞ principle of *consistency*, which consists in a careful coordination of the functional and physical properties of the product and its components;

℞ principle of *uniformity*, consisting in providing a complete uniformity in all procedures related to the amendment of the submission, analysis, implementation at all stages of "life cycle" of the goods.

It should be emphasized that any administration in the community (including innovation) - is the management of the operation which means activities aimed at achieving this goal. Operations are carried out in systems (business, industry, market), where you can select the control subsystem (governing body) and controlled the area (object control). The main factor of any control, its purpose and meaning is contained in the decisions and the processes that lead to decisions. Ability to make and implement decisions are enclosed for information exchange between body and object control. From the information point of view, the decision - this is the whole body of the processing flocked to him the information. As a result of this processing decisions are performed by the control system. From a systems perspective, any solution is treated as a choice among possible courses of action aimed at achieving this goal. For operations management of innovative activities, it is important to consider the impact of the environment (to the environment are interacting systems with similar goals and interests, a system with conflicting interests and goals, etc.). Environment has an impact on the system - into manageable pieces, the channels of information, etc. Any system has to carry out operations with a certain number of resources (financial, intellectual, temporal, etc.).

Decision-making process usually consists of two parts. The first phase - assessment of the control system and environment. It gives an idea of the system and the environment. The second stage - a decision-making process itself, comparison of the existing views to the operation. Solution before the operation, or the initial decision, there is not nothing but a plan of operation specifying who, what and when to do so. The plan specifies the allocation of resources between the parties to the transaction. If the managed system is a hierarchical structure (eg, industry or the military), the plan specifies the partial or interim goals and targets to achieve (or solutions), which has conditions to achieve a common goal.

If the plan is represented as a network schedule, only the last event displays the goal, while other events are characterized by intermediate targets, without which the overall goal can not be achieved. Further, the decisions are implemented so that the resources allocated to executing transactions, provide guidance to whom, what, when to do. Then the realization of the plan starts. Decision-making must not only before but also during the actual implementation of the plan. The fact that the environment has an impact on the controlled system, resulting in a deviation of the implementation plan of the plan. Feedback channel allows you to monitor the process and evaluate emerging deviations. Based on this assessment and the main objectives of the plan decisions about such redistribution of resources that would provide the goal, in spite of external disturbances, caused by exposure to the environment. During the implementation of the plan decisions as well as generally accepted in two steps: first estimate, then the actual decision on the action.

RESOURCE THEORY IN THE INNOVATION MANAGEMENT

The Information Age, characterized by increased intensity of information exchange and globalization places new demands on approaches used in developing strategies. First of all, this is due to the fact that today the external environment is changing much faster and more dramatic than it was just a few years ago, and the uncertainty of occurrence and impact of various factors in the future increases. An interesting perspective on the evolution of approaches to the development of strategies offered by experts of international consulting firm Arthur D'Little [6]:

℞ strategy based on the resources available to the company (*Resource Driving Strategy*);

℞ strategy based on the conditions in which the company operates (*Condition Driving Strategy*);

℞ strategy, driven by ambition (*Ambition Driving Strategy*).

It is known that often the assessment of equity companies in the stock market often differs significantly from its book value. These differences are especially large for companies operating in emerging markets. It is obvious that the stock market more ready to appreciate the value of some businesses, and the values of these estimates are much higher than those that reflect the actual results of their activities. The gap between market and book value of equity should be attributed to the influence of those resources that are not included in the balance. These resources can meet the high market valuation in the future only when they start to work effectively, providing the company a significant increase in profits. Such expectations are largely due to the intangible *organizational skills*. Investors believe that the leader enterprises in emerging markets have specific features that make in the coming years they will grow quickly and make large profits.

Higher market valuation of companies could be attributed to their position in the rapidly growing markets. However, a more careful analysis shows that only membership in a promising industry to explain this is impossible. In the same sector investors for certain enterprises recognize the availability of specific skills, for others - no. Theory of resources used in studies of strategic management, pays great attention to the importance of intangible resources, especially institutional, competitiveness and profitability.

In the framework of the resources of their specific use, i.e., the combination in accordance with the current situation, given special priority. In contrast to the factors of production in the heart of the problem is not a formal functional relationship, and the qualitative state of the resource. Available to the enterprise resources allow him to implement certain activities. This activity is a specific market and competitive conditions can lead to success. In other circumstances, and at another time a similar

activity with the appropriate resource provision can not affect the success of the enterprise.

In accordance with well-known definition, *resources - all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc., which are controlled by the company and allow it to develop and implement strategies that lead to increased efficiency and effectiveness of production.* Not all of the company's resources are equally valuable for the creation of competitive advantages. A prerequisite is the presence of certain characteristics of the resources (value stability, scarcity, difficulty of imitation and substitution). If these special resources to the same combined correctly (sufficient condition), then the company gets a competitive advantage. Combination activities in the resource theory is regarded as the core of all organizational activities. In accordance with the organizational ability of the enterprise is defined as "the collective organization's ability to perform specific types of activity." Thus, these abilities are part of the resource supply company.

It should be noted, however, that the weakness of the classical approach is its resource static. It remains an open question how one can create organizational ability or resource support company can adapt to changes in market conditions. In this regard, there was a need for "more dynamic" resource theory, which is most clearly represented in the works of David Yew, a leading expert in the field of knowledge management.

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**THE CONTEMPORARY MIGRATION^ THE PROBLEM OF
RELATION OF SOCIAL AND ECONOMIC**

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The article examines the relationship of social reproduction and economic activity. The author makes an analysis based on current migration processes, social, economic and cultural factors of development of public relations.

Keywords: social, economic activities, human resources, migratory existence, the needs of society, the image of a person's life.

“Social” reflects the qualitative peculiarity of the joint being of people realized in the creation and use of a set of effects on behavior and the installation of personality, mainly to solve the problems of social life. “Economic” is the foundation of the development process from the perspective of the activities, relations groups according to their position in the system of production, distribution and exchange. For its part, the philosophical concepts in economics involves the study of various “dimensions” of its evolution, not only in the direction of the real production, but also the identification of “ripple” of human potential as the basis for the creation and renewal of special efforts, “existence and co-existence of people”. [1, p. 281.282.].

This actualizes the issue of social reproduction as the emergence of a new life, renewed consciousness of sustainable relationships, productive interaction experience, including reliance on migrant groups and populations.

In the specific sense of transformation of the economic forces various tools and resources aim at strengthening both the interaction of living and experience, the effective connecting resources of the society. It is a philosophical problem of economic transformation mechanisms for the conservation and economic development as a social form.

From this perspective, the economic practice of migrants is an important area of their efforts under the new conditions of existence. Recent events related to mass migration and its different areas (especially forced migration and emigration in search of work) show that the economic condition of society is inseparable from the political, social, cultural, civil and human factors. In this case, the migration processes become universal features when you can talk about the real state societies, including in relation to the modern global world crisis states and shocks.

First and foremost, we are talking about the need to strengthen the resource potential of the society, because even the developed countries can not do without an influx of migrants (for example, today in European countries increase of GDP is associated with their activities). But it is precisely the approach to them as an additional manufacturing resource causes multiple problems.

Thus, the social space of vital migratory layers is reduced to the level of the elementary existence, simply by including the mechanics of the labor process. Of course, the opposite process is when the migrant supervisors are "commanders of production" in local complexes. You can note their activities and expansionist intentions, which cause the negative attitude of local citizens (in the case of massive cooperative forms of labor). However, the economic benefits of migrant workers are big, because it does not require an extensive system of incentives. The migration factor corresponds to the needs of the liberation of the economic life of isolation, fixed-side constraints of organizational and institutional structures. The problems of "ascent" to modernizing forms of development can be simultaneously solved, and the migration policy should develop a new social space, in the context of dynamic changes, the formation of effective methods and tools for motivating the activity.

But this requires a high influx of cultural, educational and vocational levels, which allows orienting the economy towards enhancing their power, energy, the introduction of modern technological schemes. These layers represent the migration tendency of economic processes towards the quality of social and human dimensions.

However, there is a problem of historical, cultural, spiritual and psychological nature in the gap of previous socio-spatial boundaries. In this case, one should speak about the special qualities of sociality, interaction, standardization of management styles, combination of the socio-cultural environments, cognitive orientations, education, etc. New social networks are embodied not only in technological schemes of work, including the primitive functions, the part-time jobs. The possibility of migratory layers and groups should not be solely to reduce the factors of employment, which now manifest themselves primarily in the ways of extensive development. That's what effects the opinion of most citizens when they express their attitude towards migrants, it is based on stereotypes of consciousness, life views. As a consequence, we have the collision of habitual experience, and gradually a real dialogue is being developed, it concludes controversial. In this case, the mutual efforts, acts and contacts in the new configurations of relationships may cause the actual ground for the reproduction of social self-realization of citizens as workers. As a consequence, the quality of things "is replaced by" the quality of people as social individuals.

The sociocultural factor allows distinguishing between positive and inhumane and perception, at least, makes clear and understandable the attitude towards migrants. Today, it could include the traditional standards of conduct and at the same time realistic perception of "foreign-other", the cultural system of the society in its complex factual trends and the preservation of universal culture.

In this case, the socialization of migrants does not coincide with the general atmosphere of life, which includes various associations of people. As a collective body, the society requires social and human worlds, but also a group of migrant workers on a scale constructed structure is a "society", too. The divergent ways and means of social existence can be combined in a certain way to detect a more complete

form of social relationships. So, people traveling are “inevitably perceived as “alien”, they are threatening the established social mores. In the most primitive cases, from the point of view of the violent individuals and groups, migrants will inevitably fall under the heading “non-citizen” and may be subject to hostility. But if the worker takes on new forms of behavior, and explicitly, he gives the impression of something “close”. In terms of usefulness for the “great society” it is necessary to detect an innovation means and ways of behavior, otherwise dominated by “radical” attitude as acceleration and stereotypical norms and perceptions.

Today, the phenomenon of “rights of the migrant” demonstrates that there is an expansion of social and human experience, together with the transformation of economic, social, communicative boundaries. Cosmopolitan interaction, the combination of nationality shows that, on the one hand, there is a presumption of non-threatening relationship; on the other hand, there are reverse negative reactions to avoid the loss of traditional identity of the population. But the phenomenon of migration is able to initiate the universality of human relationships, opportunities for integration, civilization differences in understanding of human existence in the direction of a decent sense, non-conflict states, as a consequence, the expansion of economic cooperation.

It is very important for the individual to stay in his own vitality, creative foundations of human personality and beliefs. So the problem of individualization touches the problem of the lifestyle of migratory groups and strata, various forms of activities to keep so called sociality. Society as a “social machine” is a means of rational exercise of political power in relation to migration issues. But the policy of multiculturalism involves “soft’ entry rights of the migrant in a new way of life for his society, the realization of his personal traits, value orientations, if they do not contradict the basic lines of social interaction.

Civilization development must demonstrate its adequacy, the ability of developed countries to bypass the previously encountered obstacles in their efforts to humanize politics. It is unacceptable to question the idea of living together of people from different social past, religious concepts and features of the life-world. But as a

rule, the coordination of the various "worlds" of migrants objectively appears problematic. Socio-political forces tend in their interests to manipulate these processes and in some cases proactively instigate conflicts. "Invasion" of migrants from non-democratic societies in the totalitarian regimes makes it virtually impossible to regulate the conflicts of social norms and standards. But the overall picture of the migration process should be based on the concept of the deep and extensive social context that involves the study of the genesis of the formation of nations, their placement in dual spaces, the relative closeness and distance. In this case, one should speak of a unified socio-historical development of migration communities and their changing role in the processes of human interaction.

First, you must change the general moral situation in the society. Moral behavior implies the achievement of social and human understanding and solidarity. But the modern productive work is included in the economy through the monetary mechanism. According to N. Lumanu the foreground of new forms of sociality involves no interpersonal interpenetration. The modern market and pragmatic organization exclude the full inclusion of "integrated complexity of another human" [2, p. 317]. Naturally, it affects the majority of migrant workers as cheap labor. Only a gradual change in the forms of social differentiation of the possible motives can enhance social interaction.

This actualizes the issue of the relationship between the past and present experience of the migrating strata and groups. In conflictological sense there is an inevitable clash between the new elements of life, rules and activities, previously perceived norms and values on various stages of socialization. As a result, migrants are perceived as people of the "second class", the extreme losers, "backward", deserving their own position. So, there is no situation where there are no "poor", and "poor living conditions, ie social depravity of different types of social systems (they can not be considered outside the historical context of specific cultural characteristics of the migrants). As a consequence, we can speak about the ongoing conflict reintegration into the society. Not by chance it recognizes the uniqueness of the migrant way of life - the process of adaptation, although this is nothing more than a

passive form of contact with the social environment. The device - rather unreliable form of entry into the system, makes no sense of the notion ‘subject of adaptation.’” However, the disciplinary rules of the functional activities are responsible for the active form of adaptation as a setting for entering into a production environment. Moreover, the modern market situation firmly establishes the process in which there are usual forms of perception of reality.

Simultaneously, a narrow product line does not contribute to the development of individual migrants in a new aspect of its integrity, which is again confronted with forms of discrimination (hostility, distrust and cautious perception). The world of “new opportunities” is extremely inhumane, killing a man faith in justice, respect for dignity, equality. Here it is natural for the migrants when they enter the process of advancement on the job, promotion, consolidation rights. The localization of the settlement of migrants involves “large space”, largely inaccessible to life. The migrants mainly bring a sense of community, family ties, ethnic associations.

In this case, we have behavioral adaptation, although the inside man resists external rules and regulations. On this basis, there is a set of adaptive forms of the rationalization of a conflict, the displacement of the periphery of consciousness, the distinction between work and private spheres of life. At the same time, the discovery of the individual migrant's “good” qualities enhanced toleration of the behavior and lifestyle. This makes the social and psychological re-orientation of migrants, who largely depend on the character of a clash between practical life experience and a broader social practice of relations, as well as a clash between personal interests and attitudes and the standards and practices for their implementation [3 , p. 38].

In the aspect of socialization there is a kind of addition of secondary conceptual socialization. But the constant discrepancy between the norms and values of the social environment and institutional structure of the society creates sustainable distrust of migrants to the environment. The practice of exploitation of migrant labor has a negative impact on their families who are in a new way to perceive and evaluate the official doctrine of the society and its actual practice, including its own citizens. As a result of their assimilation the replication of the image of the society is inhibited

in a limited way. The overall regulatory framework of the society is taken into account, but also it stays away from the genuine feelings and perceptions.

Thus, the perception of migrants reveals their evaluation as necessarily “underprivileged”, their re-orientation can be extremely adaptive. As a result, the position of migrating families and groups is regarded as “insulting”, “concealing” human dignity, which is the basis of estimating real differences in the social position.

The emerging forms of social integration create new opportunities to adapt the migratory existence. As the basis of the analysis features of functional interdependence of work and social environment should be presented. First, you must raise the question of general cultural development of canals and notable features of the “local” community. In this case, you should install the “wreath” of interpersonal relations in the microenvironment of migration, taking into account the existence of value-normative representations. At the moment, any (even radical) changes in socio-economic situation, the specific institutional status force refraction through the prism of narrow personal, intimate mutual perception. However, the consciousness of workers falls under the influence of an integrated system of social and cultural life, while the remainder is the phenomenon of “their” non-institutional concepts.

Problematic is the exclusion of traditional norms of modernization plans for life when you can talk about the positive exclusion of unstable migratory existence, the removal of social exclusion, taking into account the host on the new material and spiritual conditions. The latter determines the direction of social and cultural impact on the situation of migrant groups and families, when their inner nature in a contradictory sense subjects to the peculiarities of the organizational and economic structures. Naturally, this can not go on the completeness of inclusion of migrant identity in a complex structure of the cultural life of the surrounding society. However, the possible involvement of new generations of social life includes those based on new psychological characteristics. The predominant factor is the need to transform the actual behavior in the aspect of the acquisition of social and technological skills, professional skills, modifying the usual means and methods of life.

In a positive sense, the result is a re-socialization of the migration experience of belonging to a new social and professional roles, the consistency of rules as a promising basis “novelty” of the migration experience. As a consequence, we can speak of “new” primary groups of co-participation, when a close partnership goes into the environment renewal, into a new understanding of the perceived environment. Migrants expand the boundaries of horizons and compel to get involved in new energy and opportunities beyond the usual reliance on experience tribesmen. In particular, it eliminates the tendency within the boundaries of a single dominant social stratum (group) to relate social problems “in the mutual obligations” of the migratory existence. It may be effective for the old “own world”, which is so highly perceived of mutual human inclinations. But this is a new process of self-development, which finds egoistic inclinations and individualism instead of the qualities of co-operation.

The attenuation characteristics of group cohesion leads to the differentiation of adaptive capacities of migrants, in particular, there is a typological division of those who "modernize", and those who remain “primitively archaic”. The result could be a new world of migrants, including “first immigrants” who have found a certain similarity of value-normative attitudes and socio-psychological attitude. As a consequence, there are new contours of social mobility, psychosocial expectations, reorganization basics lifestyle, when “challenges” adaptation becomes a need and there is some kind of integration complex ways of thinking and behavior. Meanwhile, there can not be equivalent relations between behavioral style and socio-cultural transitions in the overall regulatory social expectations and relationships. There is a slow change in the experience of working in a migrating microenvironment. On the one hand, we can talk about the obstacles of assimilation, on the other – it is fundamentally impossible.

Full integration as assimilation can not be free from patterns of behavior in past experiences, the rejection of which are threatened by sliding into the status of marginal groups. The way out of this situation is the dominant orientation to innovation aspects of work that should be taken to market relations in a competitive

system of interdependencies. This circumstance makes it possible to develop an orientation on the perception of the fate of the migratory existence. In particular, the latter should be free from the past personal distress and hardship as a transition to new ideas about social and human relations, separate spheres of existence. As a result, we have overcome of social and psychological characteristics of migrants, who are leaving the maternal environment, with its universal qualities. New professional attitude to life gives rise to the correlation of the institutional forms of life, takes the role of expectations in the bosom of the universal social and cultural existence.

The above processes of transition to new rules of migrants are as “rejection” in relation to the universal public provision. This is the result of the influence of migrant communities, which acts as a stable channel of influence of national attitudes and behaviors. Lowering this exposure may be due to the fact that it is increasingly lagging behind the quality of the institutional structures of the world, which ultimately reflects the unattractiveness of migrants traditional patterns and styles of behavior, their inadequacy common values (this reflects the understanding of how alien was the initial migration experience).

Naturally, in the current life situation "new migrants" face with disappointment and resentment of what is considered ancestral to the inhabitants of this country and who once again lays claim to domination and subordination. On the other hand, a degree of involuntariness is generated in relation to the former expectations by effectively operating segments and groups. Only in this case there is the possibility to advance the status of migrants, which should be achieved not only through the business success but also through recognition of the dignity of their person. As an additional point the selectivity of migrants can be formed in relation to organizational institutions, as well as their ability to create their own enterprises in accordance with their goals and aspirations.

It seems to be a very tempting idea that socio-economic situations, the normalization of life of societies completely eliminate the guiding influence of the environment that makes it possible to assimilate. But today, the actual migration situation in Western European countries shows that the influence of ethno-national

primary (at the same time ethnic and religious) community is crucial. The latter modifies but does not determine their influence on the behavior of migratory groups. Today, it is difficult to establish the relationship between work and community life of citizens of other nationalities. Political programs also demonstrate the previous statements: “we could not”, “failure”, the “threat”, “loss of personal identity”, etc. In this case, the holistic image of migrants is taken into account; it helps to understand his private life, his conflicts and destiny. As a consequence, the modern assessment of multiculturalism is either a one-sided or overly abstract.

The problematic conditions include a universal conflict between the cultures of cities and relatively small outlying settlements, mainly come from migration. Structural formation of life makes the necessary compensatory function and at the same time it is traditionally conservative, it makes it inseparable from the community institutions of regulation. Participation in the labor force expands the horizons of a human socio-cultural migrant because the performance of functional responsibilities sends it on the top of primary groups. But in this case, they play their effective role as work activity inevitably draws communication with similar migrants. In addition, professional-career workers are limited to the features and level of prior socialization. In this case, the contradictory attitudes achieved by the dynamic growth of the individual, are reloaded with new values. Finally, the worsening social and economic divisions within the country once again complicate the process of adaptation of migrant population. As a consequence, there is a “roll back” to the reality of community organization in the same “blocks” from which the feedback activity is perceived more negatively.

Thus, the rationale for the phenomenon of migration is an essential factor for the development of public relations; it identifies its specific objectivity of relations oriented towards the development of principles of social and philosophical analysis of the migration experience and existence. The practical significance of the study determined that the justification for the role of migration in modern society, avoiding extremes in its explanation and understanding, is to prevent the reduction of

migration to economic factors that push the boundaries of public opinion in establishing normalized relations with groups of workers.

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**ECONOMIC ANALYSIS OF TERRORISM AS A COMPLEX SOCIAL AND
POLITICAL PHENOMENON**

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Modern terrorism is a complex, multidimensional and extremely negative social phenomenon which has spread beyond the national borders of individual states and has become a threat to the security of the entire world community.

History of the struggle against terrorism at the international level started in the second half of the 20s of XX century. According to the decision of the First International Criminal Law Congress (Brussels, 1926) held under the auspices of the International Association of Criminal Law several conferences devoted to terrorism were held at that time.

Key areas of cooperation to combat terrorism at the state level were determined in the course of these international forums. The efforts of international lawyers were directed at the development and coordination of regulations governing such aspects of terrorism as:

- general principles of struggle against terrorism and the content of certain terms used in official documents regulating the interaction of the countries within the framework of this kind of international activity;

- specifics of the struggle against terrorism on air transport;
- the struggle against international terrorism at the highest international level;
- the conventional mechanism for combating international terrorism;
- international cooperation to combat specific terrorist attacks and normalization of relations as a result of their commitment.

The first such conference, held in 1927, adopted the document in which an attempt to define the concept of an international crime and to give this phenomenon criminal and legal assessment was made.

The necessity of criminal prosecution and punishment for the committing of the most dangerous crimes threatening social security was also emphasized.

One of the first steps in the international cooperation against terrorism was the adoption of the draft of International Convention for the prevention and punishment of acts of terrorism by the Assembly of League of Nations in 1937. This convention was not ratified and has not come into force.

But an impressive package of documents on terrorism adopted by the United Nations, its specialized agencies and regional organizations in fact only details the positions of Article 1 of the named Convention.

They concern the duty of "every State... to refrain from any actions designed to foster terrorist activity directed against other States and to impede the actions in which this activity can be expressed... and to render mutual assistance".

Declaration on Measures to Eliminate International Terrorism adopted by UN General Assembly in 1994, almost 60 years later reiterated the need to strengthen cooperation in the struggle against terrorism and reaffirmed the obligation of States to take all possible measures to eliminate it. But by the beginning of XXI century it became clear that the threat of terrorism has grown up to a global level and the international community fails to cope with it so far.

The international community has come to the opinion on the necessity, in addition to the existing international UN instruments and in order to create a uniform legal framework for the international cooperation in the struggle against terrorism, to develop a comprehensive convention against international terrorism.

The relevant initiative was put forward in 1996 by India at the 51st UN General Assembly. The resolution "Measures to Eliminate International Terrorism" adopted by the 53d session of UN General Assembly in 1998[4] gave the mandate to priority elaboration of a convention draft, alongside with continuing work on the Conventions against nuclear terrorism (initiated by Russia) and financing of terrorist activity.

The historical experience shows that terrorism is caused by an aggravation of social internal and external contradictions, especially during public crises, wars, revolutions. The specific historical situations of each country, national character and traditions, historical memory of people inevitably affect the scales of terrorism and its destructive consequences.

The complexity of the struggle with any crime involves acting upon all or major underlying causes and conditions generating it. A number of circumstances impede this impact in case of terrorism [1.93]. First, the terrorist's personality today is rather peculiar. It reflects social and cultural environment of a future terrorist. Typically, it is the situation of religious fanaticism, national narrow-mindedness, neglect of modern civilization and culture, contempt for heterodoxies and people of different religious beliefs.

A mature terrorist readily sacrifices himself in the struggle with "the unfaithful". To influence such a person is extremely difficult. To re-habilitate him is practically impossible. Individual prevention of terrorism is possible only as a planned and purposeful formation of a person from childhood in an atmosphere of acceptance of modern humanistic values. And this is possible only in an open secular society, in a democratic country, under influence of all cultural ideas and values accumulated by mankind.

Secondly, no person, no matter how fanatically minded, can act irrespective of the real conditions or without considering them: any specific criminal act generally requires more or less significant reason. It can be a particular life situation crucial for the person or general situation in the region, the country, or the world. Terrorism arises and is implemented with a combination of those and other occasions and situations. On a personal level (with fanaticism upbringing background) death or

arrest of the militant - husband, brother, or father -; destruction of dwelling and loss of property during military actions (as was the case in the Chechen Republic); ill-treatment by local authorities (especially if they are people of other nationalities or beliefs, etc.) can become the reason.

Thirdly, the specific life situations promoting the formation of a person inclined to terrorism and provoking intention to make an act of terrorism at any cost would be rare or even impossible if they were not created by general adversity in the world associated with major social processes. According to B.Netanjahu, “act of terrorism impresses and affects ... due to the absence of any logical connection: it is complete innocence of people who have become the victims of terror that causes fear “.

Acts of terrorism are perceived by people as frightening and traumatic events. The following factors influencing the level of “traumatization” by terrorism acts are the following: unexpectedness of the event; number of victims; the degree of cruelty of terrorists’ behaviour “before”, “during” and “ after” an act of terrorism; the degree of social and physical vulnerability of victims; unexpectedness in the choice of victims and objects; information coverage of the event, its character and consequences; the degree of identification of oneself (the family) with the victims; conformity of terrorists’ demands and motives of their conduct to social norms of a human perceiving information about an attack.

The state of constant anxiety has three behavioural outputs. Psychologically stable people mobilize and feel able to confront terrorism. Psychologically weak, but stable people find protection in “fencing” themselves off the information on terrorist threat, acts of terrorism and their aftermath. Psychological weak and unstable individuals show tendency to yield to the demands of terrorists. And here is the most remarkable thing in terms of the terrorists’ aims: a certain psychological mechanism which can be called “a loop of fear” switches on. Concession to terrorists strengthens the reaction of fear from act of terrorism.

At the same time the views on the nature of terrorism differ. The proponents of the objectivist approach see the root causes of terrorism in the actual conditions that give rise to its manifestation in society - dramatic differences in the position of

various social strata and ethnic groups, cultural and religious discrimination, political persecution and well-marked economic differentiation of the population, etc. Representatives of the subjectivist approach believe that terrorism is caused by the personal motives of people (extremists and fanatics) trying to influence the legitimate authority, and that recognition of and search for objective reasons only serves to justify the criminal actions of terrorists.

Among the supporters of the first approach there are many representatives of the scientific community, and the opposite approach is often adopted by the experts - government officials and law enforcement agencies, etc. In addition to these approaches there exists another approach to the causes of terrorism within which we are going to consider both objective and subjective determinants of terrorism as the two sides of one coin. In this case, the pro-Western and anti- Eastern bias is refuted, as it is believed that it ignores the state terrorism practiced by the U.S. and its allies. The views on terrorism as the enemy attempts to destabilize the West of Western democracy and to undermine Western values and interests are criticized as well.

Currently, terrorism is increasingly seen as a result of the interaction of a complex set of factors - historical, political, ideological, cultural, religious, psychological and economic. That is why social sciences, including economics start to study it. Economic analysis is an important instrument for the identification of terrorism causes and for developing of effective methods to suppress it. This scientific field has been actively developed only after the events of September 11, 2001. At present one can highlight several alternative approaches which focus on the analysis of the subjective motives of the decision-making, changes in demand for terrorist activities and the consequent supply, the impact of international competition, cultural and institutional factors.

As complicity in terrorism is connected with the material motivation, the financing of terrorism is regarded as a very vulnerable element of its organization. Therefore, more and more attention in countering terrorism is paid to the financial aspects of combating the terrorist threat.

Currently, there is some disagreement in the population and experts views on how to eradicate terrorism: 55% of respondents and 44% of experts believe that terrorists must be ruthlessly destroyed, 49% and 71%, respectively, believe that terrorism is just a tool and to eradicate it one must eliminate its causes - inequality, injustice, oppression; 46% and 41% support toughening of the border control, 16% and 15% said that international terrorism can be defeated by restricting democratic freedoms

What measures, in the opinion of the Russians, are required to change the situation? The majority of respondents in January, 2005 believed that we need to strengthen the coordination of special services (63%) up to their uniting into one department (e.g. like the Ministry of Public Security in the U.S.), toughening of legislation up to the introduction of the death penalty for terrorists (84%), the destruction of terrorists and their bases outside the Russian Federation (82%). 58% thought it necessary to impose restrictions in the immigration legislation. 59% of the respondents are ready to support increased spending on defense and security and the empowerment of law enforcement agencies. At the same time the Russians would like to exercise more control over law enforcement bodies (78%).

However, it would be wrong to assume that in their desire for order and a “strong hand” citizens are ready to sacrifice their freedoms. On the contrary, Russians very clearly distinguish between actions that are likely to be effective means of suppressing terrorism and steps leading only to the restriction of personal rights. First and foremost, we are talking about announcement of an emergency state and toughening of media censorship, wiretapping, or ban on strikes and other mass actions. Thus, only 33% of respondents in 2005 would rather support the suspension of the activities of opposition political associations (43% were against it); 44% were for the censorship in the media (with 47% against); 66% of respondents did not support the proposal to ban strikes and other mass actions; 69% were against cancellation of elections in the coming years: 54% didn't support the idea of personal rights restriction (tighter control of documents, wiretapping, personal searches, etc.), 61% were against the announcement of an emergency state.

The plenary meeting of the Financial Measures to Combat Money Laundering Group (FATF) on February 25 – 27, 2004 in Paris, basing on the analysis of international experience in combating money laundering and terrorist financing adopted a report which examines the most frequently used schemes and methods of money laundering and terrorist financing. Attention was paid to the following problems: wire transfers, non-profit organizations and their involvement in the financing of terrorism, the vulnerable spots of the insurance sector in terms of money laundering, people of influence in politics and those providing professional services on legal and financial issues.

As wire transfers are quick and efficient way to move the criminally gained proceeds, they can be used to finance terrorism. Complex schemes of non-cash transfers can be used to deliberately conceal the source and destination of funds meant for the financing of terrorism. Currently, however, wire transfers for the financing of terrorism can be identified through a limited number of indicators, which include source and destination of funds, the names of individuals (if information is available).

Addressing the issue of misuse of nonprofit organizations for the purpose of terrorism financing has shown that changing the route of even insignificant amount of money can present a potentially serious problem of terrorist activities financing. There were several groups of non-profit organizations and the associated risks identified.

In most states non-profit organizations are subject to regulatory action and control in order to reduce the risk of their misuse (for instance, to fund terrorism). Therefore, the experts agreed that to reduce the risk of terrorism financing it is necessary to develop and strengthen the mechanisms and methods of information exchange. There is no doubt that nonprofit organizations play an extremely important role in the social and financial fields of life.

Nevertheless, the amount of cash and other assets involved in the charitable sector means that the transfer of even a very small proportion of these funds to support terrorism is a serious problem. The international community therefore, in our

view, should pay attention to the problem of insufficient information about the risks of non-profit organizations being used by terrorists.

As practice shows, many nonprofit organizations are particularly vulnerable to abuses associated with the financing of terrorism. They are trusted by society, they have access to substantial funds and often have a high cash turnover. Some nonprofit organizations with an extensive network of offices in many countries provide a basis for domestic and international financial transactions, often in areas that are most vulnerable in terms of possible use for terrorist activities financing. Therefore, the misuse of nonprofit organizations for the purpose of terrorism financing can be carried out in various ways. First of all, non-profit organizations are used by terrorist organizations for fund raising, applying for the status of a charitable organization and tax exempt. Some nonprofit organizations use a fairly aggressive methods of fund raising seeking donations from people at large, and in some cases focus on certain target groups within particular ethnic or religious communities.

Inadequate regulation of the insurance business opens up possibilities of its use by people laundering their criminal proceeds. In general, this industry is considered the most vulnerable in the final “integration“ stage of the money laundering cycle. Observations show that the level of detection of the operations on money laundering in comparison with the size of the industry is generally low. However, the results of monitoring will require further in-depth study of specific risks of money laundering in each sector forming the insurance industry.

The media often reports on cases of exposed politicians suspected of financial crimes related to corruption. Influential politicians involved in criminal activity often hide illegally obtained property through a network of overseas companies and offshore banks. They often use intermediaries or their family members for moving or storing of their property. Methods used by such political figures for concealment of their property are similar to those used for money laundering. The financial organizations can identify potentially illegal activities of such people by being particularly alert as when fighting money laundering.

Individuals carrying out money laundering operations increasingly use the services of professional consultants. The tendency to involve highly qualified professionals in the fields of finance and legislature in money laundering schemes has been previously detected by the FATF.

Nowadays the concept of rational behavior of criminals when he makes decisions and chooses his actions on the basis of arising benefits and disadvantages enjoys widespread popularity in the economic analysis. This concept continues the traditions of microeconomic theories of neoclassical school and is grounded on the principle of individualism. One of the founders of the theory of human capital and a supporter of the economic imperialism concept, G.S. Becker argues that the economic approach is unique in its might and ability to integrate diverse forms of human activity, provides a coherent and unified scheme for understanding of human behavior and is comprehensive. Basing on ideas of I. Bentham, he points out that the economic approach assumes maximizing behavior in a more explicit form and a wider range than other approaches, so that we are talking about maximization of the utility or wealth function by no matter whom - a family, a company, trade union or government . G.S. Becker notes that "the idea of the wide applicability of the economic approach is supported by the vast scientific literature of the last twenty years, in which the economic approach is used for the analysis, one might say, infinitely varied set of issues, including the development of language (Marschak, 1965) , church attendance (Azzi and Ehrenberg, 1975), political activity (Buchanan and Tullock, 1962; Stigler, 1975), the legal system (Rosner, 1973; Becker and Landes, 1974), extinction of animals (Smith, 1975), suicide (Hamermesh and Soss, 1974), altruism and social interactions (Becker, 1974, 1976; Hirshleifer, 1977) as well as marriage and divorce (Schultz, 1974; Landes and Michael, 1977) [2].

We formulate on this basis a model of rational behavior of an offender, according to which an offender like any person seeks to most effectively use available human and physical capital [1]. The decision to become a criminal, in principle, does not differ from the decision to become a bricklayer or a carpenter, or,

say, an economist. An individual considers all costs and benefits of each alternative and makes on that basis his decision”8].

To interpret the terrorist’s behavior and the choice of methods of anti-terrorist activities the standard model of economic theory of crime can be used. It allows to analyze the terrorist’s decision-making process with regard to potential material and moral gains and losses:

$R = W - pD$, where R - the terrorist’s net benefit from the crime; p - the probability that the terrorist will be caught and punished; W - value of the benefits from committed crime; D - value of the losses resulting from the terrorist’s punishment. In accordance with the concept of rational behavior a potential terrorist will try to commit an offense if he has a positive net benefit, or $W > pD$. If the net benefit takes a negative value, then the terrorist will have no reasons to commit a crime. We should take into consideration that choosing the terrorist’s career prevents him from getting some material and moral benefits from legal activities, and, consequently, makes the corresponding value of missed opportunities. In this regard, the net benefit of terrorist activity appears as the difference between the total profit from illegal activities (W_{illeg}) and the value of missed opportunities from legal activities (W_{leg}), ie $W = W_{illeg} - W_{leg}$. For a potential terrorist committing crime makes no sense if the total gains from illegal activities are less than the amount of losses in connection with the possible punishment for his crime and missed profit from legal activities, i.e. if $W_{illeg} < pD + W_{leg}$. The task of the state and society is to create instruments allowing to effectively influence the variables that determine the choice of terrorist career.

Economic concept of the terrorist’s rational behavior does not take into account the interaction of a large group of socio-political, cultural and historical factors in the proper way. Therefore, some advocates of the neoclassical microeconomic approach offer an analysis of a complex combination of factors determining the development of terrorist activities on the basis of the market supply and demand concept. For example, in his “The Political Economy of Hatred” E. Glaeser reviewed the formation of incentives and disincentives for potential terrorists. According to this

approach the proposal of potential terrorists is conditioned by the degree of bitter political struggle. Terrorism is promoted by civil wars and political conflicts which increase the number of people trained to use violence. The demand for terrorist activities is determined by the extent of contacts of this country's citizens with foreigners (tourists, military and civilian experts) or with any minorities (e.g. the Jews), against which terror can be drawn, as well as by the resources of powerful groups that benefit from kindling of hatred [7].

In contrast to these approaches which have developed on the basis of microeconomic theories of the neoclassical school, the supporters of the economic and cultural theories, such as G. Myrdal, J. Scott and T. Shultz, emphasize the importance of conflict between traditional values and modernization processes.

Deep socio-economic, spiritual and moral transformations in the modern world are quite controversial. They lead to institutional and moral deformations, the mood of insecurity, anxiety and qualms about the future creating a breeding ground for crime and terrorism. The terrorist's personality makes particular socio-cultural environment.

Today many regions of the world experience increased confrontation between various ethnic groups and cultural layers leading to an escalated aggressive behavior, anomie, to the neglect of the laws and the assimilation of criminal skills and experience of different countries and peoples by the fringes of society. At the same time the environment of religious fanaticism and national narrow-mindedness, disregard of modern civilization and culture, contempt for dissentients and nonconformists is being formed.

The representatives of this approach pay attention to the important role of cultural values of people, to their views on justly organized economic life, and often express judgments on the direct impact of such factors as life quality and income differences on terrorism level. In this case, terrorism is seen as a protest against social injustice generated by poverty. The solution of the resulting problems is often seen in gradual economic changes based on the improvement of the quality of human and social capital and institutions.

The proponents of neoinstitutional direction offer a different approach to the analysis of national processes of terrorism development pointing out the importance of the economic and legal environment improvement. As noted by E. de Soto, in the economically depressed countries the institutions are largely not an instrument of social development, but principal obstacle to it. “They do not allow to realize the entrepreneurial abilities of the majority of the population. Entrepreneurial resources of the country can be exhibited only when permitted by the dominant institutions. Just look at the Peruvians who are doomed to poverty and stagnation in their country, but who have achieved success in other countries where their activities are protected by the relevant institutions “[6].

In the national economy with poorly developed market-democratic institutions and domination of administrative-bureaucratic methods of control there is high transaction costs, which inhibits economic activity and contributes to a dramatic growth of the shadow sector and inefficient use of resources. But in these conditions there appears an illusion that the cause of the economic system defects is the flaws of national culture and the natural laziness of the population. This gives rise to a vicious circle. The growth of illegal activity leads to a diminished legal sector, increased tax pressure and capital drain. Because of that the shadow business becomes more profitable, while large companies are trying to obtain financial benefits and privileges that restrict competition, as it is more difficult for them to hide their activities. This, in turn, leads to a deterioration of the economic situation and rising unemployment. “The crisis of the concept of authority, its credibility, its authority and legitimacy in a chaotically changing society, the existing links between organized crime and the representatives of political power in some major cities ... the impotence of the law - these are just a few of the indirect incentives that allow to transform latent dissatisfaction with life into an open violence “[5].

In 1990 E. de Soto became an economic adviser to President A. Fujimori. The latter, following his recommendations, stroke power blows on left wing terrorists involved with drug traffickers, and at the same time strengthened the property rights of peasants and urban entrepreneurs of Peru [6.9]. As a result, if in the 1980s Peru

resembled Chechnya of 1990 (guerrilla-terrorist organization “Shining Path” controlled large areas of the country), after Fujimori's reforms the level of terrorism in the country has significantly decreased.

After the Second World War general tendency towards unjust distribution of world resources, income and wealth has not been eliminated, the level of ignorance between countries (the core and the the periphery of world economy) continues to grow producing trouble spots. Therefore instead of “the end of history” according to Fukuyama meaning the victory of liberal values of Western civilization, there emerged the “clash of civilizations” epoch according to S. Hangington, and modern terrorism became one of the forms of “poor South” and “the rich North” struggle. The wide spread of Islamic terrorism is largely explained by the fact that the Muslim civilization in contrast to the Confucian, Hindu-Buddhist and the Iberian does not have economically and politically powerful countries - leaders, and this contributes to the active use of terrorist methods in its confrontation with Western countries.

The legal basis of counter-terrorism is the Constitution of the Russian Federation, the generally recognized principles and norms of international law, international treaties of the Russian Federation, the Law “On Suppression of Terrorism“, other laws and regulations. More and more attention is being paid to the building of an effective mechanism of public control over financial transactions which can be used to finance terrorist activities. For these purposes, the Federal Law” On Countering the Legalization (Laundering) of Proceeds from Crime and Terrorism Financing” was adopted. Terrorism financing is a type of financial crime with devastating effects hidden behind a seemingly ordinary financial transactions, but which can eventually destabilize society. It is important to eliminate the shortcomings of legal financial system which are used for money laundering and the support of terrorism.

The terrorism activity is an activity which includes: a) organization, planning, training, funding and implementation of a terrorist attack...”.There is no definition here of what exactly should be understood as financing of terrorism.

From obscure considerations the understanding of terrorism financing is narrowed: the situation when the sponsor finances not a specific act of terrorism, but a terrorist organization is excluded from the concept of terrorist activities. Summarizing the analysis of the financing of terrorism, we can offer some practical recommendations for Russia. First, to effectively fight against terrorism financing it is important to track the structure of the financial flow coming to terrorists so that to concentrate the attacks on the mainstreams. Second, to reduce financial inflow from abroad we should actively promote in the Western media the view on Chechen terrorism as an element of international Islamic terrorism changing the image of the Chechen separatists as “fighters for independence” and trying to make their organizations listed among the international terrorist organizations which funding is strictly prohibited.

Third, to reduce the inflow of finance from the East we should work with the Chechen diasporas and Muslim countries, seeking a legal and transparent channels of collecting donations for the needs of the Chechen population and the Muslims of Russia. Fourth, the most important method of struggle against the financing of terrorism should be to combat the shadow economy as a breeding ground for terrorist financing. Fifthly, in view of the priority of terrorist financing suppression among all anti-terrorist measures it is advisable to add a special section devoted to combating the financing of terrorism to the Federal Law” On Suppression of Terrorism”. Another option could be a special federal Law” Suppression of Financing of Terrorism” with a wider treatment of the term.

Terrorism financing is a type of financial crime with devastating effects which are hidden behind seemingly regular financial transactions but can eventually destabilize society. Terrorists carry out their illegal activities through their networks via and with the assistance of the hidden structures of financial support. It is important to eliminate the shortcomings of legal financial system which are used for money laundering and support of terrorism.

The issue of financing of terrorism will play a significant role in international affairs in the near future. As financing of terrorism is its most vulnerable point, then

its suppression should be one of the ways to confront it in practice. In addition, in view of the present situation in western economies struggle against financing of terrorism could be used as a non-economic instrument of control over the international financial system. Due to the fact that currently the attempts to use the fight against financing of terrorism for political purposes are made by the United States, it can not but cause concern.

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Yerzyn A.H.

ECONOMIC REFORMS of RUSSIA AGAINST CORRUPTION

National Research Mordovian state university named after N.P.Ogaryov

Preface

Nowadays corruption is against the background of economic reform in Russia is an important problem for research. Since 1991, Russia is going through a difficult period of development associated with the total process of reforming the political and economic systems, collapse of stereotypes, changing of public consciousness.

The character of transformational changes led to a number of negative phenomena and processes, including the special place a huge increase in corruption.

Considerable amount of officials revenue from corruption (300 - 400 billion dollars) inspire fear for foreign investors, while contributing to a massive outflow of Russian capital abroad, which significantly reduces the investment resources. Bribes becomes the main incentive for the officials. The criminalization of the economic sphere created real conditions for conversion of the criminal economic power in political sphere.

Important to note, corruption does not allow the economy to develop normally and poses a threat to national security, affecting for economic, social and political components. This necessitates complex of measures aimed at reducing corruption in the national economy. Initially, the problem of corruption was designated under the issue of the shadow economy which was developed in the foreign economic science, owing to such scholars as: De Soto, E., Connor, T., Kottke, K., Svensson, P., Williamson M, Walter L., Hart, K., X. Entorf and others. In the middle of 1990s. various issues related to the study of the informal sector of Russian economy considered as domestic scientists, among them:

Glinkina S, Dolgopyatova T, Degtyarev A, Ispravnikov V, Kulikov V, Kurochkin Y, Koryaghyuy T, Menshikov S, Osipenko O, Polterovich V. Senchagov V, Suetin A, Radaev V, Timofeev L, Shokhin A, Yakovlev A, and others.

Their works research the contents of types and causes of corruption, attempts to calculate the amount of bribery.

Insufficient developed of many aspects "corrupt activity", necessity of reducing this phenomenon, retardation of adoption key macroeconomic decisions, determined the choice of topic, number of issues requiring priority consideration.

Influence of features of Russian economic reform on the development of corruption

Corruption by Machiavelli is the use of public opportunities for private gain. UN documents define corruption as the abuse of public power for private gain. Some of domestic scientists adhering neo institutional approach to the definition of the phenomenon, mean by corruption, official kind of opportunistic behavior, arising due to the high level of information asymmetry between citizens and government officials. Corruption is the generally use of official position for personal gain. It's considered the one of the core of the shadow economy as a whole. Corruption goes beyond bribery. This concept includes the misappropriation of public funds for private using and nepotism (patronage based on personal relationships) and direct bribery. (giving consideration for the retreat of professional duty) Modern economics identifies many causes of corruption, allocating economic, institutional and socio-cultural factors.

Economic causes of corruption are imbalance between low-wage and their high-ranging powers. This is especially noticeable in developing and post-socialist countries. Institutional reasons of corruption is closing and overregulation of public agencies, untransparency of lawmaking, cumbersome reporting system, unskilled personnel policy of the government, admitting promotion «to pull» regardless of the outcome of the civil servants, spreading a large number of commercial universities instruct "educated ignorance " rather than qualified professionals. Socio-cultural causes of corruption are demoralization of society, lack awareness and people's organization , underdevelopment of civil society institutions, passivity with respect to bureaucratic tyranny. Economic damage from corruption due to the fact, it's obstacle to the implementation of macroeconomic state policies. As a result of corruption, the lower and the middle management levels the central government no longer receives reliable information about real situation in the country's economy and cannot achieve the realization of the objectives.

CID:J11201-052**O.N. Voronkova**

**INTEGRATION OF IN-COUNTRY REGIONS AS LOCAL
FORMATIONS INTO THE GLOBAL ECONOMIC SYSTEM:
THEORETICAL AND METHODOLOGICAL BASIS**

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The investigation of the nature and content of the global economy and the system of the world economic interaction at the present stage requires theoretical and methodological basis of combination of local and global development factors in a set of historical and structural aspects. At the same time in the conditions of the world economic environment instability an integration vector of the national economy development in the globalizing world economy generates the potential of using a spatial structure to increase the effectiveness of participating in the international division of labor. It means that in-country regions are becoming the players of the world economy. They are being included into the synthesis of local formations making up the system of the global economic space by using foreign economic potential, development of foreign economic activity and relations within the relevant foreign economic model as well as the strategy of inclusion into the International Division of Labor (IDL) system in order to maintain an optimal level of the foreign economic openness and the competitiveness of regional businesses, regional and national economies in a whole.

According to R. Robertson, at the moment a glocalization model is forming, i.e. localization of globality, that reflects the tendency of forming globality not from the "top" but from the "bottom" – through a local [15, 16]. At the same time glocalization is the process of harmonization of relations between the local and the global, when the local spaces are characterized by extroversion, i.e. search of optimal ways of integrating into the global processes. In this case, the term "global" means both "international" and "subnational" as well as "trans-local". Regions become the participants of these processes. They are the entities related to the reproduction cycle

and administration structure assigned in certain spatial and functional forms [17, p. 127]. In this context, the world economy is in fact, a "system of interacting regions" [3, p. 14].

The model of "cross-border regionalism" is developing within these circumstances it can be described as a spatially integrated form of political, economic, social, cultural, etc. cooperation and problem solving which crosses the borders of national administrative practices and seeks to form the awareness of the coherence, interdependence and common interests contrary to these borders [5]. The main distinguishing aspect is the synergy economic effect and a more effective policy achieved by the elimination of communication barriers created by national borders.

It is possible to distinguish the following features of local formations (in-country regions) to be included into the global economic space defining its trends and patterns:

1) the transformation of regions into open markets that have to maintain competitiveness to be included into the global economy;

2) the change of the economic space is internal structure from a centralized single-industry structure of production to a network that suggests an active outsourcing of business processes based on the application of the cluster principle of the regional economy organization as well as cross-border cooperation;

3) consolidating the subjective basis of the development of the foreign economic interaction by means of activation of regional authorities as geopolitical players and their interaction with supranational institutions through the mechanism of foreign economic relations as well as the foreign economic strategy and policy of the region;

4) the dichotomy of foreign economic space of the subnational structures development in the framework of the "objective (economic basis) - subjective (political basis)", which is described by the system of categories (foreign economic potential, foreign economic complex, foreign economic activities, foreign economic relations, cross-border cooperation, foreign economic model, foreign economic strategy, foreign economic policy, foreign economic openness, regional international competitiveness).

As a result, an in-country region develops into a cross-border formation – a cross-border region which is functioning both within clearly defined borders as well as in conditions of their blurring through the organization of cross-border cooperation system (regionalism) taking different forms - from traditional trade exchanges to politically mutually agreed structures (e.g. economic unions). According to M. Lubin, a huge amount of time, resources and labor is required to be mobilized by the neighboring countries and regions in order to adequately cope with the consequences of globalization. And it necessitates the existence of free cross-border mechanisms for intergovernmental cooperation intended to achieve specific objectives [14, p. 162-163].

It is worth mentioning that the network channels and numerous links between these parties are essential components of a cross-border region. The contacts between the parties of the same type (region-region) and between parties at different levels (region - state, region - business) are considered possible. As for transnational links, channels and networks, there is also a connection between these sub-regions, as well as between separate companies, businesses, educational institutions, non-governmental organizations which fill cross-border cooperation with certain content.

Respectively, the formation of a cross-border region assumes a certain level of the development of foreign economic spheres of in-country regions as a subsystem of the regional economy that ensures its integration into the globalizing world economy.

All the above mentioned makes it possible to define the achievement and maintenance of international competitiveness as the resultant vector of the in-country regions' integration into the global economic space. International competitiveness reached by strengthening the mutual foreign economic activity of different countries' regions and their businesses in order to derive benefits from the IDL as part of the intergovernmental and interregional agreements .

In the author's opinion, this aspect is associated with the implementation of the cluster approach which assumes a set of organizational and economic activities conducted by governmental and public support institutions in order to bring together

business units into network spatial forms of economic cooperation to achieve the synergetic effect.

Within the cluster the industrial, innovation business, integrated management of products' quality, customers support are combined according to the object content. The efforts of entrepreneurs, governments, subjects of the innovation and investment activity are combined within the cluster according to the subject content. The competitiveness of an in-cluster enterprise is, as a rule, the result of the competitiveness of the networking region as a whole. National and international industrial clusters alongside networking regions are considered to provide the greatest stability of the national and regional economies and their strongest competitive positions in the global market. The cumulative effect of the network mobilization enables a faster and more flexible response to alterations in the system of global exchanges. Thus the networking region adds to the capital of its enterprises a kind of "territorial margin" whose volume is easily measured by business entities.

At the same time the integrative effect of the implementation of the cluster model of regional development can be combined with the similar effect of cross-border cooperation. It transforms the essence of the cluster concept from the formation of competitive advantages of the territory through the complexity of its industry development to the implementation of the consolidated potential of the regions, whose economic territories are the basis for the development of cross-border cooperation.

As the result of the synthesis of the "cross-border regionalism" model and the cluster concept of the socio-economic regional development, cross-border clusters are formed. According to the author, cross-border clusters are amalgamations of independent companies, associated institutes and other subjects of cross-border cooperation, operating within the geographical borders of a cross-border region, collaborating and competing, specializing in different branches and linked by common technologies and skills, complementing each other in the production of common products or services. That eventually makes it possible to obtain synergy and network effects, the diffusion of knowledge and skills. The formation of these

clusters is the prerogative of border territories' joint authorities on the basis of bilateral agreements of home countries, as well as the national legislation that forms the legal framework of the foreign economic cooperation of regions and the development of businesses' foreign economic activity.

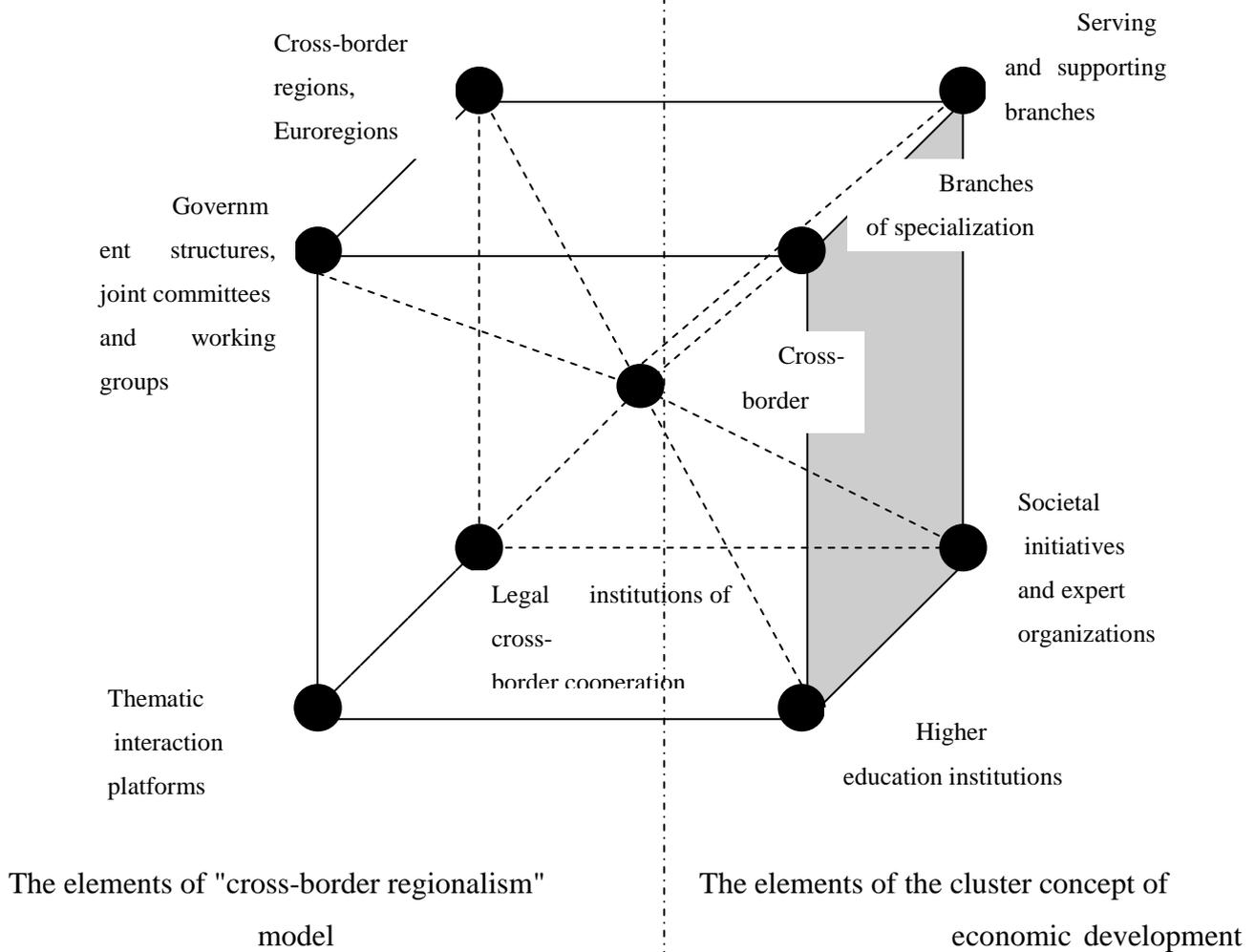


Fig. 1. Graphical representation of the author's concept of cross-border cluster development of territories

A comprehensive approach to the synthesis' development of the model of cross-border cooperation and clustering of the regional development can be represented graphically (Figure 1).

On the whole, using the synthesized concept of the cross-border cluster development by regional authorities will enhance the effects of the inclusion into the international division of labor system, integration of regional economies, synergy of business interaction in various sectors of economy. This will bring in real benefits to

the enterprises (increase of the competitiveness and profitability), regions (increase of the involvement of population's incomes and budget revenues) and countries in general (replenishment of budget revenues and formation of the "updated" country's image in the world economy).

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**MOTIVATION AND STIMULATION OF INNOVATIVE ACTIVITY IN
STATE HIGHER EDUCATIONAL INSTITUTIONS OF THE RUSSIAN
FEDERATION**

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Introduction

The government of the Russian Federation agrees that despite the measures, taken to support and develop the Russian science, creation of institutional environment, and organizational legal forms for doing entrepreneurial business in the sphere of innovations, the tendencies of lacking technologies in the most process industries of the Russian economy has not been identified yet due to a general low innovativeness of the Russian entrepreneurial sector.

Low business innovativeness is a serious problem which is caused by several matters:

- Low technological level: it is necessary to overpass several levels at a time. This results in considerably more investments for innovative activity;
- Unstable character of institutional and legal environment, which prevents from building up long-term plans;
- Broken bonds of the previous innovative cluster and lack of new ones, created under the marketing conditions.

In the current situation, the entrepreneurial economic sector is aimed at making profits in the ‘fast’ mode therefore to achieve the goal an entrepreneur is searching for any available way except for implementing innovations, although it is possible to use finished innovative products and be a follower, a participant of the latest stage of the innovative process when the diffusion of innovations takes place.

Such behavior of economic entities is classified as a least advanced type of innovative behavior. The domination of the type “characterizes the Russian innovative system as simulation-oriented rather than oriented to creation of radical innovations and new technologies, moreover the type of passive technological borrowing”, which is the most numerous in Russia (34.3%), is disappearing in economically developed European countries (5-8%)”[1].

All these unsettled problems provoke gaps in an innovative cycle in the process of changing R&D fundamental researches into commercial technologies; this has an adverse effect on the possibility to create conditions for extended reproduction of scientific potential. As a result, capitalization of the intellectual resource takes place mainly outside Russia and significant means of the entrepreneurial sector is excluded from reproduction processes in the domestic sector of research and development [2].

Stimulation of scientific sector of economy for creating innovations

The efforts of the government to trigger innovative activity have no positive results since objectively there are no adequate conditions as a relevant environment of innovativeness has not been created and human potential has not been involved: entrepreneurs have no wish to create and promote innovations. Innovative activity combines both public and personal interests, shaping the business as a complex socially important process. Using labour as pleasure and labour as necessity,

innovative activity develops only when a person feels an inner need together with the outer public influence, which creates incentive for a man of enterprise.

Stimulus as an outer factor, being a drive stimulus, which provokes a particular action, can fail in achieving a desired result. Therefore it is essential to switch the stimulus onto motive creation since a motive is an inner need of the business entity. Stimuli as objective conditions of people's activities can become motives in those cases when stimuli themselves correspond with the needs of business entities. The strongest and most stable motives appear when stimuli, being objective operational conditions, develop into a subjective interest which transforms, in its turn, into a vested interest, and are shaped as a goal for a business entity [3].

The creator of a scientific product is a scientist who performs scientific activity, following a motive based on satisfaction of the inner need for creative work. His scientific activity is supported by various outer stimuli bearing both a material and moral incentive moment. These stimuli are associated with academic ranks, acknowledgment by academic community, and additional payment for various results of creative work. This set of stimuli is stable and have been actual for a long time; it has hardly changed since the Russian economy moved into the marketing system.

At the same time, being financially supported by the government, scientific production does not have strict liabilities to the society, associated with commercializing the results of intellectual activity. The government neither provokes interest to scientific product nor requires its commercialization from researches receiving money for scientific researches. Here, a university sector of science is meant.

The experience of industrially developed countries shows that the management system pays a significant attention to the spread of knowledge acquired at the governmental expense. For instance, there is University Framework Law in Germany, which defines technology transfer as a key task of high priority for universities and scientists and, at the same time, sets a system of stimuli as a scheme of license revenue sharing ('Max-Planck Model') [4].

In 1986, the USA, which is one of the world's top countries and one of the main reformers in the sphere of innovative development, passed Federal Technology Transfer Act, which assigned technology transfer for scientists and engineers of all federal laboratories, requested to register the activities related to technology transfer under evaluation of employees' work, set a principle of royalty sharing for federal inventors (15% and more) and a system of remuneration for other innovators.

To the contrary, Russian Law does not require research groups entering into commitment to commercialize results of intellectual activity. However, it shows its favor towards initiative focused on the use of objects of intellectual property: "the government stimulates creation and implementation of inventions, useful models and industrial samples, proved them to their authors as well as holders of either patent or license, who use relevant inventions, useful models and industrial samples, benefits due to the Russian Federation. Legislation".[5]

As far as stimuli are concerned, their concreteness brings to naught the attempts of Russian legislators, associated with creation of stable motives for economic entities, to introduce innovation activity. One of the examples deals with a regulation of the civil code specifying payment of remuneration to a creator of scientific product, i.e. the author of the invention. Article 1295 of the RF's Civil Code specifies that author has the right to remuneration if his employer starts to implement a service-related product (this deals with a computer software, which is a common type of intellectual property), but an amount of remuneration, conditions and a procedure of its payment is determined by the employer. In this context, the author's rights might be prejudices or violated. Obviously, an employee feels awkwardly placed speaking with his employer about remuneration since they belong to different rank categories!

The Federal Law "About science and the state scientific and technical policy" also guarantees a scientist the right to earnings from realization of scientific and technical results, the author of which he really is, but with a reference to the Russian Federation Legislation, blurring a given stimulus.

Here comes a simple conclusion that a system of stimulation, which could provoke scientists to make a scientific product ready for its implementation into practice, does not meet the interests of the majority of academic community members since it is legislated in such a way, which makes the use of the stated regulations possible only for the most active employees, but the vast majority of them is out of this system of stimulation. It can hardly convince a considerable number of them that innovations are vital for the society.

Stimulation of innovative entrepreneurship

A mechanism of labour motivation in the condition of the market system of economy is created not only with economic but also with social factors, which permanently reinforce their role in this process. For entrepreneurs these factors of labour motivation deal with the following aspects: legislative protection of their interests as an owner, producer, and investor, which guarantees stability of their business activity; legal protection of their personalities; social evaluation of their activity [3].

We can suppose that for innovative business a role of social factors of labour motivation is more important than for any other business since here the intellectual aspect is extremely significant blurring out the borders between free and hired labour. As a result, business socialization occurs when public recognition plays the most important role. In this context, innovative business in Russia is being developed difficultly as it has a low public recognition of its importance. If lack of clear economic stimuli is concerned as an additional factor, a full picture with a negative shade will occur.

Speaking about the civil code, it is necessary to point out holders of license, i.e. entities using the results of intellectual activity have privileges due to the Russian Federation Legislation. Those laws are considered as mentioned by the Russian Federation Law that are not related directly to the regulation of innovative activity but which more often declaratively offer retaliations for activation of innovative activity. Thus, the Law “About small and medium business development in the Russian Federation”, Article 22, regulates support of the entities of small and

medium-sized entrepreneurship in the sphere of innovations and industrial production. The support is lent in a form of liabilities, which are incurred to the public administration authorities, to create innovative infrastructure, investing funds, assistance to patenting, and conditions for appealing the entities of small and medium-sized business to entering into subcontracts in the field of innovative and industrial production [6].

Obviously, the support concept is not concretized, has no address; it declares considerably important aspects of innovative activity, but it does not stimulate every economic entity individually. We think that a risk of this approach deals with the development due to command-and-administration principle. Freedom of actions for an economic entity is limited and the interest is evened as the government enters into obligations to support operation of the innovative infrastructure. This approach of the state system in the sphere of innovations does not create a need, which could further come into a motive activating a wish to perform innovative activity. To the contrary it aggrieves the development of public private partnership, which is extremely essential for the innovative business. Strict state regulation scares private business with a loss of maneuverability necessary in the current market conditions. Here one more reason exists: due to this reason Russian entrepreneurs are currently oriented to fast money, therefore governmental support is regarded by entrepreneurs as a possibility to absorb maximum interest in a short period. There a mind has occurred that these are peculiarities of the Russian mentality. We think this does not deal with a mentality of the Russian entrepreneurs as it can be associated with incorrectly defined stimuli.

University as a centre of innovation business appeal

In the last few years, the Ministry of Education and Science of the Russian Federation has been taking a set of measures for reinforcement of scientific, innovative and cooperative aspects as far as the activity of the Russian universities is concerned. Besides creation of research institutes, these measures deal with of several resolutions (No. 218,219,220), adoption by the government in 2010. The Ministry believes in their success, striving for reinforcement of relations between establishments of higher education and a real sector of the economy. These

resolutions offer financial support on carrying out common scientific projects for universities and industrial enterprises as well as developing of innovative infrastructure for a definite university.

Nevertheless, it is necessary to point out that although these measure reinforce stimulation of universities for creation of innovative climate in their environment but prevent from creating a stable motive for direct executers, i.e. scientists, postgraduates, and students, and do not orient them to creation of innovative results and promotion of these results for a consumer or search of such consumer. Since the suggested financial support is assigned on a competitive basis, it becomes available only for the most active and well-prepared scientific groups; at the same time the vast majority of universities does not meet the requirements, which allow to judge a relevance of innovation activity.

The development of this motivation in scientific and student media can be triggered by Act No. 217, passed by the government in August 2009, which allowed universities operate as cofounders of business entities, which perform implementation of results of intellectual activity into the sphere of business circulation. The academic community took it positively. It is evidenced with the results: for two years of the law force 1017 enterprises have been created, moreover 97% of them have been established by institutions of higher education and only 3% belong to scientific and research institutions. The vast majority of small innovative businesses belong to technical universities (44%), the rest are shared among classical universities (20%), humanitarian universities (6%), economic universities (9%) and others (20%). The activity of higher educational institutions for creation of business entities proves an idea that university environment is the most enterprising due to the potential of young personnel and students. According to the data of the state establishment “Centre for Science Research and Statistics”, a ration of students and postgraduates participating as employees in a small innovative business is 34% and an average age of employees approaches 34 years [7].

The development of innovative business is not the only way for universities to promote their inventions at the market. Very actively Russian universities use

cooperation with industrial enterprises, being based on the old prevailing relations. The stability of this tendency is proved by the data provided by the Association of Managers: “among outer Russian developers in cooperation with companies of various sizes for performing innovative activity, the top position is held by higher educational establishments (67%)”[8].

For example, in the Volgograd region the creation of small innovative enterprises is not so active in the two types of higher educational institutions – technical and classical universities. By the end of 2011, six businesses were registered by each type. At the same time, possessing a high scientific potential, the technical university maintain economic relations with industrial enterprises. Although a considerable increase in volumes of research scientific work is not observed. And for the 6 last years, this index has increased by 36% and in spite of the fact that in 2009 a significant rise took place from 34 m RUR to 56 m RUR [9], but on the whole, the current situation can be considered as a condition of stagnation preventing growth of innovative activity and universities from approaching a market of technologies. Therefore, despite of modest qualitative indexes of small innovative businesses (according to GU CISN, an average amount of the authorized capital is RUR 260,00 and an average book value of equipment and tangible assets amounts RUR 261,000), their role in creation of market relations between participants of innovative activity is enormous.

This creates a need to develop legislation in the direction of accretion of universities' power of intellectual property objects management. This deals with a regulation (Act 217) prohibiting universities a direct disposal of the share in the authorized capital of the established entity; this becomes possible only due to the permission of superior organization. In this case, it is possible to find contradiction between a prohibitive rule and the aim to create business entity. Since the activity of business entity is associated with a practical implementation (introduction) of the results of intellectual activity, which universities have the exclusive right to, a logical result of this activity must deal with diversification of consumption, i.e. must show an industrial growth of enterprise and its transition into the commercial sector of

economy. This transition could be a completion of the process of knowledge transition from its holder to its consumer, which is a vast majority of the society. The current reaction of the law ties a small innovative enterprise to university, preventing the former from developing into an independent commercial entity.

These restrictions do not stimulate the development of intellectual property market. Nevertheless, we do not associate the detection of collision with a defect of law, more likely it can be regarded as a stage of changing to a correct direction as this law plays a considerable positive role associated with resolving the problems on the way to development of innovative activity.

The law gives a hint which direction to choose in order to slightly move towards creating a working market of intellectual products. The development of market relations in the sphere of intellectual property circulation allows satisfy the interest of the entrepreneur as only this method can help in implementation of the whole set of property rights. In its turn, it will contribute to development of competition and creation of demand and supply of intellectual products. This is the result we are currently achieving!

Conclusion:

1. Unstable economic environment makes a business entity follow a least advanced type of innovative behavior, which is a passive technological borrowing.

2. One of the essential conditions for introducing innovative activity is the presence of innovativeness.

3. Stimulating the creation of a scientific product is an essential but insufficient condition for the innovative process. It is required with help of stimulation powers to develop social responsibilities of researchers – creators of scientific product – for the results of work and their complete fulfillment reaching the last stage, which are innovations.

4. Stimuli oriented to the development of innovative processes must be well formulated and legislated; this would eliminate their ambiguous interpretation and could convince the participants of innovative activity of their rights.

5. Freedom of entrepreneurship within the law and stimulation leading to the creation of not only the interest but also a need and stable motivation in creation and introduction of innovations. Here is the very mechanism which will put the Russian economy to the path of innovation development.

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**ASSESSMENT AND ACCOUNTING OPERATIONS WITH
CONVERTIBLE BONDS : THE PRESENT STATE AND PROSPECTS OF
DEVELOPMENT**

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Introduction. In the conditions of the developed market economy emission of bonds by the subjects of manage, except for a bank credit, is one of major sourcings activity of enterprises due to bringing in of loan capital.

Appearance of new financial instruments – the converted bonds – provides the issuers of bringing in of additional financial resources on advantageous enough terms, which would not predetermine the charges of activity to the considerable increase. Substantial influence on forming of market of the converted bonds carries out the general state of affairs at the fund market, policy of interest rate, proper positions of legislation and growths of deficit of current turns of balance of payments and budgetary deficit. Analysing also market of equities development in Ukraine, it is set that the market of the converted bonds submits the issuers of such securities (primary market), the segment of the second appeal of these securities develops not enough (second market).

Taking into account, that the most perspective direction of financial market development in Ukraine is market of equities development, about what marks prof. S.Z. Moshenskiy [11], it is possible to assume that the market of the converted bonds in Ukraine will develop in the future, as it takes place in Russia which predetermines the necessity of development of the grounded going near the reflection of operations with the converted bonds in a record-keeping.

1. Confession and valuation of convertible bonds

Convertible bonds are new objects accounting, to ensure the effectiveness of the operations that are relevant methodological research and development the display of these approaches your financial instruments. Almost not differ from convertible bond exchange bonds that can be converted into shares of another issuer.

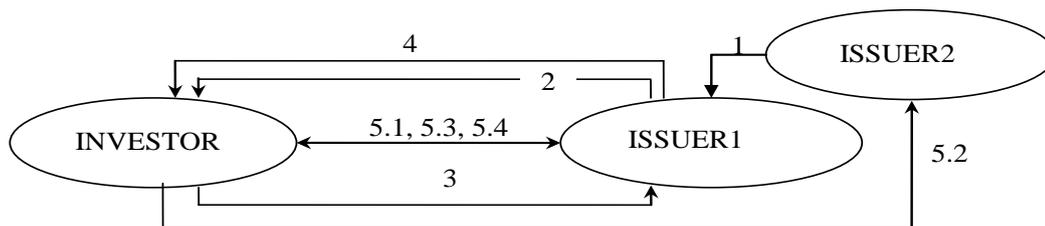
Exploring the issue of convertible bonds as a mechanism for the use of the stock market, the researchers remain neglected features of accounting research issue convertible bonds, including on recognition and evaluation of convertible bonds. Accordingly, subject to study the issue of convertible bonds with the aim of improving the methods of accounting operations with them, in particular in the evaluation and recognition during the account display in the reporting for the purpose of making managerial decisions to issue convertible bonds or acquisition.

Operations with bonds provides the appropriate konvertovanimi advantages over bank lending and the release of other securities for issuers and investors as bonds of this type:

- at the same time combine the properties of bonds and shares;
- provide a relatively small financial commitment interest compared to the rates of interest on loans of the bank;
- provide possibility of capital increase as a result of conversion of bonds on an action with a greater exchange rate difference;
- considered a less risk financial instrument for investors by comparison to actions and credit, there is a guarantee of returning of the inlaid money receipt of the fixed income;
- does not draw the loss of control above an enterprise.

Convertible bonds circulation mechanism involves several stages. The first stage is the placement of the issuer of the convertible bonds, simultaneously with the increase of borrowed capital is (passive balance increases the amount of commitment enterprises bonds, equity enterprise changes are missing). The second stage is the issuer of bonds for konvertovanimi commitment, i.e. the payment of interest. At the time of conversion is the conversion of borrowed capital in equity enterprises and enterprises in the commitment part of the interest on bonds (rice. 1). Presented the

scheme reflects the relationship between the investor and the issuer of the convertible bonds at different stages of their circulation.



Notes:

- 1 – acquisition of shares by the issuer 1 (securities) another issuer.
- 2 – sale of convertible bonds to investor;
- 3 – receipt of monetary funds in payment of bonds from the investor to the issuer;
- 4 – payment of interest for bonds by the issuer to investor konvertovanimi;
- 5 – the moment of conversion of the convertible bonds. Several cases are possible:
 - 5.1 (zero coupon convertible bonds, fixed and floating rates) – sale of convertible bonds by the issuer in advance determined price;
 - 5.2 (Exchange bonds) – is the exchange of convertible bonds to securities (shares) of another issuer;
 - 5.3 (necessarily conversion of convertible bonds) – Exchange on the securities (shares) the issuing convertible bonds;
 - 5.4 (enhanced convertible bonds) – equal exchange on long-term bonds with a high interest rate.

Fig. 1 Stages of circulation of bonds convertible

The above-mentioned advantages of operations with the converted bonds are instrumental in their distribution in the field of menage, however the problem question of registration reflection of such objects is an estimation.

According to § 29 Q (s) 13“ Financial instruments financial instruments provides assessment to determine their fair value, as well as its comparison with the market price in order to determine what tools on the market are undervalued, and that overrated.

The cost of the converted bonds, as well as other financial instruments, is based on the cost of future money streams, related to the domain bonds. Money streams in case with a bond consist of regular interest payments in a period the appeal of bond or returning of sum of the lent capital, usually nominal cost, in the day of its redemption by an issuer, that redemption of bond is named[28].

The specifics of the installation level yield bonds directly affects their understandable measurement in accounting.

Required income rate according to the income from bonds is determined by discounting the market conjuncture is based on rates of income you receive at the time of evaluation of the bonds of this type, i.e. with a similar level of risk for the issuer, with close interest and similar term of circulation.

Such information can be obtained from special periodicals that are published by the stock market.

Investors value bonds (other financial instruments), when in their opinion, the market is inefficient, i.e. information about bonds is not reflected in their price. Assessing bond investor believes that the will is most likely other market participants, and as a result, most likely other market participants decision regarding the purchase or sale of bonds and gets higher profits compared to other investors.

If investors believe that the market is effective – this means that all the information about the price of the bond is already reflected in the market price – in accordance with the as the value of a bond is its actual market price, on the basis of which is determined by the rate of income. However, this may not be the level of income that is the issue of bonds.

Investors as a necessary rate of return during realization of estimation of bonds is often accepted the realized rate of return in case with bonds with alike descriptions (term of redemption, interest rate, reliability of issuer). A level of profit from a bond is the special case in relation to the external rate of redemption of bond, that rates of redemption of investments, which results in the purchase of bonds.

If the required rate of return is higher coupon interest, bond sells for lower than its nominal value, i.e. with the prize. Bond is sold at a price that is equal to its par value, if the necessary income to its redemption rate will be up to this rate. So the price of the bond includes a growing interest.

If you need an income rate is higher than the interest rate, bond must not bathe with the prize, and in relation to her at par value. At the same time the resulting price is higher of par value, if contains extended interest from the date of the last payment

coupons to the day of its purchase. The ratio of the net price to the nominal value of the agreed principle of formation of prices in a situation if necessary rate to higher income from the purchase of the interest rate bonds. Quite important is the distribution of nominal and real interest rates, which is influenced by the level of inflation in the country and reflects the real income of the investor. Positive real interest rate assumes that by offsetting the costs of capital attached to bonds (inflation) and allow you to get extra income. Instead, a negative real interest rate informs that interest does not fully cover the costs and the real cost of capital is lower. In addition, performing the assessment, subject to consideration the order of taxation of income from operations with bonds.

Polish scientist S. Antkevich (S. Antkiewicz) [27] notes that bonds with fixed interest rate may include a higher degree of risk because income from transactions with them is unchanged, even in the case of a significant increase in the level of inflation. From the viewpoint of settlements, assessment of the zero coupon bond is a simple, Since in this case there are no regular payment of interest. The cost of zero coupon bonds is the current value of the nominal value of the bonds. The real rate of return of zero coupon bonds is always higher when compared with the rate of income from bonds with constant interest rate and release on the same period. Such a difference in the real rate of income arises, because the owner of zero coupon bonds does not receive any payments until the day of redemption of such bonds, when will return its nominal value. Floating interest rate (typically used on the international market obligacijnomu) means that the interest rate is reviewed periodically by the issuer and in the following periods may vary depending on the formation of the (definition) of a factor of financial nature, such as inflation, rapid growth and sharp fluctuations of loan percent level. As a result, bond with the rate is indexed. When using a floating rate interest risk of the issuer.

In practice, indexed bonds are usually annuals government bonds that bring the owner only one-time monetary income, so they are similar to bond with zero interest rate. The resulting income from indexed bonds consists of compensation of nominal value bonds and interest payments that depend on the level of inflation. First, the

interest rate affects the level of inflation and a certain margin, which is the first 5%, 3% and then [28]. Instead, in the latest emission such bonds, in terms of their sales with great at this margin does not occur (none).

Thus, the main parameters of convertible bonds is the market price of shares (conversion parity), market conversion premium per share, the minimum value of convertible bonds, the risk of falling relatively simple cost reimbursements for the period of the award. Consideration of these options requires the improvement of teaching approaches accounting transactions in bonds of the objects that appear.

Issue of convertible bonds for businesses are profitable and economically justifiable, if the reduced rate of shares, betting on the credit market is pretty high and there are no prospects for the future activity of the enterprise. Issuers will also have an opportunity to issue convertible bonds during the get bigger premium income compared with the income of emission shares of the company.

Features of operations with the converted bonds as objects of record-keeping predefined their essence. The converted bonds are the registered bonds, by the terms of issue of which the foreseen possibility of exchange on the simple actions of enterprise. That, the leadthrough of converting predetermines transformation of loan capital on own, accordingly, investors change status of creditors on status of proprietors.

After the essence the converted bonds belong to the group of difficult financial instruments, as form combination from two types of securities – action and bond. The converted bond is combination of financial obligation and instrument of capital.

In different countries, such bonds may be slightly different, in that it is necessary to pay special attention. For example, S.V. Lyalin [9] extracts the following features: date conversion, conversion ratio and price.

Date conversion – this is the time when you make the conversion, i.e. exchange of bonds on offer. Usually, in terms of the issue can not be a specific date and time, during which comes the ability to hold the conversion. In some countries, in particular in Spain, the terms of the resolution not one but several dates when you can implement Exchange [29].

With the conversion ratio is related conversion price, which determines the share price during the exchange of bond. During the release of the convertible bond conversion price is usually set at 10-30% higher than the current market price of the shares. However, you may apply different conversion ratio principle. For example, in Spain, the owner of konvertovanoï has the right to Exchange bonds bond on stocks, based on the market price of that situation for a certain period of time prior to the date of conversion, and discounts on the prices (in percentage), recorded in the prospectus of issue of bonds [29].

A major parameter which incarnates advantages of the converted bond is a coefficient of converting, which determines the proper betweenness by bonds and common stocks during an exchange. That, this index gives information about the amount of bonds which can be exchanged for a simple action and it is determined by the division of nominal cost of the converted bonds to the amount of regulation capital increase.

One of the leading scholars-practitioners for operations with bonds of the Frank J. Fabocci [24] recommends that you implement assessment convertible bonds based on the following options:

A conversion cost of the converted bond is a cost of bond in case of it immediate converting, depends directly on the market price of action of issuer.

Conversion cost = Market_price_of_simple_action × Coefficient_of_conversion , (1)

A simple cost of bonds – the cost of a simple corporate bonds without the option of conversion.

Market conversion price of action (conversion parity). Settles accounts as follows:

$$\text{Market conversion price} = \frac{\text{market price of convertible bonds}}{\text{conversion rate}} , \quad (2)$$

In the case of acquisition of the converted bond an investor consents to pay a bonus, for that, to purchase an action.

$$\text{Market conversion premium per 1 share} = \text{market conversion price} - \text{current market price of shares}$$

(3)

For the estimation of the converted bond time or period of returning of charges settles accounts on a bonus:

$$\text{Period for reimbursements to win} = \frac{\text{market conversion premium per 1 share}}{\text{optimal differential of 1 share}}$$

,(4)

where

$$\begin{aligned} \text{optimal differential of 1 share} &= \\ &= \frac{\text{coupon bonds} - \text{conversion rate} \times \text{dividend of 1 share}}{\text{conversion rate}}, \end{aligned}$$

(5)

For the converted bond present risk of falling of price, the lower limit of such falling is a simple cost of bond. The risk of falling settles accounts as follows:

$$\begin{aligned} \text{prize a relatively simple cost} &= \\ &= \frac{\text{market price of convertible bonds}}{\text{simple cost}} - 1 \end{aligned}$$

(6)

Depending on the choice of coefficient of converting an issuer can give the bonds of lines of classic bond (if the relation of converting is high probability of converting is insignificant), so simple action (if the relation of converting is low, and probability of converting is considerable).

On the method of registration reflection of operations with the converted bonds in part of their estimation distributing of such bonds influences also after their kinds. It is set that the unique approaches of research workers absent in part of classification of the converted bonds. So, S.V. Lyalin [9] among the converted bonds selects such kinds: converted bonds with a zero coupon, exchange bonds and converted bonds with the obligatory converting. Will consider their features more detailed.

In the English literature of the zero coupon convertible bonds are known under the name of LYONS (Liquid Yield Option Notes). These bonds do not foresee coupon payments and take place with a discount, and on the whole – analogical the ordinary converted bonds. One of the features of LYONS is that they usually put option provided, i.e. the right to sell them to the issuer for a set price. As evidenced by the practice, put option can be realized every 5 years. For the first time such bonds issued in 1985 by the Investment Bank “Merrill Lynch ”, and already after a few years after their appearance at a fraction of LYONS accounted for about 20% of the market for convertible bonds. LYONS, issuers typically are large companies with high credit rating [9].

Exchange bonds are bonds that can be exchanged for securities (stocks) of another issuer. To the end of the 1980 of the 20th century in the U.S. market actively sold such bonds (total was 12 in). In Europe exchange bonds got considerable distribution, that it is related to practice of compatible domain corporations actions each other. If a company had a desire to sell the parts in other corporations, it is on occasion advantageous to do it by the issue of exchange bonds.

The difference of the converted bonds with the obligatory converting from the ordinary converted bonds consists in that a proprietor during the term of appeal of bond is under an obligation to carry out their converting in other securities (actions). This type of bonds is comparatively new in world practice, and if in the USA such bonds are widespread enough, single issues which did not use large popularity are carried out in Europe only. The concept of the converted bond in Russian practice of manage is used exactly to the bonds with the obligatory converting [9].

Belarusian scientists [25] as a kind of convertible bonds are also extended bonds issued for a specified term, but at the moment of repayment can be exchanged for balanced long-term bonds with a high interest rate.

As a purpose of record-keeping is a grant the interested users of reliable, impartial information about economic activity of enterprise for acceptance of adequate the situation of administrative decisions, for the managerial staff of enterprises which produce the converted bonds, in the conditions of generous amount

registration-analytical to information necessary is its operative treatment, systematization in the context of aims, tasks and parameters of risk of investment brief-case. To acceptance of optimum administrative decisions in relation to bringing in of loan capital or realization of investments development of the internal accounting of enterprise (rice. 2) which will provide must promote in the converted bonds:

- control the availability and movement of securities in the issuer and the investor;

- will promptly alert the negative position of the issuer and the investor in the securities market, promote the adoption of managerial decisions on taking measures for their prevention or adequately respond to changes;

- information about the results of the investment and financial activity of enterprises.

Accordingly, generalization of essence, advantages of application and classification of the converted bonds, was instrumental in their next generalization as an object of record-keeping (rice. 3).

The exposed features of mechanism of application of the converted bonds of different kinds determine the specific of their reflection in a record-keeping, in particular in part of the cost measuring, confession in composition of current or long-term liabilities and such objects, as a discount on bonds, size of the paid percents.

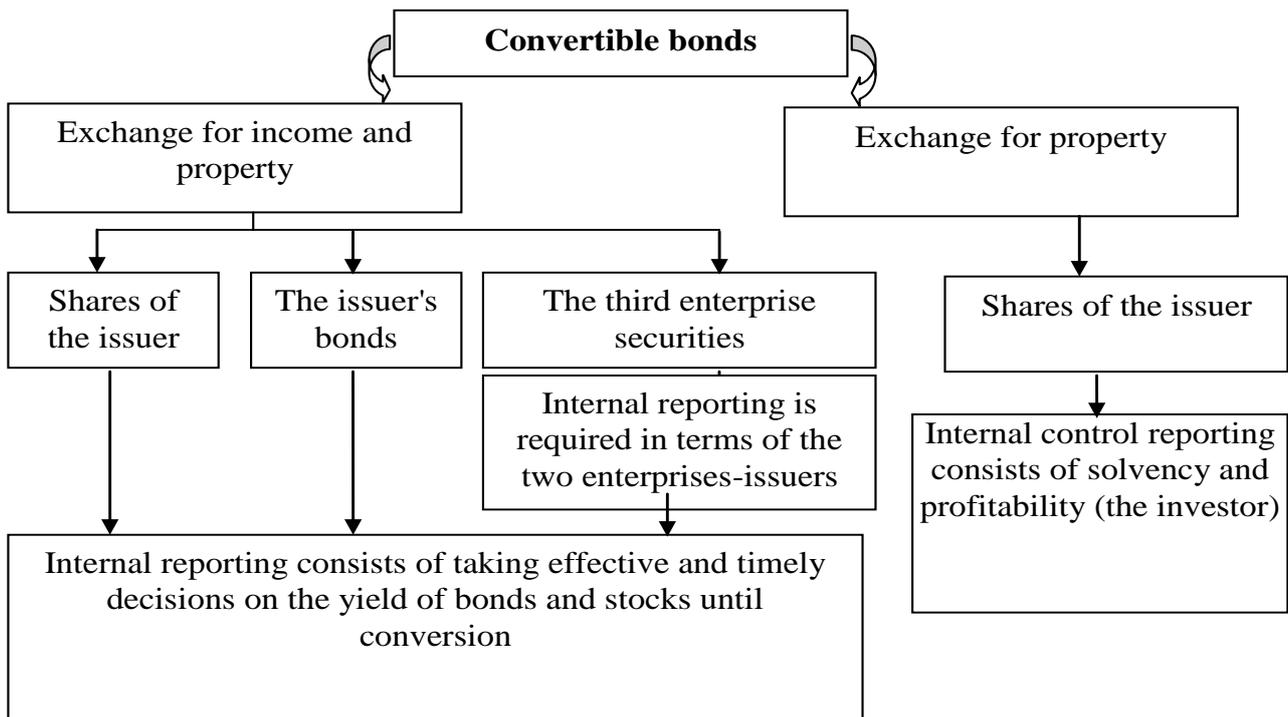


Fig. 2 Types of convertible bonds and the reason for the need to develop internal reporting

In addition, the special is regularity of interest payment, order of payment of debt a debtor and appearance of the privileged rights, in the case of bankruptcy of enterprise for shareholders.

The indicated features are subject an account at development of registration policy of both enterprise-issuer and investor, in part of questions of account of operations with bonds for the loan capital provision of effective management or forming of the most advantageous investment policy in relation to promissory securities.

The estimation of the converted bonds foresees determination of all possible costs of the converted bond, among which:

- nominal cost – it is determined as a size of basic obligation before the proprietor of bond;
- a cost of converting – it is determined in the case of its exigent replacement on an action;

- an investment value is a sum of money receipts as percents and nominal cost, paid the in time discounted redemption at the interest rate of instrument, which is close to the level of risk;
- a market value is a sum which an investor is ready to pay for security; it is investment combination and costs of converting, at what a bond is interpreted as hybrid security

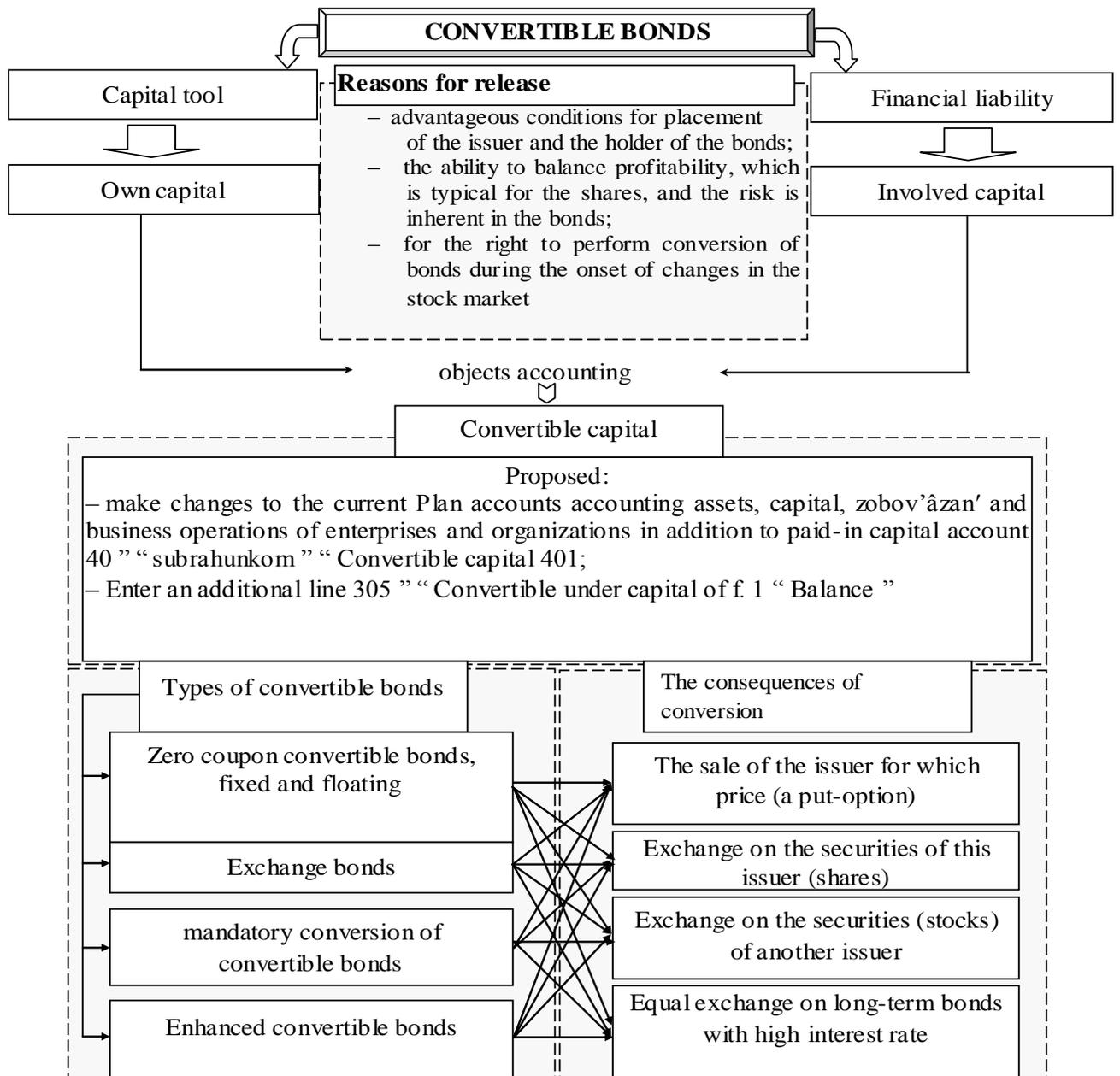


Fig. 3 Essence of the converted bonds as an object of registration reflection

On condition that the financial state of enterprise is not stable, the cost of the converted bond depends, foremost, from its investment value. With the improvement of the financial state of enterprise and price advance the value of cost of converting grows on his action.

With the improvement of the financial state of the enterprise and the growth of the prices of its shares increases the value of the conversion.

Russian scientist T.A.Batyaeva [1] noted that the enterprise produces convertible bonds to sell them faster and to interest investors to purchase bonds. The right of conversion, usually belongs to the investor who purchased the bonds during the initial placement or on the secondary stock market. It is assumed that investors, taking a decision on the feasibility of converting, must take account of all factors: market conversion price, market value and the cost of the action, which is obtained as a result of the conversion, the return on investments in convertible bonds and other aspects of the operation.

Investor to take decisions regarding the conversion of bonds into shares, if the market price of shares exceeds their cost of conversion. The market value of the converted bond will not reduce (in the case of price decline on an action and absence of converting) below its investment value. In the case of price advance on an action, an obligation after bonds will grow into a property asset, as investors will seize the occasion to purchase cheap actions on a higher market value.

In the course of determining the size of the issuer on bonds are subject to interest governments the following factors: the term for which they were issued; their reliability; the level of inflation; interest on the bank loan. Decisive in determining the percentage of bonds are inflation and the degree of risk to purchase bonds. Bonds with a lower level of reliability include higher interest rates.

Researcher N.S. Ryazanova points out that convertible bonds offer higher income investor can get because of the rise in the market price of ordinary shares the cost of the relevant bonds also increases. However, if the price of ordinary shares of growing investor – the owner of the bonds is guaranteed to receive periodic interest payment of principal at maturity of the bonds. In addition, if the bonds are converted

into ordinary shares, those shares are displayed for the transitional cost of bonds. An obligation after bonds and proper unamortized discount or bonus is copied off, as a result the proper profits and charges in a record-keeping are not represented. By boulevard of emission it can be certain a few stages of converting of bonds, for example, during 15 years them it can be three.

In such case an issuer has a right to react on changing of fund market: to carry out an analysis and accept administrative decisions at the terms of active growth or falling of market price of action and bond, at the proper economic validity to increase or diminish the coefficient of converting, create the terms of the forced converting and others like that (rice. 4). The conduct of participants of fund market in practice depends on economic position in a country, financial being and positions of issuer and proprietor in a market.

The market price of the converted bonds depends on the cost of action of concrete issuer, from his financial results, prospects of development.

If to take into account the features of concrete joint-stock company, the converted bonds will always have him higher cost by comparison to classic bonds (subject to condition, if other properties these two types of bonds analogical). The additional cost of the converted bond is created due to that it can be changed on an action, that can bring its proprietor an additional profit and to give additional rights.

The market price of convertible bonds depends on the price of a particular issuer, its financial results, prospects for development. If you take into account the peculiarities of a particular joint, then it always have the convertible bonds higher cost compared to the classic bond (if other properties of these two types of bonds are similar). The additional cost of the converted bond is created due to that it can be changed on an action, that can bring its proprietor an additional profit and to give additional rights.

To ensure effective management of converted bonds as attractive financial tools for the investor and the issuer is considered advisable to carry out assessment of the convertible bonds at fair value, which depends on the conditions of issue of bonds (yield, nominal rates and financial condition of the issuer, the current konyuktura

market at the time of placement, the professionalism of consultants, underwriters, the level of information support).

A fair value can be corrected on the compensation of obligatory and additional charges, related to the volume of emission and form of issue of bonds, by insurance, reytiguvannyam and by state registration of emission, and also payment of services of anderaytera, pay agent. At impossibility of reliable determination of fair value in the conditions of presence of limitations the estimation of the converted bonds is carried out on their nominal cost.

The study of specific of estimation of the converted bonds allowed to set their belonging to the group of difficult financial instruments which foresee possibility of converting of bonds in other securities.

Accordingly, the issue of convertible bonds provides a mechanism to attract investors, interested not only in getting a fixed income, but also to increase investments in case the rising cost of shares of the enterprise. It is set that the basic parameters of the converted bonds is a market conversion price of action (conversion parity), market conversion bonus on an action, minimum cost of the converted bond, risk of falling, in relation to a simple cost, period of compensations of charges on a bonus which foresees the necessity of improvement of methodical approaches of record-keeping of operations with bonds in part of such objects.

Higher quality of financial information on convertible bonds should contribute to their score. Proved that the convertible bonds shall be measured at fair value, provided the possibility of reliable determination. In addition, the fair value of convertible bonds includes the cost of available future cash flows associated with ownership of the bonds. For it is impossible to reliably determine the fair value of convertible bonds by rating them at face value, defined in the prospectus of their issue.

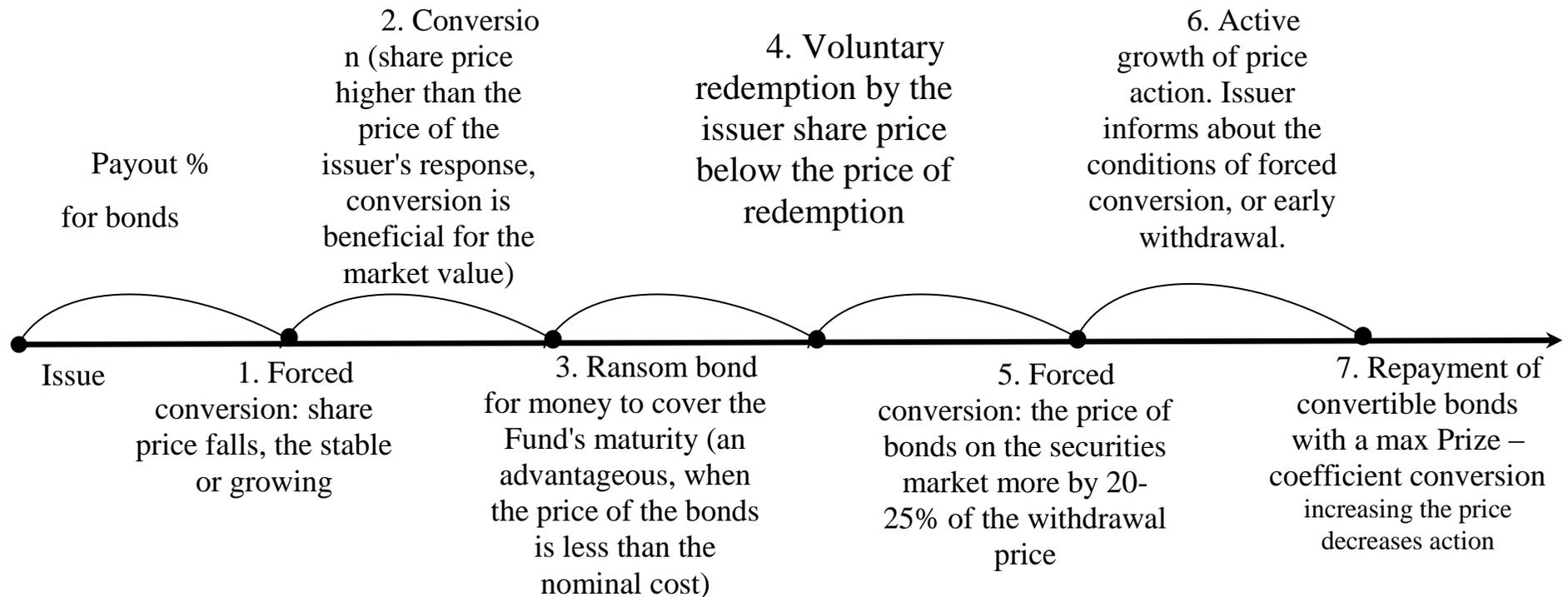


Fig. 4. The Variable part of the conditions of the convertible bond

2. Features accounting and reflected in the financial statements of convertible bonds

In order documentation and methods of accounting transactions in convertible bonds influence options for payments to bondholders:

- 1) cash settlement - pay the nominal amount of bonds together with the relevant interest;
- 2) non-monetary settlement - to exchange bonds for shares of its own issue and exchange for other securities of a third party.

In the first case, the owner of the bonds shall make a written application addressed to the administration of the company issuing the bonds. According to the statement bondholder gets shareholder rights, which leads to transformation nayavnyyi bond between the parties in the enterprise.

Regulations governing the mechanism of transactions with bonds and the discount reflected in the Ukraine for the regulation of the levels shown in table 1.

Tab 1

Regulations governing the mechanism of transactions with bonds and discount display

	Normative documents	Questions which are regulated
	2	3
I level		
.	Commercial Code of Ukraine [2]	A list of types of bonds that can be produced in Ukraine (Chapter 17, p. 163, § 2), the conditions and procedure for the issuance of bonds entities (Article 164, paragraph 1-3)
.	Civil Code of Ukraine [26]	Defines the concept, groups, types and requirements for security and transfer of rights and enforcement for securities (Chapter 14 century. Century. 194, 195, 196, 197, 198), outlines the basic provisions for liabilities: the concept, the parties , enforcement, termination liabilities and legal consequences of breach of commitments (chapters 47-51)
.	Tax Code of Ukraine [14]	Reglamentirovano basic conditions taxation of bonds
.	Law of Ukraine "On	Defines the main principles and provisions of

.	Accounting and Financial Reporting" [3]	accounting in Ukraine (old style. 4, 8, 9, 10, 11, 14)
.	Law of Ukraine "On Securities and Stock Market" [4]	Regulates relations arising from the placement of the bonds and the professional stock market activities (old style. 3, 7, 8, 9, 10)
.	Law of Ukraine "On State Regulation of Securities Market in Ukraine" [5]	Specifies the contents of such terms as "national rating scale" used in evaluating the credit risk of the borrower and the main task of SEC Regulation of bonds (old style. 1, 7)
.	Law of Ukraine "On mortgage bonds" [6]	Defines the legal provisions for the issuance and circulation of mortgage bonds, the requirements for their mortgage, and especially government regulation and oversight in this area
.	Law of Ukraine "On Mortgage" [7]	Defines basic terms and conditions of collateral T-bills for a loan in the bank
II level		
.	President of Ukraine Decree "On approval of Provision on public commodity bonds of material resources of Ukraine" [23]	Determine the order of production, circulation and redemption of government bonds trade material resources of Ukraine
0.	Cabinet of Ministers of Ukraine "On the issue of state bonds for refunding value added tax" [20]	Defines the basic terms of issue state bonds to refund PAS to maturity five years in 2010, subject to payment of interest on them and the order of their maturity
1.	Cabinet of Ministers of Ukraine "On the issue of state bonds for refunding value added tax" [20]	Establishes procedures for issuance, the bonds of enterprises registered with the State Commission on Securities and Stock market bond business and the prospect of their emission report on bonds, report the consequences of redemption and cancellation of registration of these bonds
	2	3
2.	The provisions of the State Commission on Securities and Stock Market "disclosure by issuers of securities" [16]	Regulates composition, procedure and terms of disclosure to the stock market regularly, especially information and information on mortgage securities, certificates of real estate fund and information in the notice of general meeting by issuers of securities and submitting it to the State Commission on Securities and Stock Market
III level		

3.	Regulations (Standards) accounting 11 "commitments" [17]	Specifies the methodological principles of formation in accounting information obligation bonds as reflected in the financial statements
4.	Regulations (Standards) accounting 12 "Financial investments" [18]	Specifies the methodological principles of forming the accounting information on financial investments in bonds and disclosure in financial statements
5.	Regulations (Standards) accounting 13 "Financial instruments" [19]	Specifies the methodological principles of forming the accounting information on financial instruments and disclosure in financial statements
6.	IAS 32 "Financial Instruments: Disclosure and Presentation" [12]	Adjust the distribution of financial instruments on liability and capital, and the classification of relative interest, dividends and gains and losses, separation of liability and equity elements in complex financial instruments, reimbursement of financial assets with liabilities, the disclosure of financial instruments
7.	IAS 39 "Financial Instruments: Recognition and Measurement" [13]	Implement comprehensive principles for recognizing and measuring financial instruments in the financial statements, including especially the principle of identification and selection of derivatives that are combined with other instruments
IV level		
8.	Instructions on the use of the Chart of Accounts assets, capital, liabilities and business operations of enterprises and organizations [8]	Set the purpose and procedure of accounts for generalization by double entry of information about the presence and movement of assets capital commitments and evidence of financial and economic activities of enterprises, organizations and other entities (excluding banks and budgetary establishments), regardless of ownership, organizational forms and activities, and assigned to a separate balance branches, offices and other separate sub-entities
9.	Instructions on the procedure for issuing, recording, storage and destruction of forms of certificates of registered	Specifies the basic procedure for issuing, recording, storage and destruction of forms of certificates of registered securities

	securities	
0	Guidelines on the application ledgers [10]	Directed by generalization in accounting registers (except the case off-balance calculation) by double entry of information about the presence and movement of assets, capital, liabilities and financial facts of business enterprises and organizations and other
	2	3
		entities (excluding banks and budgetary establishments), their branches, representative offices, regardless of ownership, organizational forms and activities on the accumulation of analytical data on the composition and movement of assets, capital and liabilities, revenues, expenditures, financial results

Display order of business transactions with convertible bonds on accounts in the issuing company considering how to use the Chart of Accounts assets, capital, liabilities and business operations of enterprises and organizations [8] presented in rice. 5. Methods of mapping your transactions with convertible bonds provides that the time conversion of bonds displayed entries:

1. Debit 31 "Accounts in banks" Credit 52 "Long-term liabilities on the bonds " - see issue convertible bonds issuing.

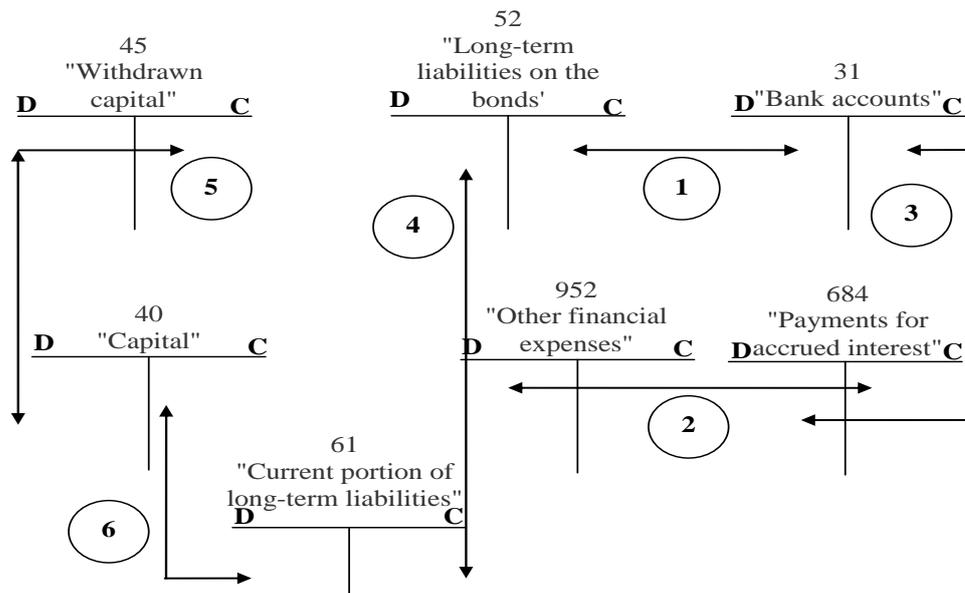
2. Debit 952 "Other financial expenses" Credit 684 "Payments for accrued interest" - accrued interest on convertible bonds.

3. Debit 684 "Payments for accrued interest" Credit 31 "Bank accounts" - paid the accrued interest on convertible bonds with a current account undertaking of the issuer.

4. Debit 52 "Long-term liabilities on the bonds" Credit 61 "Current portion of long-term liabilities " - the amount transferred to the bond current debt.

5. Debit 40 "Capital" Credit 45 "Withdrawn capital" - showing reduction of share capital in the amount of capital withdrawn.

6. Debit 61 "Current portion of long-term liabilities" Credit 40 "Capital" - appears to increase the share capital after conversion of bonds.



- Notes:
- 1 - Results issue convertible bonds now issuing
 - 2 - Accrued interest on convertible bonds
 - 3 - paid accrued interest on convertible bonds from the current account of the issuing company
 - 4 - Translated amount of bond to the current debt
 - 5 - Results reduction of share capital in the amount of capital withdrawn
 - 6 - Results increase the share capital after conversion of bonds

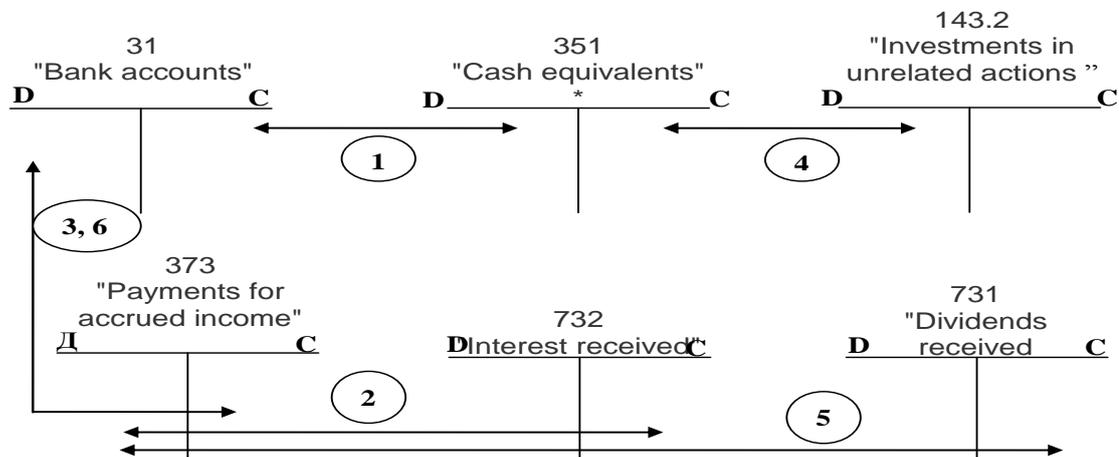
Fig. 5 Display Operations convertible bonds on accounts in the company issuing

As a result of conversion of bonds changing Article liability balance sheet issuing: indicators of the article "Other long-term liabilities" (line 450 f. 1 "Balance") are transferred to the article "capital" (line 300 f. A "balance "). That is the transformation of liabilities in equity, bonds and acquire the status of ordinary shares.

Indexes of accounting control of enterprise-investor in part of informative information about the presence of realizable investments in the converted bonds as a result of the proper operations in relation to their acquisition and converting foresee the change of the articles of asset of balance only. Accordingly, the time of conversion of bonds to investors without prejudice to either reduce debt capital or increase in equity. It is essential that the owner of the bonds with the status of the

lender becomes shareholder status company-issuer, that is his co-owner and is entitled to participate in enterprise management, make decisions about its activities.

Status of the investment companies in such transactions affect the accounting method to display the owner of debt securities (rice.6).



Notes:

- 1 - Results purchase of convertible bonds in companies issuing
- 2 - showing the amount of interest that are receivable on convertible bonds
- 3 - Results receiving interest on convertible bonds in cash at current bank account
- 4 - Results point conversion of bonds into shares of companies issuing convertible bonds
- 5 - Charge due to the receipt of dividends on shares
- 6 - Try on current bank account of accrued dividends on shares

* Sub 351 "Cash equivalents" is used in cases where bonds prydbayutsya 3 months, ie, time conversion in terms of registration to be held for 3 months;
 sub 352 "Other current financial investments" - for convertible bonds with maturity of 3-12 months

Fig.6 Display operations convertible bonds on accounts of investment companies

Presented in rice 6 display method investments in convertible bonds, investment companies provides that prior to conversion of bonds into common shares of the company issuing the owner of this type of bond is the status of the investor (lender) of the issuer and receives on invested investment income as interest rate which is defined conditions issue of convertible bonds. After the process of converting the investor (lender) acquires a new status - a shareholder that is co-owner company (issuer) and also the possibility to receive dividend income, shall be entitled to take a direct part in the management of an enterprise is entitled to vote.

1. Debit 351 "Cash equivalents" Credit 31 "Bank accounts" - showing the purchase of convertible bonds in the issuing company.

2. Debit 373 "Payments for accrued income" Credit 732 "Interest received" - showing the amount of interest that are receivable in convertible bonds.

3. Debit 31 "Bank accounts" Credit 373 "Payments for accrued income" - a display of interest on convertible bonds in cash at current bank account.

4. Debit 143.2 "Investments unrelated parties in the action" Credit 351 "Cash equivalents" - shows the time conversion of bonds into shares of companies issuing convertible bonds.

5. Debit 373 "Payments for accrued income" Credit 731 "Dividends received" - credited due to receive dividends on shares.

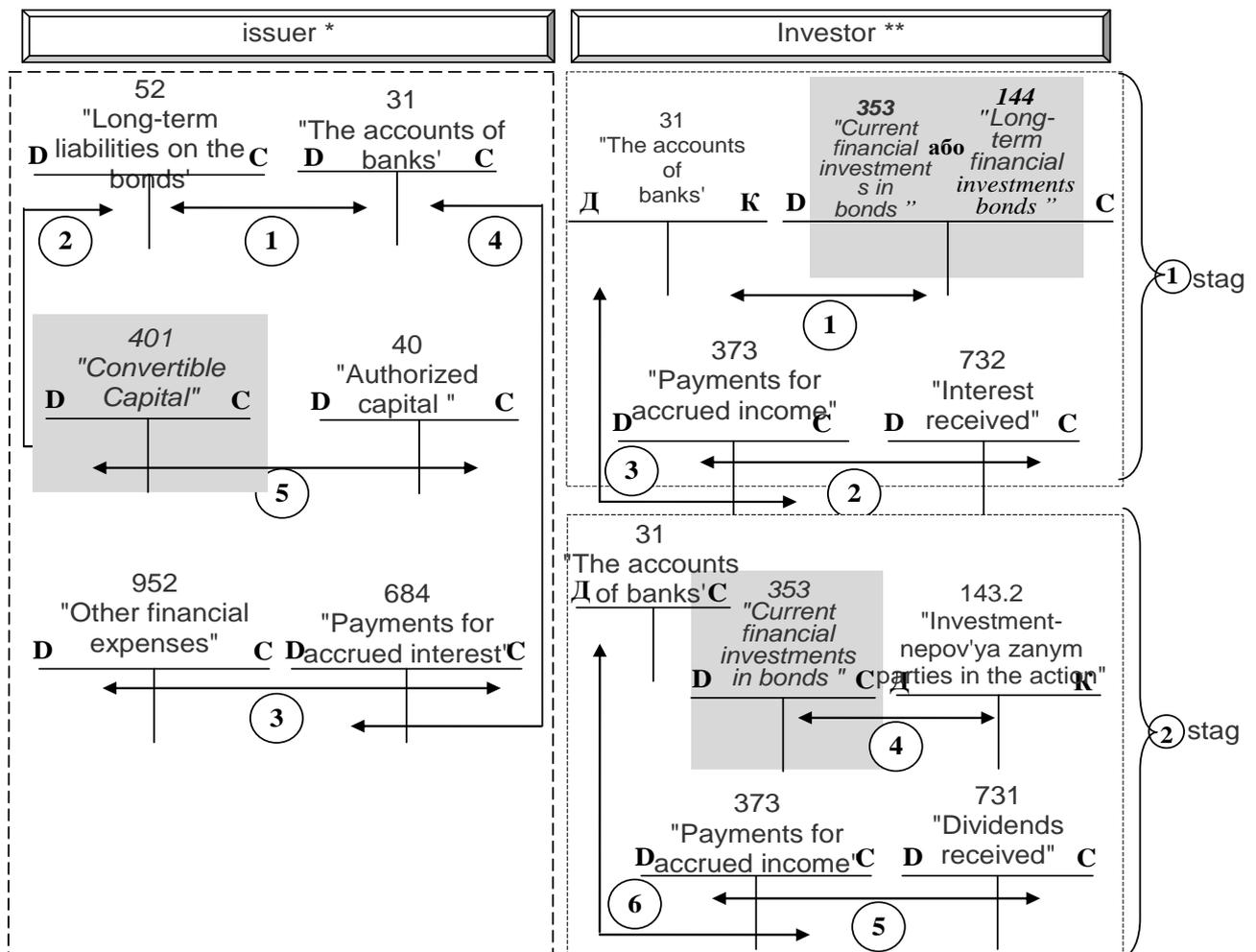
6. Debit 31 "Bank accounts" Credit 373 "Payments for accrued income" - returned to the current bank account of accrued dividends on shares.

Presented method reflect the operations of convertible bonds on accounts and financial statements allow to set the lack of balance appropriations and line "Convertible capital", which reduces the clarity of statements concerned users. This necessitates the development of the presentation of information on the operations of convertible bonds in the financial statements. So, reasonably, in order to ensure that users of financial statements of reliable information on the operations of the convertible bonds should complement the Plan accounts of assets, capital, liabilities and business operations of enterprises and organizations by 40 "Capital" sub 401 "Convertible capital ". Accordingly, in the form of a "Balance" is necessary to introduce additional line 305 "Convertible capital" in liabilities under "Equity".

Submitted proposals by increasing the informativeness of accounts and indicators of financial statements enhance the effectiveness of financial management, analysis of results of operations of bonds including strategy development. Using the proposed sub 401 "Convertible capital" adjusts the display method of accounting operations of convertible bonds, which are summarized in rice 7.

Presented order book reflect the operations of convertible bonds from the issuer and the investor includes the stages of conversion and provides that at the stage of

issue of convertible bonds in passive balance sheet of the issuing appear obligation bonds, that increases the amount of capital. In equity at some point change occurs. At the stage of conversion of bonds in passive balance sheet of the issuing undergoing structural changes, ie the amount of liabilities on bonds decreases while there is an increase of equity (in the case of conversion of bonds for shares). This causes the solvency and financial liquidity of the issuer. As a result of conversion is the release of assets, which promotes the growth of its ability to settle.



Note.: the proposed sub-accounts.

* The issuer: ** The investor:

- 1 - see issue convertible bonds; 1 - Showing the purchase of convertible
- 2 - appears to increase capital after the bonds;
- issue of convertible convertible bonds; 2 - shows the amount of interest that are

3 - accrued interest on convertible bonds; receivable in convertible bonds;
 4 - paid accrued interest on convertible bonds with a current account; 3 - Showing receive interest on convertible bonds in cash at current bank
 5 - appears to increase share capital by account;
 converting bonds to shares and reduction 4 - Showing the time of conversion of commitments under the bonds (the time bonds into shares; of conversion). 5 - charged due to the receipt of dividends on shares;
 6 - returned to the current account at the bank accrued dividends on shares.

Fig. 7 Enhanced order book reflect the operations of convertible bonds from the issuer and investor

The owner of convertible bonds in passive balance is not any change, only change the article asset balance. By the time of conversion of bonds into shares of the company issuing the owner of this type of bond is the status of the investor (lender) and the issuer receives from the attached investment income as interest rates are determined by the terms of convertible bonds. After converting the investor acquires a new status - a shareholder that is co-owner company (issuer) and also the possibility to receive dividend income, shall be entitled to take a direct part in the management of an enterprise to make decisions about its business (provided that the bond exchange is carried out on ordinary shares undertaking of the issuer).

Conclusions. The essence of the convertible bonds is that bonds are a lifetime commitment as a start, and after conversion are converted to equity instruments.

Consideration of the economic substance of transactions and features of convertible bonds to ensure adequate assessment of their possible to determine the basic parameters of convertible bonds, market conversion price of shares (conversion parity), market conversion premium per share, the minimum value of convertible bonds, the risk of falling relatively simple cost reimbursement period to win. The

parameters should be considered for improving the methodological approaches of accounting transactions in bonds of such objects.

Found that for improving the quality of accounting information convertible bonds should be measured at fair value, provided the possibility of reliable determination. Fair value of convertible bonds based on the value of available future cash flows associated with ownership of the bonds. If you can not reliably determine the fair value of convertible bonds, their score is now issuing at par value specified in the prospectus of bonds.

Features of the process of circulation convertible bonds, consisting of two phases, influencing their reflection in accounting of the issuer and investor. The basic provisions of the accounting operations of the issue and conversion of bonds that contribute to increasing the amount of capital in passive balance sheet of the issuing of obligations for bonds and the absence of changes in equity. At the stage of conversion of bonds in passive balance sheet of the issuing undergoing structural changes, the amount of liabilities on bonds decreases with the increase in equity. This enhances the financial stability of the issuer. Methodical approaches to mapping your transactions with convertible bonds improve information management software for managing enterprise assets temporarily available, contributing to its ability to settle.

The owner of bonds in passive balance is not any change, only change the article asset balance, which leads to the need to provide accounting information of placement of funds in financial investment. By the time of conversion of bonds into shares of companies issuing bonds is the owner of the status of the investor (lender) and the issuer receives the attached investment income as interest rates are determined by the terms of convertible bonds. After converting the investor will become a shareholder and also the possibility to receive dividend income, is entitled to participate directly in enterprise management, make decisions on its activities (provided that the exchange of bonds for common shares by issuing company), which implies the need for Verification of Human rights provided the appropriate information support.

Lack of financial reporting information about convertible bonds necessitates the development and presentation requirements for the content of such data in the financial statements. For users of financial statements of reliable information on the operations of the convertible bonds offered to show "Convertible capital" as an intermediate, which is not yet in the equity, but not an obligation. To do this in the Plan accounts of assets, capital, liabilities and business operations of enterprises and organizations to provide credit to 40 "capital" sub 401 "Convertible capital" [21]. Using accounting data on accounts in conjunction with the addition of a form of "Balance" the new additional line 305 "Convertible capital" in the first chapter of liability improves the efficiency of financial management company, the implementation of the prediction results of operations of the bonds.

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