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# **ACADEMY OF MARKETING STUDIES JOURNAL**

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# MARKETING AS THE CITY ECONOMIC SECURITY IMPROVEMENT TOOL

Vladimir Lvovich Vasilev, Oleg Vasilevich Sazanov, Anna Renatovna Ishkinyaeva, Kazan Federal University

## ABSTRACT

**Maintaining** In article the problem of the city economic safety is considered. The city marketing is provided as the tool on attracting necessary economic resources for the current and strategic (innovative) city development. The problem resolution of innovative development is provided through application of cluster approach.

**Methods** In article general scientific research methods such as dialectic knowledge method, analysis and synthesis of the historic and empirical facts, search of causes and effect relationships, factorial analysis were used.

**Results** Recommendations about forming strategy of increasing the city economic safety by applying marketing technologies are formulated. Recommendations about promoting innovative activities using cluster approach are formulated. It is offered to strengthen development of city innovative and production clusters by a vigorous marketing activity. The basic principles of increasing the city economic safety, such as the successful marketing concept, balanced development of the market and public benefits (sectors) in the territory, promoting activities of local community through effective strategic management, development and program implementation of public and private partnership in the field of traditional and innovative business are revealed activity.

**Discussion** Currently optimum marketing strategy for the city is not revealed. The system of factors ensuring high the city economic safety is unique for each territory. Well-known positive influence of strategic management on a city economy, including using marketing technologies. It is proved that cluster approach, active support of innovative activities and effective marketing will allow to increase the city economic safety.

**Closing statement** Commercialization of innovative activities results and promoting interests of the city provides a marketing strategy. Combining various instruments of innovative and strategic planning is a basis of the modern city economic safety. Cluster approach to the organization of innovative social and economic system of the city will be most effectively realized by means of marketing technologies. The high the city economic safety as result is determined by such factor as successful implementation of the city marketing concept.

**Key terms:** innovation, marketing, economic safety, strategy

## INTRODUCTION

Now relevance of the city economic safety research where economic activity of the population in modern conditions is generally realized increases. The the city economic safety is recently in many respects determined by efficiency of developing innovative processes, clusters and new points of growth, both in occupational sectors, and in service trade. On the other hand it is important to provide information support of these processes and to effectively attract the capital (investors) and other economic resources necessary for innovative development of the territory to the city. In external environment the concept The city



marketing is popular now – it is engaged in promoting interests of the city. Combination of innovative policy of the city and its marketing strategy is a first-priority and relevant task.

Many issues connected with forming the city marketing concept are already lit in literature. There is a successful experience of developing short-term and medium-term programs of social and economic development of the cities. General recommendations about forming of city innovative infrastructure are also known. The considerable section of researches is devoted to forming and developing territorial and production clusters in case of the cities and municipalities. Within these directions also problems of the balanced development of an urban environment are solved: providing conditions of rest for the population, its cultural, educational and intellectual development, construction of housing and other city infrastructure, promoting trade, financial and entertaining institutions, work of public authorities.

However, it is required to research a possibility of combining these theories. It is necessary to formulate practical recommendations for this purpose at the level of an urban environment. Research opens possibilities of application for the concept of marketing in strategy of increasing the city economic safety in the conditions of innovative economy and cluster development requirements.

## METHODS

According to the dialectic method of knowledge all phenomena and events shall be considered in their development and interrelation. We understand The city marketing as a complex of the city community actions directed to identification and promotion of the interests for accomplishing specific social and economic development objectives of the city. In a broad sense this is interests promotion of the city.

For the first time the city marketing began to be mentioned in the American and British publications on town planning and municipal economic development in the 1970th. Specialists have for the first time paid attention to it as to one of the possible, potentially effective instruments of city development.

There are some monographs in which marketing of the territory became central theme. The first of them have appeared at the very end of the 1980th. The book by J. Bailey in which he describes marketing efforts of the cities (Bailey, 1990, p.164) is most interesting. J. Ashworth and H. Voogd's book in which they have used in sales terminology in relation to the city (Ashworth & Voogd, 1990, p.278) is also interesting. The world famous marketing specialist F.Kotler also conducted researches in the field of the city marketing (Kotler et al., 2002, p.232). C. Ward (Ward, 2004, p.197) generalized practice of the American and European cities marketing promotion in his works.

The most famous Russian city marketing specialist is Vizgalov D.V. who in the book "The city marketing" has developed classification of the Russian cities depending on specifics and format of the applied social and economic development strategy (Vizgalov, 2008, p.110).

The method of the factorial analysis consists in identification of influence degree (force) of factors on resulting activities effect. We will consider as the major factors providing the high level of the city economic safety in modern conditions innovative activities, cluster structure and the marketing concept. In literature systems of factors, their change in historical process, influence on general condition of an urban environment and economy structure (Gapsalamov, 2013, p. 1487) are rather fully described.

We understand such condition of an urban environment (set of private and government budgets) which is characterized by high welfare of inhabitants and accounting

entities and a possibility of the balanced development without prejudice to future generations as the city economic safety.

The method of statistical handling of the empirical data allows to determine dynamics, structure and ratio of the city economic safety indicators. Systems of indicators, various on classification, both at the level of national economy, and at the level of the region or the city (Ustyuzhna & Khusainova, 2013, p.101) are described. The structure of economic safety indicators can include gross city product, budget revenues and the populations', cost of the fixed business assets, the number of entrepreneurs, manpower structure, financial resources amount.

Now the city economic safety is determined not only by production or economic basis, but by system of management decisions implementation, its efficiency in promoting interests of the city. Innovative solutions and organization of the marketing efforts positioning the city as the special territory (cluster) favorable for accommodation and business can increase the city economic safety. It will provide inflow of investments and talented youth to the territory as a factor of innovative and social-and-economic development of the city. That is why it is important to consider interrelation of innovations, cluster approach and The city marketing in the context of its economic safety increase resolution problem.

Cluster – is consolidation of several uniform elements which can be considered as the independent unit possessing certain properties. The cluster basis – are subsystems, key of which is innovative, obtaining problem solving and reasons for competitive advantages. However, without effective information and communication mechanism between subsystems and a cluster and external environment in general stable functioning will be almost impossible to reach, the city will have no high competitiveness.

Clusters include firms and organizations connected by release of end products and geographical position. Such geographical proximity is considered as the place of accumulating "critical mass" of human capital, scientific, innovative and production potentials. Clusterization means need of finding methods and reasons for effective options of vertical and horizontal integration of the interconnected productions, transactions and products within a regional complex (Gambu, 1988, p.342).

A cluster approach founder to increasing regional competitiveness is Michael Porter. He has developed the system describing creation and maintenance of competitive advantage of the country in a certain industry or an industry cluster - a cluster. The scientist understands by an "industry cluster" a group of competitors who are making goods or services and directly competing among themselves (Porter & Kramer, 2006, p.78). The system of clusters will allow to concentrate efforts of the city management on the breakthrough directions of innovative development, and marketing strategy will allow to attract necessary resources to developing clusters.

## RESULTS

For project implementation of the city cluster development it is necessary to carry out the analysis of all its inhabitants and organizations interests on the basis of long-term development strategy. One of such analysis tools is the choice of priorities for development and their implementation in the city marketing. The city marketing allows to build information and communication relations in a cluster and in external environment, subordinated to tasks of innovative process, allowing to reduce innovative risk, to provide sale of innovative product, to attract venture capital, to provide the state support, to create necessary subject structure of a cluster.

In our research it is necessary to consider general interaction of the territory clusterization process and carrying out The city marketing for ensuring efficiency of this process. The city marketing in itself cannot create material wealth which is created on the basis of the traditional production factors use realized in a cluster: land, work, equity, knowledge and entrepreneurial capabilities (Solvell et al., 2003, p.11). In our opinion, promoting the marketing concept of the city development without binding to potential (cluster) production is pointless.

Of course in the presence of an attractive niche (tourism, unique sights, environmentally friendly accommodation conditions, developed financial and business image) certain cities can be engaged in marketing without emphasis on goods production. However, you should not forget that in the conditions of wealth creation sources lack in the country, The city marketing will not allow to attract sufficient resources to developing economy, especially its innovative component.

Combination of the city marketing concept and cluster approach can take place on the basis of the general target group choice: investors, tourists, potential inhabitants, third-party influence groups. If to understand as a main objective of cluster profit the earning and growth in prosperity of the population by performing competitive production and social conditions of accommodation, training and work, then The city marketing is urged to help the solution of production, investment, cultural, social and political tasks of a cluster functioning (Anholt, 2005, p.94).

The city marketing as the instrument of attraction and deduction of the best inhabitants and qualified personnel is also capable to solve the staffing problem of an innovative cluster subsystem. In modern conditions of fast innovative changes the marketing activity also shall be adjusted to adequate enhancement of the city image, support of those interests which will be able to provide competitive development of a cluster.

In the conditions of increase in information flows, the city marketing as the information management tool allows to increase efficiency of work use and the equity. Moreover, it allows to unite local community for achieving single purpose, and respectively there is a certain social capital which seldom can be measured financially, but provides the high cost of image of the created cluster.

In this regard, as well as the management activity in general, the city marketing, differs from production of goods in the mechanism of capitalization which can be property of all the cluster participants unlike material benefits, the property rights to which can be only at the specific economic actor.

In this context scientific activities and creativity constitute the intrinsic characteristic and the city marketing and modern production within the created cluster. The city marketing shall provide investment attraction for developing science and production by creative and unique method allowing to allocate the city and to make it popular for attraction of information and financial flows (Ashworth & Kavaratzis, 2010, p.25).

Task of each cluster, along with ensuring innovative, highly profitable production, is ensuring resource base for implementation of effective marketing strategy allowing to fill up cluster resources for accomplishment of its main objectives. The information and communication system of the city marketing shall promote the decision above the described tasks. Implementation of a state policy in the field of fundamental science and national production support is also important for successful development of clusters in Russia.

## DISCUSSION

Nowadays specifics of the existing stage of the world economy development shows that new knowledge becomes practically directly available to each person. Moreover,

economic actors deeply exchange knowledge, and economic system efficiency directly depends on that knowledge. New information technologies repeatedly accelerate processes of knowledge sharing and as a result allow to provide a leading role of innovative processes in activities of the modern entities. An important role is played by qualification of modern personnel, its capability to use modern information technologies (Vasilev & Tuktarova, 2014, p.1849). The state policy on providing the effective competitive information environment allowing to cooperate and exchange knowledge and experience (Vasilyev, 2015, p.888) is also important.

These tasks most fully and with the minimum expenses decide within cluster approach to the organization of an economic system where all stages of innovative process from generation of ideas, before their mass production of goods and sale, including the solution of social and communicative problems are provided. The Indian city of Bangalore can be the most popular example where the cluster on information technologies and the American "Silicon Valley" which is the center of breakthrough innovations commercialization in the sphere of high technologies is created.

The special attention shall be paid to conditions under which growth of economy on the basis of innovations, as well as to the factors promoting activity of innovative processes is possible. Developed countries have understood that in this century innovations become a basis of not just economy progress, but the fundamental science as one of strategic components of the whole society development at all levels and capability to commercialize results of scientific developments (Osadchy & Akhmetshin, 2015, p.1013). The problem of the Russian economy is that proportions of innovative development factors implementation and scientific component get no due attention.

There is a number of conditions under which growth of economy on the basis of innovations is possible. Analyzing the numerous points of view of the economists, it is possible to allocate the following conditions of innovative economy growth:

- Excess to qualified personnel.
- Fixed expenses on education.
- Availability of the private (venture) equity.
- Internal demand.
- International backgrounds.
- Openness of economy.
- Development of clusters and creation of competitive advantages.

In modern conditions of economies globalization the competition between separate companies, regions and countries amplifies. However, as the world practice shows, the independent and isolated use of industry and regional competitive advantages by the separate entity for gaining commodity markets and equities is represented impossible. Therefore participants of the market aim at cooperation among themselves and cooperation with the state, science and public.

Such consolidation various on functions and subordination of structures, naturally or artificially created, allows to achieve high competitiveness on the basis of joint implementation of innovations, performance improvement of work and reaching a synergy effect within an economic cluster. The city marketing will allow to increase overall performance of a cluster by attracting necessary resources and developing cooperation (sales) network.

## CONCLUSIONS AND RECOMMENDATIONS

Thus, for improvement of economic safety of the cities it is necessary to concentrate activities of authorities on such directions as:

- development of fundamental science and innovative infrastructure;
- state financial support of innovative projects;
- forming stable regulatory framework in the field of innovative and investing activities;
- implementation of insurance system and investments protection;
- development of investment cooperation with financial institutions;
- development of information system servicing the investing programs.

The effect gained from application of marketing approach can be expressed in the following

- increase of competitiveness,
- development of the new types of products,
- growth of products volume sales in the domestic and foreign market,
- increase in profit and average monthly salary,
- increase of comfort and life quality in the territory.

For acceleration of innovative processes in the city it is necessary to take the following actions:

- improvement of financial condition of the entities;
- development of holdings or concerns;
- strengthening of small and medium scale enterprises interaction;
- creation of equal conditions and opportunities for economic actors;
- increase in a role and increase of the status of associations and public organizations.
- As tasks for each city within implementation of marketing approach serves the following:
  - development of the city competitiveness assessment technique;
  - development of the city innovative development assessment technique;
  - identification of innovative activity points in the city;
  - development of the entrepreneurs and innovators support mechanism.

## SUMMARY

Public dialogue between the state, business and the population is necessary. It will allow to provide the persons making decisions with reliable information about the processes happening in economy to estimate productivity of the made decisions and implementable measures, as well as to create the effective communication policy reducing social tension. In this regard application of scientific concepts such as marketing or cluster approach is a necessary condition of the city high economic safety. More specific practical recommendations about promoting interests of the city, developing innovative activities, creating territorial and production clusters, enhancing general social and economic structure shall be formulated after in-depth and careful study of the territory features.

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# FORMING DIDACTIC CULTURE OF THE TEACHER IN MODERN EDUCATION CONDITIONS

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## ABSTRACT

*Origin and registration of the innovative processes taking place in the pedagogical sphere in recent years shows increase of professional freedom extent development, creative self-realization of the teacher identity, tendency to openness emergence, frontage to pedagogical heritage, creation of flexible spontaneous systems for professional training. However, there is a relevant issue of teachers compliance to those requirements which are created concerning them by society and the state.*

*Research purpose is reflecting transformation of professional and significant pedagogical qualities in modern conditions of education development.*

*In research standard material and statistical data have been used obtained by interview; theoretical and practical material has been generalized.*

*Research displays change of the teacher didactic culture content since the period of existence Standard Wage-Rates and Skills Reference Book for positions of heads, specialists and other employees (ETKS) of the USSR to the requirements formulated in the existing professional pedagogical workers standard. On the basis of the several agents interaction analysis of educational process – teachers, students, parents, the gradation of professional competences priority of the teacher is clearly demonstrated. Besides, key components of pedagogical competences are revealed.*

*Research has shown rather low correlation of the teacher qualities in the eyes of the student and parent, and also teachers, that is the need of society for absolutely certain model of the teacher is not met by teachers image. All this requires updating of the teacher professional competence didactic components, development of modern requirements to structure and process of didactic culture forming.*

**Key Terms:** *history teacher, didactic culture, pedagogical competence, teacher, professional education.*

## INTRODUCTION

The social and economic and socio-cultural transformations taking place in the world in general and in Russia in particular have led to forming new welfare and economic values. Political and economic factors have also influenced implementable educational policy, displacing the main tendencies of globalization, democratization, internationalization towards return of domestic educational traditions in new economic conditions (Akhmetov, L.G., Faizrakhmanov, I.M., Faizrakhmanova, A.L., 2014, p. 107). In similar conditions in education system a specific place is held by professional pedagogical education which acts as one of the main success conditions of the carried-out upgrade of social and public life in general, and upgrades of professional pedagogical training in particular.

The teacher – is the special profession taking the important place in any world culture (Mirzagitova A.L., Mukhametgaliyeva S.H., Tirigulova R.H., 2015, p.1938). Modern high-tech information society imposes new requirements to the teacher, as to the personality and the professional capable to perform training and development of younger generation. Origin and registration of the innovative processes taking place in educational in recent years shows increase of professional freedom development extent, creative self-realization of the teacher

identity, openness tendency emergence, adhering pedagogical heritage, creation of flexible spontaneous systems for professional training (Akhmetov, L.G., Faizrakhmanov, I.M., Faizrakhmanova, A.L., 2013, p. 173). The importance of the school teacher cannot be re-evaluated and for this reason, even more often in researches of modern scientists and researchers Zhidova L.A. (Zhidova L.A., 2009, p.191), Kuleshova I.S. (Kuleshova I. S., last ref. date 2/11/2016), Davydova D. A., Kopova A.S. (specialists and other employees or ETKS ,last ref. date 1/30/2016), Goncharova S.V.( Goncharova S. V., 2005, p.185), etc. a question about quality of professional pedagogical training is brought up.

## METHODS

For the solution of research problems the following methods have been used: analysis of pedagogical, psychological domestic and foreign literature, regulations; poll method, statistical methods of experiment data processing.

Research was carried out in several steps:

At the first stage the analysis of domestic and foreign literature on pedagogics, identification of the researched problem condition in the theory and student teaching has been performed.

At the second stage content of poll has been formulated and the preparatory work of carrying out interviewing is carried out.

The third investigation phase consisted in carrying out poll, analysis and generalization of experimental work results, formulation of conclusions and tasks for further research.

## RESULTS AND DISCUSSION

Requirements imposed on result of teachers training, their qualifications stated in the *Standard Wage-Rates and Skills Reference Book* (specialists and other employees or ETKS ,last ref. date 1/30/2016), USSR and acting till 2015, do not correspond to the operating educational paradigm, the competence-based approach realized at all education levels. The new professional standard of pedagogical workers accepted in October, 2015 determines qualification of teachers through professional competences on the basis of the interrelation of the position held by the teacher and labor functions, with the accurate description of labor actions, necessary knowledge and abilities. These requirements are stated in the list of the teacher competences applied in case of pedagogical workers certification for different levels of education system. (Table 1)

We see that the understanding that enters professional culture of the teacher has significantly changed. Separate elements were transformed to competences, others have not found reflection in modern professional competences, for some competences there is no analog in ETKS which shows that this direction in work of the teacher became relevant only in modern pedagogics.



**Table 1**  
**RATIO OF PROFESSIONAL REQUIREMENTS TO PEDAGOGICAL ACTIVITY (comparison of ETKS and professional standard)**

	<b>ETKS</b>		<b>Professional standard</b>	
O f f I c I a l	Carries out training and education of the trained taking into account their physiological features and specifics of the taught subject, promotes formation of the general personality culture, socialization, conscious choice and development of educational programs, using various forms, receptions, methods and tutorials by framework of federal state educational standards, modern educational technologies.		<i>Cp 1 - Competence of the pedagogical activities organization area</i>	<b>P r o f e s s i o n a l  c o m p e t e n c e  o f  t h e  t e a c h e r</b>
D u t I e s	Reasonably chooses programs and educational and methodical providing, including digital educational resources. Gives studies, relying on achievements in the field of pedagogical and psychological sciences, age psychology and school hygiene, as well as modern information technologies and techniques of training.		<b>Cp – 2 Competence of the program development area, methodical, didactic materials and adoption of pedagogical decisions</b>	
	Plans and carries out educational process according to educational program of the educational institution, develops the working program for the subject, a course on the basis of approximate main general education programs and provides its performance, being guided by the personality of the trained, development of motivation, cognitive interests, abilities, will organize independent activity of the trained, ensures relevance of training in the subject (course, program) with practice. Provides achievement and confirmation of education levels (educational qualifications) for the trained.		Cp – 3 Competence of goal setting and pedagogical activities tasks area	
	Estimates efficiency and results of training for the trained in the subject (course, program), considering development of knowledge, mastering abilities, development of creative activities experience, cognitive interest of the trained, using computer technologies. Observes the rights and freedoms of the trained, supports a subject matter, attendance, respecting human dignity, honor and reputation of the trained.		Cp – 1 Competence of the pedagogical activities organization area	
S h o u	Carries out control and assessment activity in educational process with use of modern ways for assessment in the conditions of information and communication technologies.		Cp – 1 Competence of the pedagogical activities organization area	

I d  k n o w	Makes suggestions for improvement of educational process in educational institution.			
	Participates in pedagogical activity and other councils of educational institution, as well as in activity of methodical associations and other forms of methodical work.			
	Provides protection of life and health of the trained during educational process.			
	Carries out communication with parents (persons, replacing them).			
	Carries out rules on labor protection and fire safety.			
	Priority directions of educational system development in the Russian Federation; the laws and other regulatory legal acts regulating educational activities; Convention on the Child Rights; bases of general-theoretical disciplines in the amount necessary for the solution of pedagogical, scientific-and-methodical and organizational-and-managerial tasks; pedagogics, psychology, age physiology; school hygiene; technique of subject teaching; programs and textbooks for the taught subject; technique of educational work; regulating documents concerning training and education of children and youth; theory and methods of educational systems management; modern pedagogical technologies; technologies of the conflict situations reasons diagnostics, their prevention and permission; fundamentals of ecology, economy, sociology; labor law; employment policies and procedures of educational institution; rules on labor protection and fire safety.			Cp – 4 Competence of personal qualities area  Cp – 5 Competence of providing information activities basis area
			Cp – 6 Competence of student motivation for educational activities implementation area	

As pedagogical process according to Federal Law No. 273 "About education in the Russian Federation" (The Federal Law No. 273, last ref. date 1/29/2015) is a complex process of educational process several agents interaction – teachers, students, parents, there is a natural question: what professional competences from the listed above (according to each of groups) are priority? For the solution of this task respondents survey of each group has been conducted: "Teachers", "Students", "Parents" (in total 237 people. In total representatives of 7 schools of the Republic of Tatarstan - teachers (teachers of history and schools heads), parents of seniors, students of the senior classes took part in the poll). One question has been asked to all respondents of each group: "Name the most important, in your opinion, qualities of the history teachers". Poll feature was that the question was open – that is it was necessary to list qualities of the modern teacher (no less than 10) and to establish their rank on a 10-grade scale.

As the competences presented in the standard have rather specific character, and demand in certain cases is more simplified, an opportunity for non-professionals to estimate them was given, on each competence the key components opening the essence at more available level have been revealed; we have grouped them in blocks:

**Block 1. Personal qualities of the teacher**

- Erudition;
- Understanding of youth and their interests;
- Leadership skills;
- Authority;
- Respect for the student;
- Justice;
- Goodwill;
- General culture level;
- Creativity in profession;
- Communicative skills.

**Block 2. Professional qualities of the teacher**

- Ability interest the student;
- Love of children and support for them;
- Capability to develop student motivation for training in the subject;
- Knowledge of subject;
- Possessing training technologies;
- Knowledge of students psychology;
- Conflict management;
- Capability to present training material interesting;
- Application of original pedagogical technologies;
- Accounting of student capabilities and needs;
- Cooperation.

Components of each block have been distributed in the competences (table 2) which are marked out in the professional standard.

**Table 2**  
**KEY COMPONENTS OF PEDAGOGICAL COMPETENCES**

Competence groups	omponents
<b>Cp - 1</b>	Capability to present training material interesting; Application of original pedagogical technologies; Communicative skills; Accounting of student capabilities and needs; Cooperation; Conflict management.
<b>Cp - 4</b>	Erudition; Understanding of youth and their interests; Leadership skills; Authority; Respect for the student; Justice; Goodwill; General culture level; Creativity in profession.
<b>Cp - 5</b>	Knowledge of subject; Possession of training technologies; Knowledge of student psychology.
<b>Cp - 6</b>	Ability to interest the student; Love of children and support for them; Ability to develop student motivation for training in the subject.

Answers of respondents were distributed as follows.

In Teacher group 125 respondents were interviewed (teachers and heads of comprehensive schools (city of Yelabuga, Kazan, Naberezhnye Chelny) – the most priority got such competences as: competence area of goal setting and tasks for pedagogical activities; competence area for motivation of the trained for implementing educational activities; competence area of providing information basis for activities; competence area of developing the program, methodical, didactic materials and adopting pedagogical decisions;

Respondents of Teachers group have established the following key components of the teacher competences (in process of a rank decrease):

- Love for children and supporting them;
- Mastering of training technologies;
- Knowledge of subject;
- Capability to develop student motivation for training in the subject;
- Knowledge of student psychology;
- Accounting of student capabilities and needs;
- Creativity in profession;
- Justice;
- Cooperation;
- Conflict management.

In Student group 43 respondents were interviewed (students of the comprehensive schools senior classes (city of Yelabuga, Kazan, Naberezhnye Chelny) marked out such competences as: competence area of personal qualities; competence area of the trained motivation for implementing educational activities; competence area of providing information basis for activities (Davydov, D. A., Kopova, A.S., last ref. date 2/1/2016).

Respondents of Student group named the following key components of the teacher competences (in process of a rank decrease):

- Knowledge of subject;
- Capability to present training material interesting;
- Respect for the student;
- Justice;
- Goodwill;
- Implementation of creative tenders and the Olympiads in subject;
- Erudition;
- Understanding of youth and their interests;
- Leadership skills;
- Authority.

In Parent group 69 respondents were interviewed (parents of comprehensive schools students (city of Yelabuga, Kazan, Naberezhnye Chelny). They have determined such competences as: competence area of personal qualities; competence area of the pedagogical activities organization; competence area of the trained motivation for implementing educational activities.

Respondents of *Parent* group have determined the following key components of the teacher competences (in process of a rank decrease):

- Knowledge of subject;
- General culture level;
- Ability to interest the student;
- Authority;
- Justice;
- Application of original pedagogical technologies;
- Goodwill;
- Communicative skills.

## CONCLUSIONS

Comparison of qualities has shown their rather low correlation among themselves, that is, the teacher's image in the eyes of students and parents (requirement of society) do not meet the image of teachers. The importance of such teacher qualities as: knowledge of subject, general culture, ability to set the educational purposes and tasks accurately, ability to interest the student are estimated by teachers and parents lower (or are not estimated at all). Distinction, obviously, consists in the modern teacher having to change his the social function – to transfer it from the unique giver of knowledge into accompanying (conductor) of educational process, having kept at the same time such important pedagogical qualities as ability to teach the subject, personal authority, justice, communicative skills (Aronowitz S., 1991, p.205; Mirzagitova, A.L., Akhmetov, L.G., 2015, p.114). In our opinion, it is about establishment of new requirements to the professional culture of the teacher; penetrating all his activities including all his personal resources, knowledge, qualities, attitudes, creative opportunities is necessary.

## SUMMARY

Awareness of professional and significant pedagogical qualities significantly changes in modern education development conditions (Shaidullina, A.R., Merzon, E.E., Zakirova, V.G., Mokeyeva, E.V., Karev, B.A., Burdukovskaya, E.A., Polevaya, N.M., 2015, p. 68). The named properties and qualities correlate with the professional standard of the teacher, opinion of teachers, parents, students insufficiently. All above requires updating didactic components of professional teacher competence, development of modern requirements to structure and process of didactic culture forming.

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# ENVIRONMENTAL EDUCATION IN THE REPUBLIC OF TATARSTAN: SOCIAL ANALYSIS OF THE SITUATION

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## ABSTRACT

*This paper presents the results of research, aimed at assessing the level of satisfaction of environmental education in the Republic of Tatarstan. Objective of the research was to determine the state and development trends of environmental education and awareness in the Republic of Tatarstan. The analysis was conducted on the basis of results of long-term sociological research. The authors applied both quantitative and qualitative methods. Quantitative methods involved selective study of the environmental interests and values of the population. We formed the random, repetition-free, zoned, and quota samples. Qualitative methods were based on texts proposed to the students of Tatarstan schools and institutes on the stated subject. The responses to the questionnaires revealed dissatisfaction of the youth with the level of environmental education in the republic. For example, 88% of respondents are interested in information on environmental issues, and only 8% consider this information to be sufficient. 44.7% of respondents received environmental knowledge during their study, 40.8% – did not received; only 7.2% of respondents noted that the education system gave attention to the environmental knowledge. 27.9% of respondents consider necessary to study special subjects in the secondary school, as they contribute to the distribution of environmental knowledge among young people. Our findings indicate a mismatch in the needs of the population and the younger generation for environmental knowledge and the opportunities to obtain it at secondary school and additional education system. The results confirm the existing contradiction between the demands of the youth in the field of environmental education and the real state of teaching of environmental knowledge.*

**Keywords** *Environmental education, the Republic of Tatarstan, city of Kazan, surveys.*

## INTRODUCTION

The development of civilization has been associated with the intense anthropogenic impact on the environment. The level of this impact in recent years can be comparable with the intensity of global geological processes. This is reflected in the imbalance of the biosphere processes and leads to irreversible consequences (Meadows D.H. The Limits to Growth / D.H. Meadows, L.D. Meadows, J. Randers, 1994, p. 22; Ostrom E. , 2008, p.5; Christie M., 2001, 215 p.).

In this regard, the issue of environmental management becomes for mankind not just relevant problem, but, in fact, a matter of survival. The only real way out the situation is not just the application of new environmentally friendly technologies, but formation of

environmental thinking and worldview in people. The leading role belongs to environmental education and awareness (Wasescha L., 2000, p. 381; Vukicevic M.D., 2000, p. 381; Wiederkehr R., 2002, p. 55).

There is some experience in this area. It is based mainly on the experience of past generations. However, today it requires creative rethinking and application in modern conditions.

The efforts in the field of environmental education and awareness can be really assessed by conducting sociological surveys in the different segments of the population. Objective of the research was to determine the state and development trends of environmental education and awareness in the Republic of Tatarstan.

## RESEARCH METHODS

One of the first social-ecological research on the territory of the Republic of Tatarstan was the study "The level of formation of environmental needs of the population of the Republic of Tatarstan" in 1997. The sample volume was 800 people. The sample composition was determined in accordance with the set quotas of socio-demographic characteristics of the respondents. Quotas were managed according to several parameters.

The first parameter was the place of residence based on the degree of environmental stress: a) the residents of areas with a satisfactory environmental situation (10%); b) the residents of areas with moderate-intense and intense environmental situation (47%); and c) the residents of areas with troubling and severe environmental situation (43%).

The second parameter was the distribution of the respondents to urban and rural residents – 81.1% and 18.9%, respectively. Among the urban respondents, we distinguished people living in cities and towns, due to the most severe environmental situation in these areas.

The third parameter was the distribution of respondents by their gender and age: adult working-age men accounted for 54.2%, women - 45.8%; we formed 3 age groups: young - under 24 years (12.5%); middle-aged - 25-49 years (71.9%) and elderly - 60-59 years and older (13.2%).

The fourth parameter was the distribution of respondents by sectors of the economy: industry, transport, construction, communication (57%); trade, public catering (6%); housing and utility sector (2%); health care, social welfare (7%); public education, culture, science and scientific services (11%).

The fifth parameter was the distribution of respondents by educational groups: incomplete secondary and secondary education (38.6%); secondary professional education (36.3%); incomplete higher education (5.1%); and higher and higher with scientific degree (20%) (Yao L.M., 2004, p. 234).

Quantitative research "Public awareness on environmental issues" was conducted in 2000 (n=100), and addressed the issues of the quality of environmental education in the country. In January 2015, the participants of Open Environmental Forum "Zilant" (n=91) were surveyed, involving high school students, initially focused on understanding and solving of environmental problems.

In addition to the quantitative studies, the qualitative studies have been also conducted. It was a formalized interview, where respondents gave free answers to the preformed questions. To study the environmental ideas of students, a formalized interview was conducted in three schools of Kazan. The survey was conducted in 2000, and involved 117 tenth-graders; for comparison, the questions were asked to students who was getting environmental knowledge during standard chemistry, biology, physics classes (school No.11, Vakhitovsky district of Kazan); during environmentally-focused biology classes(school



No.143, Novo-Savinovsky district of Kazan) and special elective ecology classes with the teacher of the Center for Environmental Education (high school No.7, Novo-Savinovsky district of Kazan). Pupils had to answer questions of how they understand the word "ecology", whether they know what the anthropogenic landscape and environmental hazards are, how the human economic activity affects nature, what mineral resources cause the most pollution when mined.

In addition, in November 2011, the students studying the "State and municipal management" in KNRTU (Kazan State Research Technological University) answered in free form the questions of the formalized interview about what ecology knowledge they got while studying at secondary schools (n=41); and in January 2013 - the questions of the formalized interview about sustainable development (n=63).

## RESULTS AND SUMMARY

The respondents consider environmental education to be one of the most important factors in the preservation of natural resources. Answering the question in the study of 1997 about "what can be done to preserve the natural resources of Tatarstan?", the residents put environmental education at the third place. In general, the distribution of responses has shown that citizens are fairly well aware of the need for strict government regulation in the environmental sphere through legal and educational institutions, through the institute of public opinion, institute of local government and through public organizations. The residents of Tatarstan consider it most important to introduce tough penalties for those who pollute nature - 60.6%; next answers were: to adopt new laws to protect nature - 50.8%; create a system of environmental and humanitarian ideas of the world and man's place in it, education, to form the environmental culture - 46.7%; to expand the practice of environmental impact assessments and to inform about the results - 37.7%; to consider the views of ordinary people in making decisions - 32.7%; to expand the rights of cities and regions in the environmental protection - 20.8%; to maintain the environmental movements - 17.2%; to introduce additional taxes for the preservation of nature - 9.1%; and to ask foreign companies for economic assistance - 7.4%. If we put into practice all ideas important for the public, then perhaps society will enter a new phase, which will result in the social partnership, openness, civic responsibility, mutual trust of the authorities and the population, i.e., the state called civil society.

The main objective of environmental education is not so much to increase the level of scientific knowledge as to form a holistic view of the world, emerging from the scientific, philosophical ideas, and which determines the selection of variants of behavior in relation to nature.

To find out the level of awareness of the students of secondary schools of environmental issues, the survey was conducted in three schools of Kazan. The survey was conducted in 2000 in three schools in the city of Kazan, in the form of formalized interview. Pupils had to answer questions of how they understand the word "ecology", whether they know what the anthropogenic landscape and environmental hazards are, how the human economic activity affects nature, what mineral resources cause the most pollution when mined.

Their answers showed that the most in-depth knowledge on the ecology was provided in gymnasium No.7, teaching the ecology at a special lesson with the director of the Center for Environmental Education. Pupils of school No.11 exemplified natural science subjects as sources of environmental knowledge (chemistry, physics, biology); pupils of school No.143 added to these subjects the lessons in medicine, basics of life safety; pupils of

gymnasium No.7, in addition to natural science subjects, received environmental knowledge from such subjects as literature, history, Tatar, English, and foundations of market economy.

During the period of transformation, the environmental knowledge in various educational institutions were provided to 44.7% - these respondents in the Republic of Tatarstan answered affirmatively to the question of the study of 1997 "Did you received the environmental knowledge during your study?"; 37.5% of them answered that they obtained environmental knowledge at secondary school; 14.9% - at high education institution; 7.5% - at college; and 3% - at vocational schools (Yao L.M., 2004, p. 218). These figures show the importance of a comprehensive high school in the chain of continuous environmental education. According to the Ministry of Education of the Republic of Tatarstan, in 2014, 213 schools had classes in ecology at the expense of the variable regional component, and 232 schools taught ecology as an elective subject.

The surveyed pupils gave the correct answers to all the questions, but the answers of pupils of school No.7 were more complete and profound. For example, pupils of school No.11 gave the definition of ecology as the "science of the relationship between man and nature", "the science of the home", "everything that surrounds us"; pupils of school No.143 made emphasis on the protection of nature: "Ecology - the science of environmental protection", "the science of the environment and its protection"; pupils of school No.7, having received environmental knowledge not only from the natural science subjects, but from the humanities, have focused on the human impact: "ecology - the science that studies the relationship of living beings and the human impact thereon", "it is the science that studies the environment, its condition, and its effect on a human" (Yao L.M., 2004, 311 p). Pupils have a clear idea of what mineral resources cause the most negative impact on the environment when mined (in the Republic of Tatarstan - oil, construction materials, shales, huge water reservoirs, construction of nuclear power plants); what the consequences the long-term extensive economic activity have brought for the environment (deforestation, depletion of mineral resources, earthquakes, air pollution, water pollution, loss of biodiversity, a threat of extinction of animals, a threat to human health). The pupils often associate the concept of "ecology" with the concept of "security", "protection", "threat to the environment", which indicates the ways of influencing the minds of children who are very sensitive to the unjustified aggression, injustice, and insecurity. The preservation of nature raises, gives sense to actions of pupils, matches with their ideas about the ideal destiny of a human (Yao L.M., 2004, p. 140).

Our research has shown that the most correct decision in the formulation of environmental education in secondary school would be to combine ecology as an individual subject, and to ecologize other subjects, fill their content with achievements of science in environmental and resource-saving technologies, new ideas in the humanities.

The vast majority of respondents-participants of the environmental conference "Zilant" believe that secondary schools have to introduce a special subject "Ecology": "yes, definitely" - 31.5%, "more likely" - 36% ("no" and "probably not" - 0.9% and 7.2%, respectively). 58.5% of respondents answered "yes" the question "How do you think whether the environmental situation in the city is associated with the level of environmental education of the population?". Nearly half of the respondents - 48.6% - believe that the level of environmental awareness of the population can be improved through "strengthening the environmental education". The fact that the level of environmental education is far from the desired, can be proved by the responses of the students studying "State and municipal management": 7 of 63 students answered correctly the question of what "sustainable development" is.

The students commonly wrote: "no environmental knowledge and knowledge of sustainable development received during study at school"; "I knew about the sustainable development program, but did not understand how it works, what it includes"; "no information on current state of the environment and nature was provided"; "I never studied ecology before entering the institute"; "Non-effective education and training system in this area".

## CONCLUSION

One of the most acute problems of our time in solving environmental problems is to educate an environmentally literate generation. The research conducted by the group of authors allows speaking about insignificant level of environmental education in the modern Republic of Tatarstan.

Our findings indicate rather a mismatch in the needs of the population and the younger generation for environmental knowledge and the opportunities to obtain it. In fact, nowadays, there is a quite acute contradiction between the demands of the youth in the field of environmental education and the real state of teaching of environmental knowledge.

The latter aspect was especially clearly manifested during the XXVII World Summer Universiade in Kazan. It was found then that the emotional sentiment in the society puts the aggravated environmental problems on the back burner (Bagautdinova N.G., Mingazova N.M., Zamaletdinov R.I., Panasyuk M.V., Safiullin L.N., Gafurov I.R., Glebova I.S., Zotova F.R., Kadyrov A.R., Suslova O.B., 2015, p. 115; Mingazova N.M., Zamaletdinov R.I., Derevenskaya O.Yu., Palagushkina O.V., Nabeeva E.G., Pavlova L.R., Shigapov I.S., Mingaliev R.R., Nazarov N.G., Zaripova N.R., 2015, p. 470; Zamaletdinov R., Kornilov P., Mingazova N. , Dautov A., 2014, p. 235).

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# THE STATE AND PROSPECTS OF DEVELOPMENT OF THE MARKET OF ISLAMIC INVESTMENTS

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## ABSTRACT

*Banking and finances based on ethical standards of Muslims are now an integral part of international financial market. Vitality and stability of financial institutions in crisis period arose more and more interest to the in Russia and abroad. In article is presented analysis of condition and effectiveness of use of Islamic investment instrument, are detected major tendencies of this branch development. It was determined that financial instruments that correspond Islam principle have a big potential for development even in period of economic crises. But absence of special regulation slows process of their development.*

*According to standards of Islamic ethic, righteous is only that wealth that is a fruit of own labor and entrepreneurial efforts, and also the one that is received as heritage or as a gift. Therefore, profit is considered as award for a risk associated with any business enterprise. Religious standards and taboos that are mandatory for conduction and adherence for every one Muslims, became a reason for genesis of Islamic investment funds (Bekkin R., 2015, p. 141). Increase of Islamic population size in developed countries promoted expansion of Islamic financial institutes; and, respectively, increased interest of investors from Islamic countries in geographical diversification of investments portfolios; increase of demands for socially responsible investment anticipating ranging of companies from point of view of their attentiveness to issues of environmental protection, improvement of labor conditions etc.*

**Keywords:** *marketing, investment fund, ethical finances, Islamic banking.*

## INTRODUCTION

Recently interest for Islamic banking and Islamic security papers, same as to alternate forms of banking activity and financial instruments is increasing. Authors of article, after studying of Islamic banking and finances condition, agreed upon opinion that today they can be considered as alternative in Russia too, but at this they are sufficiently perspective and actively developing. A range of Russian banks is interested in experience of applying of Islamic instruments for a long time. However, as noted by experts, in accordance to a current legislation it is impossible to create a bank or "Islamic window" operating in correspondence to principles of interest-free financing. In order to overcome existing situation, Association of regional banks in 2011 had proposed to write into Strategy of development of banking sector of Russian Federation for period till 2015 a clarification in part of creation and development of alternative (Islamic) finances (in article 10, paragraph 3.5). However, these propositions were not taken into account in Strategy. Similar destiny also befell an attempt of group of scientists from Financial university affiliated to the Government of RF to enter for consideration into State Duma of RF a legislative proposal "On financial organization - partner". Developers used experience of Turkey where term "partner banks" is used for interest-free banks operating in accordance to principles of division of profits and losses.

According to opinion of scientists, acceptance of law would promote formation of law field for progressive development of alternate finances.

## MATERIALS AND METHODS

As theoretical and methodological basis for this research served separate conceptions and assumptions of micro- and macroeconomics, finances, economic analysis, mathematic modeling, dedicated to theory of investments, theory of management etc. There were considered conceptions and assumptions of domestic and foreign authors, represented in modern economic literature, dedicated to principles of investment by Shariah laws (Zakirova O.M., Bulankina E.V., Popova E.A., 2007., p.125).

Setting and proving of work assumptions were performed on basis of system analysis with applying on complex of general scientific and mathematic methods, providing authenticity and reliability of received results.

## RESULTS

Investment fund is an institution that perform collective investments. Its essence is in accumulation of savings of private and legal entities for cooperative (including portfolio) investment through purchase of security papers instead of real industrial assets (Chizhik V.P., 2015, p. 21). As purchase of security papers is conducted by a professional market participant, risks of private investors are substantially reduces.

According to Koran all material earth values and goods are property of Allah who entrusts them to Muslims in a kind of beneficial ownership. Faithful Muslims should use the gift of Allah exclusively for productive purposes and for the good of all society. Therefore, to use services of common investment funds does not seem possible for Muslims. Islamic investment fund implies a general cash-box (general fund) where investors put their surplus funds in order to earn halal profit in strict correspondence to Shariah principles. These are independent investment companies in which participants have equal rights for ownership of company assets shares, its profits and losses.

There are different categories of Islamic investment funds: funds of joint stocks, funds of real estate and property, commodity funds, Ijara funds, Murabaha funds and also commingles funds.

The main peculiarity if Islamic finance system is denial of borrowing rate of interest. That's why the award of capital owner should not take form of preliminary set and guaranteed payment, independent of earning power of enterprise. Strict prohibition of usury excludes market of bonds and fixed deposits for Islamic investors (exclusion - bonds, where earning power is ties to profitability of business), and prohibition for pork consuming force them to be selective at determination if investment object among meat-processing companies. Koran do not allow to invest money in production and sale of alcohol, in sphere of unethical entertainment: casino, gambling, "adult" movie industry, yellow press. Under prohibition are banks and even insurance companies, because in traditional insurance there are three elements denied by Islam at once: riba (usury), meisir (hazard) and gharar (risk, uncertainty). Typically are excluded tobacco companies and manufacturers of military production, although by Islamic laws they are not a strictly prohibited objects of investment (Bekkin R., 2014, p.148).

For complicated cases, when corporation is involved in several types of activity, there is a "rule of 5%". If enterprise earns less than 5% of its profit from issuing of production prohibited by Islam, then mullah who is included in directors board of every Islamic fund, will likely permit to buy its stocks.

There is more than one trillion USD under management of Islamic funds (Islamic business and finance, accessed on 11.5.2016). Peculiarity of Islam is the absence of unified police on majority of issues. Decision of every problem is assigned to specific mullah. Cases are known when Islamic advisors forbade deals with airline companies on the ground that one of targets of their activity is selling of alcohol on board, although it was only 3.5% of total amount of sales. Sometimes happens that mullahs ban purchase of papers of a well-known socially responsible corporation just on that ground that at current moment in has too much free cash that can be used for purchasing of instruments with fixed profitability. By most often Islamic finds are capable to find compromise between economic logic and fidelity to religious dogmas.

Prohibition of investments into stocks of companies connected to alcohol, gambling, unethical entertainment, unites Islamic funds with so-called socially responsible funds. But social funds can allow them self purchase of instruments with a fixed profit and bank products, while for Islamic funds investments with guaranteed interest, like bonds of deposit certificates, are not acceptable.

Purchase of bonds is prohibited because they are a loan instrument. But this does not prevent Muslims to own stocks of companies. Stocks of such companies can become an object of investment, but at one condition - sizes of such borrowings cannot exceed a certain threshold. It is approximately 30% of average annual capitalization of company. This threshold should not be exceeded by debts of partners to this company. I.e. in balance of company should not prevail neither bills payable, nor bills receivable.

For selection of "halal" companies stocks in global economics there are so called Islamic indexes (DJI100X, accessed on 11.5.2016). So, index S&P BRIC Shariah Index includes stocks of the largest and most liquid companies of Brasilia, Russia, India and China that are corresponding to Shariah standards and traded on stock exchanges of developed markets. List includes 58 companies, fifteen of them are Russian corporations presented at international share markets. Among them are concerns "Gazprom", "Surgutneftegaz", RAS "UES of Russia, "LUKOIL" and "Tatneft".

Islamic doctrine recommends involving of money funds on basis of principle of share financing, i.e. depositor or investor earns a right to share profit and losses on business enterprise. In business practice of Islam both sides share e risk between them. A peculiar feature if Islamic investment is obligatoriness of charity deductibles. As soon as Islamite, in financial aspect, reaches a "nisab" condition - a kind of break-even point, when all his major expenses can be laid for - certain percent of remaining money goes to charity deductibles or "zakyat". Islam welcomes a long-term investments. But a paper profit formed by portfolio (increase of its market cost) can stay unrealized for years. Islamic lawyers came to a conclusion that for acceleration of zakyat payment is allowable to calculate difference between market value of portfolio for beginning and end of every year by Gregorian calendar and pay as zakyat 10,3% (10% by lunar calendar) of this difference is it is positive.

At present time in the world are developed two models of Islamic finances: "conservative" - oriented at strict following of Shariah requirements (Saudi Arabia, Bahrain etc.) and "light" that is limiting by use of external, formal signs of Islamic finances (Malaysia, Great Britain etc.).

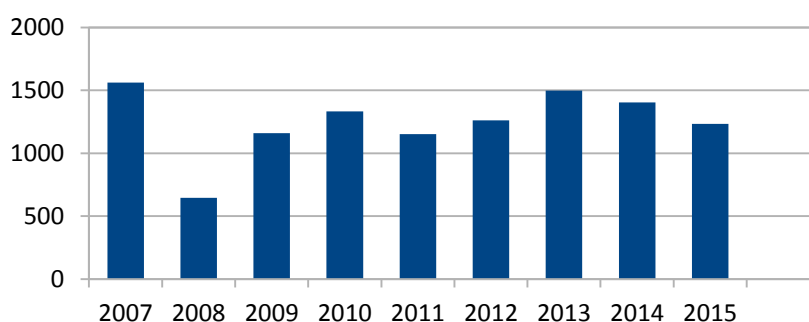
Bank financing of companies is conducted by participation in project or provision of interest free credit in form of material help or short-term subsidy. And consumer loans are provided by "murabaha" method, when bank purchase a merchandise and sell it to customer on installment plan, earning on difference in prices, It must be said that even in case of overdue payment, bank is not capable to charge extra interest. Instead of consumer loaning, learned interpreters of Koran came to idea of using leasing and rent. Automobile lending is drawn not as a sale, nut as leasing of automobile: respectively, interest became a payment for

usage of car. Purchase of apartment by expense of mortgage is drawn as renting. Profitability by bank deposits is tied to earnings of a bank, protecting investors from accident receiving of injustice profit.

The largest global banks IAG, ABN, Amro, Citibank, Chase Manhattan and JPMorgan are opening "Islamic windows", Islamic sub-divisions, pension and hedge-funds, striving to involve funds of growing Islamic population of Europe, USA and other countries (Yakupov L., Shlyahin D., accessed on 11.5.2016).

At present time Islamic banking system is considered throughout the world as perspective. In fig. 1 is presented the dynamics of values of index S&P BRIC SHARIAH INDEX. This index include stocks of largest and most liquid companies of Brasilia, Russia, India and China that correspond Shariah standards and are trading on stock exchanges of developed markets - at Hong Kong Stock Exchange, London Stock Exchange, NASDAQ and NYSE. Index demonstrates stability of quote and weak liability to economic crises.

**Figure 1**  
**DYNAMICS OF INDEX S&P BRIC SHARIAH INDEX**



Definitely, to invest in accordance to oneself spiritual values is not always super-profitable. Nonetheless, every year in the world grows the number of religious funds, then excess profitability is not the most important thing for investor.

**Table 1**  
**S&P BENCHMARK SHARIAH INDEXES (S&P Dow Jones Indices, 2015)**

Index Name	Index Change			
	Stock Count	1-Year	3-Year	5-Year
S&P Global BMI Shariah	4.201	-1.7%	7.5%	5.3%
S&P Global BMI	11,803	-3.9%	5.9%	4.0%
S&P Developed BMI Shariah	3.154	-1.0%	8.4%	6.3%
S&P Developed BMI	8.647	-2.6%	7.5%	5.4%

In 2015 all indexes of considered group demonstrated decrease connected to worsening of political and economic indexes. Reduce of oil prices seriously impacted many classes of assets in region. However, Islamic indexes in mid-term and long-term dynamics show more growth than traditional indexes, which is the evidence of their investment attractiveness.

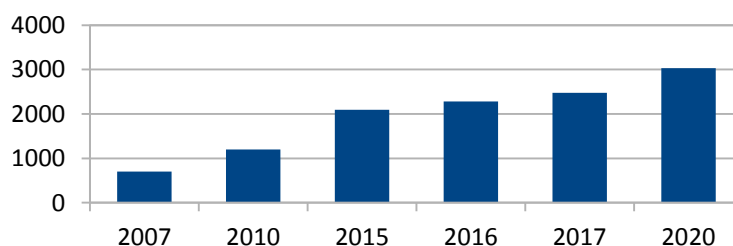
Let's consider major economic indexes of effectiveness of Islamic finance market. In result of conducted research we detected the following positive moments of development. In 2014 total assets of Islamic commercial banks in the world increased up to nearly 1 trillion

800 billion USD. Total assets of Islamic economics - mostly these are countries of Arabian league, and also Turkey and Iran - exceeded nearly 2.5 trillion USD. Annual increments of assets of Islamic banking is approximately 17-18%, this is more than increments of the global banking system approximately 10-fold.

Capital profitability of first twenty of Islamic banks is 12.5%, of traditional banks - 15%. Interesting that as soon as Islamic banking started to develop, such large financial institutes as JPMorgan, City, HSBS Bank (PP), Barclays Plc., Lloyds bank, Bank of America, Dutch Bank started to Islamic subsidiary structures only in order to use those free funds that were directed from countries of Persian Gulf. Islamic financing was chosen by these large finance institutes due to stability of system itself, and also economical and political stability of Islamic centers, such as London, Malaysia, Dubai. Market of Islamic financing annually grows for 15-20% average.

By forecasts of experts in 2018 is anticipated increase of profitability of owner capital us Islamic banks up to 15%, and general growth of assets - up to 15-16%. I.e., assets of Islamic financing annually increase for 15-16%, rate of growth substantially exceed similar index in traditional global system. Today 40% of Islamic banking assets belong to Islamic banks of Iran, 16% - KSA, 8% - Malaysia, 5% - UAE and 2% - Turkey (Institute of forecasting and settlement of political conflicts, accessed on 18.1.2016).

**Figure 2**  
**FORECAST OF DYNAMIC OF ISLAMIC FINANCES IN THE WORLD, MIL. USD**



### RESUME

Products of Islamic banking and finances arose interest not only of scientists, but of practicing too. One thinks that Islamic principles of financing in Russia have a good perspective as a source of financing of innovation projects, because direct investments are one of basic forms of Islamic financing. Others note a need in Islamic banking products, first of all, from small and medium business. Experts from Russia center is Islamic economic and finances estimate potential demand for Islamic financial services as approximately 60 billion RUB. The majority of experts note that real substantial demand for products of Islamic banking and finances is still not formed in Russia. Similar conclusions are made about ethical finances in general too, including funds of all types and so called "green" bank. Formation of demand will take time. Nevertheless, with taking into account foreign experience, it can be said that expansion of ethical finances in Russia, emerging of alternative ethical and "green" banks is a perspective of nearest years.



## CONCLUSION

Using of experience of Islamic banking, oriented to development of real sector of economic, would be useful both Russian bank and non-bank structures. First of all, this would give an opportunity to attract investments from countries of Near East and to use investment potential of Islamic population of our country more completely.

What is preventing the development of Islamic banking in Russia? The answer is simple - the major reason is in weak development of legislation basis on issues of Islamic finances. At development of law environment should not be forgotten about creation and development of international financial center, infrastructure for investors (Ziyazetdinov A.P., Rudaleva I.A., 2016, accessed on 11.5.2016). It is necessary to make correspondent amendments into legislation related to functioning of Islamic financial institutions, peculiarities of estimation of their assets, taxation, drawing of statements (legislatively approve systems of zakyat, realize Islamic laws on property and heritage, introduce appropriate land reforms with limitation of existing estates size and normalizing hiring system, create institute fir regulation of state and private monopolies and business corporations, accept necessary laws and create institutes on environment protection, implement statement system (al-hishah) and law basis for consumer interests protection, accept a corresponding monetary and fiscal policy for stabilization of prices, cancel interest on all types of financial operations). In order to control activity of Islamic companies should be created national external Shariah board that will monitor activity of subordinate organizations.

Without waiting for legislation to change, in some regions of Russia separate bank are implementing in practice Islamic instruments that can be applied in frames of current legislation. For example, branch of OJSV CB "Ellipse bank" - bank "Vostok-Capital" in Ufa propose financing of purchasing of permanent assets by "ijara" mechanism - analogue of leasing operation. In Dagestan are issued interest-free debit cards. In Tatarstan is acting investment company "Umart-finance" that specializes on provision of finance services corresponding to Islamic law. It proposes direct investments, leasing services and investment deposits. In Moscow is opened investment company LLC "UIFC "Ash-Shams Capital" that proposes to invest funds in accordance of Shariah standards and specializes on management of collective investments. First ethical fund in Russia - Islamic ethical fund "Halal" - was registered in 2007 (Batayeva B.C., 2013, p.270). Fund is not large, composition of its portfolio comprises stocks of Russian companies traded on united stock exchange MICEX-RTS. Functions of Shariah board of this fund are conducted by LLC "Zam-Zam+" from Kazan specializing on Islamic economic consulting services.

## CONFLICT OF INTERESTS

Authors confirm that above provided data do not contain conflict of interests.

## ACKNOWLEDGEMENTS

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## END NOTE

1. Composed by materials <http://us.spindices.com/indices/equity/sp-bric-shariah-index>
2. By materials of leading advisory companies estimations.

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# ON THE FORMATION OF THE ANTI-DRUG STABILITY OF LAW STUDENTS

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## ABSTRACT

*The article considers the issue of the formation of the anti-drug sustainability of law students through the implementation of a special program in the discipline of their training, which, in turn, will form their persistent denial to psychoactive substances. The main idea of the study is to improve the professional competence of law students in the field of anti-drug laws, and use this knowledge as a means to enhance sustainability anti-drug trainees. The study used a number of methods and reference points that contribute to a more effective implementation of the objectives of the study. The results showed that the students attitude to the consumption of psychoactive substances has changed from "neutral negative" to "stable to negative." Almost all the students expressed the importance and the need to inform teachers and parents about the use of narcotic drugs facts of their friends and acquaintances if they become known to them.*

*Speaking about the results of the survey, it should be noted that among the respondents did not have any student positively related to substance abuse, which to a large extent is a credit to the Russian Federation state policy in the field of prevention of non-medical use of psychoactive substances. At the same time, to work directly with students in the study of the course indicated above, can further strengthen and shape the students a strong position denying any actions related to the illicit trafficking and consumption of narcotic drugs and psychotropic substances.*

*Thus, the inclusion of these subjects in the curricula of educational institutions will not only fulfill requirements of normative acts in the sphere of combating non-medical use of psychoactive substances, and to strengthen the level of students control, but also greatly enhance the level of anti-drug stability students that, as a consequence, will contribute to a healthy and competitive ability of the company.*

**Key words:** *Anti-drug resistance, prevention of non-medical use of narcotic drugs and psychotropic substances.*

## INTRODUCTION

The life of modern man is caused by a mass of negative factors that can help reduce stress and improve the overall level of emotional intensity. These factors include the economic crisis, is rapidly increasing level of competition in society, unemployment and so on. At the same time with such negative social phenomena there is a clear organization of the activities of transnational criminal groups and communities associated with illicit trafficking in narcotic drugs and their precursors. (Web resource:<http://www.cdiausa.org>, date of the application 05.2016) These factors present special danger for the young generation (Arria AM, O'Grady KE, Caldeira KM, Vincent KB, Wish ED., 2011, p.1045), which form a large proportion of students in higher vocational institutions (Web resource:[teens.drugabuse.gov/peerx](http://teens.drugabuse.gov/peerx), date of the application 05.2016). Natural thirst for new knowledge, finding protection from pressure exerted could have a very negative impact on the life of younger generation and, as a consequence, lead to the path of substance abuse. (Low KG, Gendaszek AE., 2010, p.283)

## MATERIALS AND METHODS

According to the Republic of Tatarstan Ministry of Health, the number of registered patients with a diagnosis of "dependence syndrome narcotic drugs (drug addiction) "decreased by 0.3% (from 10 520 in 2013 to 10 488 people in 2014). Among located on preventive monitoring the percentage of citizens aged 20-39 years is 76%, up to 19 years - 13.3%. students - 4.6% (Report on the drug situation in the Republic of Tatarstan, date of the application 05.06.2015).

In addition to the main documents of the Global Burden of Diseases in 2013, drug addiction listed in the top ten most dangerous factors of injury (Web resource: <https://www.drugwatch.com/students>, date of the application 05.2016).

Thanks to the considerable efforts of government, academic and non-governmental organizations, aimed at preventing the use of psychoactive substances, the fight against illicit trafficking in narcotic drugs, psychotropic substances and their precursors, as well as on the development of a culture of healthy lifestyle reduced the number of drug addicts. However, despite the tendency to reduce the overall number of drug users, the value of the formation of the anti-drug stability university students still can't be overestimated (S.V. Lidak, 2005, p.205). After all, today's students will build our future that is why his ability to resist negative influences and identify their manifestations in everyday life is gaining particular importance because it contributes to the formation in a decent, effective and sought member of society.

Agreeing with the definition S. V. Lidak (Altynbaev S.A., 2006, p.302) , the term "anti-drug resistance" we mean a set of personal properties, leading to permanent abandonment of the use of psychoactive substances, in any whatsoever situations.

It should be noted that the formation of the anti-drug stability is almost impossible without a clear understanding of the importance of healthy lifestyle and the negative influence of all kinds of intoxicants on the human body.

The authors of the anti-drug concept of sustainability as one of its main components are isolated awareness about the negative consequences of drug addiction (Medication Guide, 2010). Among them we include not only medical aspects, but also aspects of the law. This is explained by the fact that the awareness of the severity of offenses related to trafficking in narcotic drugs and psychotropic substances, allows you to fully grasp social danger of this negative phenomenon. An analysis of the history of anti-drug laws, an extensive list of legal acts, statistical information and other specific sources, form the students extremely negative attitude to drugs.( E.I. Zykina, 2016, p.177).

So, p. 27 Strategy of the state anti-drug policy of the Russian Federation until 2020 indicates that one of the preferred areas of anti-drug activities is the inclusion of basic and additional educational programs of educational institutions, professional educational organizations, educational institutions of higher education and secondary vocational education institutions by sections prevention of substance abuse.

From this point of view, given the importance of the factor of formation of anti-drug stability through awareness of negative legal consequences arising from the violation of the legislation governing narcotic drugs and awareness of the problems of drug addiction in modern society, we would like to see the discipline in the curriculum of students of legal education department Law Faculty of Kazan Federal University "The legal framework for combating the consumption in the non-medical use of narcotic drugs and psychotropic substances and combating illicit trafficking."The total complexity of this discipline is 78 hours and includes 8 main themes:

1. History of formation and development of Russian anti-drug legislation.
2. Narkotizm as a social phenomenon, the problem of drug addiction.
3. International legal regulation in the sphere of illicit trafficking in narcotic drugs, psychotropic substances and their precursors.
4. Subjects of combating illicit trafficking in narcotic drugs, psychotropic substances and their precursors.
5. The legal turnover of drugs, psychotropic substances and their precursors.
6. Administrative - legal counteraction to illegal circulation of narcotics and psychotropic substances.
7. Criminal liability for the crimes connected with illegal circulation of narcotics, psychotropic substances or their analogues and precursors.
8. Prevention of non-medical use of narcotic drugs, psychotropic substances and their precursors.

During the study of this discipline as a kind of independent work, students complete the preparation of reports for any of the suggested topics: "Prevention of substance use", "Communication of drug addiction and crime", "Legal consequences of violations of legislation regulating trafficking in narcotic drugs and psychotropic substances " etc. Through this work students consider a big amount of scientific and professional literature, as well as studying the publication in the media, dedicated to analysis of the negative impact of substance use on mental and physiological state of a person. This active cognitive activity takes place under the supervision of the teacher and ensures proper perception of the studied material.

In addition, during the time of studying the discipline, the indirect idea of the negative influence of psychoactive substances on people that allow themselves to use, ignore their social and public danger. Wherein said idea was adjusted using elements of "Techniques of moral stability at students on direction "Jurisprudence" Zykina E.I. (S.V. Lidak, 2005, p.205).

Also in the course of studying the theme "The subjects of combating illicit trafficking in narcotic drugs, psychotropic substances and their precursors" for students was organized excursion to the Museum of the Federal Service for Drug Control of the Republic of Tatarstan. Within the framework of which the Federal Drug Control Service officer held a lecture on the activities of this service, and reiterated the importance of the the drug menace combat work. In addition, examples of their heroic behavior of their colleagues in the course of their duties, their dedication and commitment that, in our opinion, has had a very positive impact on students and, of course, increased the level of trust and respect of the activities of police officers have been brought. It should be noted that communication with practitioners allows a deeper dive into the studied problems and fully grasp the importance and relevance of the study subjects.

Conducting such studies do not necessarily have to be limited to a visit to specialized services. In the future, we plan to attract employees as lecturers of different departments that are directly or indirectly engaged in combating illicit drug trafficking. Such a practice-oriented approach, will give, in our view, a very positive result. In this lecture theme, the content and structure of the feed of the lecture material certainly should be coordinated with the leadership of the university.

All this allows students not only to raise the overall level of professional competence and sense of justice, but also to fully understand the negative impact of substance use on modern Russian and world community.

## RESULTS

Before the start of the course study we were foreseeing a survey of students, dedicated to revealing their relationship to the problems of drug abuse and Legal consequences of the breach anti-drug legislation. Among the questions asked were, as follows: 1. Do you consider it necessary to inform teachers or parents about the facts of the use of psychoactive substances by your friends? 2. What is the value of promoting a healthy lifestyle in the prevention of non-medical use of narcotic drugs and psychotropic substances? 3. Is the addiction is difficult treatable disease or addiction is similar to Smoking? 4. Evaluate the social danger of the crimes connected with illegal circulation of drugs by ten point scale. 5. Evaluate the social danger of crimes in the area of economic activity by ten point scale. 6. Evaluate the social danger of crimes against the person by ten point scale. 7. Evaluate the social danger of crimes against morality by ten point scale and so on. The survey was conducted anonymously, the students did not sign the questionnaires and did not do them any additional notes. A similar survey was conducted upon completion of this course.

The results showed that the students' attitude to the consumption of psychoactive substances has changed from "neutral negative" to "stable to negative." Almost all the students expressed the importance and the need to inform teachers and parents about the use of narcotic drugs facts of their friends and acquaintances if they become known to them.

Speaking about the results of the survey, it should be noted that among the respondents did not have any student positively related to substance abuse, which to a large extent is a credit to the Russian Federation state policy in the field of prevention of non-medical use of psychoactive substances. At the same time to work directly with students in the study of the course indicated above, can further strengthen and form students' strong position denying any action related to illicit trafficking in narcotic drugs and psychotropic substances.

Thus, the inclusion of these subjects in the curricula of educational institutions will not only fulfill requirements of normative acts in the sphere of combating non-medical use of psychoactive substances, and to strengthen the level of student control (M.Y. Buslaeva, 2009, p.196), but also greatly enhance the level of anti-drug stability students that, as a consequence, It will promote a healthy and competitive ability of the society.

## CONCLUSIONS

In addition, it can be assumed that similar tactics of teaching is quite possible to apply in respect of other special courses, such as: the legal framework for combating corruption and the legal framework for combating terrorism. The above material feed mechanism, we believe, will contribute to the formation of an anti-corruption culture and hostility terrorist activities respectively.

The use of such techniques impresses with its performance because it has a point impact on the student and supervised by a qualified teacher.

## ACKNOWLEDGEMENTS

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# INVESTIGATION ON ENGLISH GERUND TO ENGLISH LANGUAGE LEARNERS IN TATAR BACKGROUND

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## ABSTRACT

*The present study investigates the non-finite forms of verb in the English and Tatar languages. The relevance of this work lies in the fact that the interest to comparative study of languages increases. This study is to identify common features and trends, characteristics, uniqueness and originality of each language. So the present study aims to examine and identify the similarities and differences between the gerund in English and the name of the action in the Tatar language in terms of morphological and syntactic structures. The research is descriptive, comparative and contrastive. The results can be used in teaching grammar, and at the same time, the development of materials for EFL learners integrate L1 grammar in learning L2, which may be a factor in promotion to raise awareness of students*

**Key words:** *contrastive linguistics, grammar, morphology, the English gerund, the Tatar language.*

## INTRODUCTION

Comparison as a method of scientific knowledge is used in many sciences. Linguistics is no exception. However, at each stage of the development of linguistics method of comparative study of languages has its own characteristics. It is based on the theoretical foundations of linguistics at the period under review. At this stage, the modern linguistic researches are based on the achievements of cognitive linguistics. This fact affects the modern methods of comparative study of languages. The changes taking place in Russia today require different methodology of teaching the English language, which are associated with an increase of international relationship between Tatarstan and foreign countries. Different kinds of comparisons of language systems were carried out long time ago. Any grammars of the second studied language, as well as many of the first grammars of the native language, were written on the background of the comparison, consciously or unconsciously, with a different language. According to V.G. Gak, "comparative linguistics grew out of the need to describe the language and the necessity of teaching them.

Even in 1904, F.F. Fortunatov wrote about the need to use matching techniques, comparing the facts of the native language "with similar in some respects, but it at the same time expressing significant differences, the facts of a foreign language, which gives the teacher an indispensable tool to explain the grammatical phenomena of native language to students".

Nowadays, the typology and the comparative study of languages are the main directions in linguistics. Attracting a wide range of linguists to the comparative study of languages is not due to the influence of fashion time effect but is defined by the whole course of development of linguistics. The English and Tatar languages belong to different language groups, both on genetic and typological characteristics. From the structural-typological point



the Tatar language belongs to agglutinative languages, although it also presents the analytical elements serving to express various grammatical meanings. English refers to the inflected analytical languages (Arakin V.D., 1985, p.256; Coppard A., 1951, p.532). As highlighted in the linguistic literature, typological similarities of compared languages are clearly manifested on the grammatical level. (Berman I.M., 1994, p.288) The specificity of finite and non-finite forms of the verb can be attributed to the typological similarity of the Tatar and English languages in grammatical terms.

## METHODOLOGICAL FRAMEWORK

### Non-finite forms of verb in the English and Tatar languages

While the non-finite forms of verb can perform only one syntactic function - to be a simple verbal predicate, non-finite forms of verb can perform a number of syntactic functions, except for a simple predicate. Non-finite verb forms allow avoiding the use of cumbersome clauses, and facilitating the creation of short and compressed expressions (Coppard A., 1951, p.532). Another difference between finite and non-finite forms of the verb is that finite forms of the verb are characterized by purely verbal categories, but non-finite forms of the verb have both verbal characteristics and grammatical categories of other parts of speech. It should be noted that non-finite forms both of the English and Tatar languages do not have the category of tense, they are not able to place the action in a given period of time, they only indicate the proportion of tense referred to their actions with the action of the verb-predicate, that is, the simultaneous or preceding it. Thus, they only represent the relative time. In modern English the non-finite forms of the verb are the gerund, the Participle I, Participle II, and the infinitive. In the modern Tatar language the non-finite forms of the verb are the name of action, the Participle (present, Past and Future), the infinitive and the adverbial participle. In this very article we analyze the English gerund and the Tatar name of the action. Comparative study of non-finite forms of the verb, namely the gerund in English and the name of the action in the Tatar language has not yet been the subject of a special study. The name «gerund» (Gerund) comes from the Latin verb gerere «act». It points out that gerund expresses an action that began in the time frame prior to the main narrative time frame and that is still underway as another, gerund expresses implementation, the process of the action (Cronin A., 1960, p.695). Semantically Tatar name of the action is similar to the English gerund. Occupying an intermediate position between the noun and the verb, the Tatar name of the action, on the one hand has noun forms of case and possessiveness, multiplicity, and on the other hand they indicate an action or state, side with the verbal lexicon. The double nature of the gerund and the action name is preserved in the modern language as a duality of their functions: they have features both of a noun and a verb, and are connected with each of these categories. As for the gerund in English, its features of a noun are manifested only in syntax, as in contrast to the Tatar language the English gerund does not have the category of case, number and possessiveness. Names of actions in Tatar include all the grammatical features of the noun. Names of actions have the category of case (uylanudan), category number (yugaltular), the category of possession (kotuemnen). Names of actions in the Tatar language can also perform all syntactic functions in the sentence, except for the predicate. As for the gerund in English, it can function as a subject and an object and is used with a demonstrative or possessive pronoun. Besides, gerunds with the preposition of can perform the function of an attribute. For example:

1) Swithin protruded his pale round eyes with the effort of hearing (Eliot G., 1958, p.666). – Svizin soilashune ishetu ochen uznen tossez tugarak kuzlaren zur itep achty. – Suizin shiroko otkryl svoi bestsvetnyye kruglyye glaza, starayas' uslyshat' razgovor. 2) He

was born with the gift of winning hearts (Galsworthy J., 1975, p. 256). –Ul yoraklarne yaulau salate belan inde tugan. – On rodilsya s darom pokoryat' serdtsa.

3) ...there's no chance of their getting married for years (Eliot G., 1958, p.666). – Alarnin tiz arada oylanularena bernindi da omet yuk. – ...net nikakoy nadezhdy na to, chto oni smogut skoro pozhenit'sya.

## RESULTS

Having considered the examples, it is clear that the English gerund in the function of an attribute in all sentences has its lexical and semantic correspondences with the Tatar name of the action. Tatar name of the action and the English gerund have partially grammatical features of the verb. The Tatar name of the action has category of voice takes formant of aspect, formants of frequency, but it does not have the verbal forms of tense and mood. The English gerund, like a verb, has the form of voice and may be determined by an adverb, but unlike the Tatar name of the action English gerund has tense forms. For example:

1) She denies having spoken with him (Eliot G., 1958, p.666). Ona otritsayet, chto govorila s nim.

2) After having denied herself to everybody, she, to our astonishment, walked into the midst of us of her own accord (Eliot G., 1958, p.666). - Posle togo kak ona otkazalas' videt' kogo bi to ni libo, ona, k nashemu udivleniyu, vishla k nam po svoemu sobstvennomu zhelaniyu. In these examples the perfect form of the gerund, which indicates the action expressed by the gerund, happened before the action expressed by the dominant verb. Thus, the action expressed by perfect gerund having denied herself, represents the action preceding the action expressed by the verb walked. As a verb form, gerund refers to an action that may relate to either the subject of a sentence (sometimes to object), or to another person defined by possessive pronouns or a noun in possessive or common case preceding gerund.

For example: We received a radiogram informing us of the ship's passing the ice fields. My poluchili radiogrammu, informiruyushchuyy nas o tom, chto sudna , prokhodyat ledoviye polya. (Gaskell E., 1956, p.478).

Names of actions in the Tatar language and the English gerund are formed with affixes. In the Tatar language formants -u, -ish, -esh are added to the stem of the verb, in the English language formant -ing is added to the stem. Names of actions in the Tatar language are formed from all the verb stems adding formant -u, example: yoklau, yogeru. The form of the action with suffixes -sh, -ish, -esh are also found in the language, for example: alish-biresh. In English, gerunds are also formed with affixes , the affix -ing is added to the infinitive of all verbs: to run - running - yogeru, to live - living - yashau. It should be noted that the Tatar names of action, unlike the English gerund, are divided into "primary" and "secondary" ones. 'Primary' names are formed from "pure" verbal stems adding formant -u. "Secondary" action names are not formed from the "pure" verbal stems, but from all forms ending in -gan: barganlyk, kilgänlek. In its basic meaning "secondary" names of the action are the same of the semantics as the "primary" action name, with little difference. They do not express the action with regard to the tense, as "primary" forms, but the action (condition etc.), referring to the past: Anin moni belmaganlegena shakkatip (suzne beteram) (G.Tukay). - Surprised that she does not know it, I finish my word (Ilish B.A., 1971, p.221). The negative form of the Tatar name of the action is formed by adding negative formant -ma to the verb stem. For example: yoklau - yoklamau - not sleeping, yazu- yazmau- not writing. In English, the negative form of the gerund is formed by the negative particle not, which precedes gerund form, for example: for not coming in time - vakytynda kilmave ochen. Names ending in -u are easily used with postpositions and can express different meanings towards other actions. In particular, the postposition belan with the preceding name of the action expresses the

meaning of fast repetition. For example: Rota commandiri Pakhomov aclar yagina berr kuz tashlau belan doshmannin kup yaktan østen buluin shunduk kurep aldi (G.Bashirov) (Ilish B.A., 1971, p.221). - The company commander Pakhomov, glancing in the direction of the whites determined immediately that the enemies are much stronger than they are. In English, this meaning can be expressed by preposition on followed by gerund: On seeing his father, the boy ran up to him (Gaskell E., 1956, p.478). - Atisen kuru belan malay anin yanina yogerep kitte. - Uvidev ottsa, mal'chik podbezhal k nemu. Preposition on expresses the meaning used to describe the action which follows quickly one after the other. The English gerund with appropriate prepositions of time (after, before, on (upon), in or at) expresses different temporal relationships.

1) After leaving, her umbrella in the hall, she entered the living room (Tatar grammar: 2 t, 1993, p.397). – Ostaviv zontik v peredney , ona voshla v gostinuyu.

2) He was to have three days at home before going back to farm (Eliot G., 1958, p.666). – On dolzhen byl probit' doma tri dnya, prezhdе chem vernut'sya na fermu.

The Tatar names of action with the formant -u with postpositive øchen "for the sake of, for, because" basically indicate purpose: Monin shulay ikanen kuru ochen poemadan bernicha misrag kiteru жита (G.Nigmati). - In order to prove this, it is enough just to bring a few lines from the poem. Dlya togo chtoby dokazat' eto , dostatochno privesti iz poemy neskol'ko strok . Name of action with a postposition sәbәple "because" expresses the reason: Vakitinda yangirlar bulmawi sәbәple sabannar da unyadi (I.Gazi). - – Iz - za togo , chto vovremya ne bylo dozhdey , i yarovyе ne urodilis' (Ilish B.A., 1971, p.366). In English, this causal relationship is transferred by means of a pretext for + gerund:

1) I was going to thank you for looking after him till I came (Eliot G., 1958, p.666). - Min kaytkanchi ani karavigiz ochen sezga bik zur rahmat aytasem kila. - YA khotel poblagodarit' vas za to , chto vy prismotreli za nim do moyego prikhoda .

2) ... one side of the gallery was used for dancing (Ivanova I.P., V.V. Burlakov, Pocheptsov G.G., 1981, p.285). - ... Galereyanin zur yagi biyular ochen ide. - .... odna storona galerei ispol'zovalas' dlya tantsev.

The functions of circumstances causes the English gerund is used in conjunction with the following excuses for, for fear of, owing to:

1) I feel the better myself for having spent a good deal of my time abroad (Ivanova I.P., V.V. Burlakov, Pocheptsov G.G., 1981, p.285). - YA chuvstvuyyu sebya luchshe ottogo , chto dolgo prozhil za granitsey ..

2) I dared not attend the funeral for fear of making a fool of myself (Khisamova V.N., 2015, p.320). - YA ne smel prisutstvovat' na pokhoronakh , tak kak boyalsya postavit' sebya v glupoye polozeniye.

## DISCUSSIONS

In recent years, one can observe an increased interest in the non-finite forms of verbs. B.A.Ilyish (1968), I.P.Ivanova (1981), T.A.Rastorgueva (2003) studied the origin and linguistic nature of the non-finite forms of verbs. The studies of the famous turkologists M.Z. Zakiev (1993), B. A. Serebrennikov, N. Z. Gadjiyev (1986), D. G. Tumasheva (1986), F.M.Khisamova (2006), F. Ju. Jusupov (2004) studied functions of the non-finite forms of verbs. V.N.Khisamova (2015) studied the verbal system of the Tatar and the English languages, where she gives comparative analysis in the aspect of studying the English language on the basis of the Tatar language. Despite interest in the gerund and gerund constructions, the real problem remains insufficiently studied. Thus, gerund constructions need more profound and complete consideration, due to the fact that there are not so many works in scientific literature devoted to the subject. Moreover, in linguistic literature there are

no special researches on contrastive-comparative study of English gerund and Tatar names of the action. This provides the necessity for contrastive-comparative examination of gerund constructions in the English and its lexical-semantic variations in the Tatar languages (Khisamova F.M., 2006, p.335; Rastorguyeva T.A., 2003, p.348; Serebrennikov B.A., Gajiyev N.Z., 1986; Tumasheva D.G., 1986, p.189; Yartseva V.N., 1968, p.292; Yusupov F. Yu., 2004, p. 592 ).

### **CONCLUSION**

This article first mapped the English gerund and Tatar name of the action on the morphological and syntactic levels, which is an important aspect of the theory and practice of direct translation, as well as teaching English language in the Tatar-speaking audience. The non-finite forms of verbs have specific morphological and semantic features and syntactic functions that is why they are particularly difficult for translation activities. The main feature of non-finite forms is invariability of the category of person. For this reason they are called impersonal or non-predicative forms. So, we can state that the English gerund and Tatar name of the action are non-finite forms of the verb; they have functions both of a verb, and a noun. Both the gerund and the name of the action express an action, represented as a process, the English gerund and Tatar name of the action are formed with affixes, they do not have the category of tense, express relative tense with reference to the main verb. In sentences both the gerund in English and Tatar name of actions perform all functions except the predicate, in the function of the adverbial clause of circumstances the Tatar names of the actions are used with postpositions and English gerunds are used with appropriate prepositions. Having considered the examples, we have identified almost all the matches of Tatar postpositions and English prepositions.

Besides, the interesting is the fact that almost all the names of actions in the Tatar language have full lexical-semantic matchings to the English gerunds. These observations, we believe, can be applied in the description of the morphology and syntax of the English language for the Tatar-speaking audience.

### **RECOMMENDATIONS**

The results of the study provide an opportunity for development of a reasonable method of teaching English in Tatar schools, teaching the general and special courses on the Tatar and English languages; results can be used in the preparation of special courses and seminars on the morphology and syntax of the English and Tatar languages.

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# WAYS OF FORMATION OF REGIONAL BRANDS IN MODERN CONDITIONS

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## ABSTRACT

*This article shows the features of a territorial brand in the Russian Federation in the case of the Republic of Tatarstan. The basic rules for creating regional brands. Much attention is paid to the processes of formation of regional brands and co-branding. Co-branding is one of the most effective methods used in the development and promotion of territorial brands under current conditions. The idea of co-branding is that applying simultaneously of several territorial brands could give significantly greater efficiency and lead to the achievement of desired goals much earlier than their use on a stand-alone basis. The content of the brand "Heritage of Tatarstan", as an important factor to improve the investment climate in the region and listed its main components. Finally, it was concluded that the creation of various urban brands in the Republic of Tatarstan, on the one hand, should highlight the specifics of the respective urban education, and on the other hand, to complement existing regional brands, and in any event not to weaken or destroy them. Brand is an instrument of marketing activity that act to raise marketability of product, services, person, region, organization or idea. However territorial brand describes as a complex of developed images about corresponded region in people's minds, confirmed by personal characteristics of this region in different areas. The basic formula reflecting the identity of the brand, the attractiveness of the region's image, as well as the structure of performance branding areas. Enumerated constituents of necessary for an effective territorial brand. Outlines the main stages of the development of the creation of the territorial brands. It is shown that in order to create regional brands serves a steady increase in investment, as well as tourist and recreational attractiveness of the relevant territorial unit. Finally, it was concluded that the formation of regional brands is becoming an important factor in regional development, contributing to the growth of both economic and social performance of their operations, improve the quality of life of the population living in them.*

**Key words:** territorial brand, performance branding, the rules for creating territorial brands, brand identity, co-branding, stages of development of territorial brands.

## INTRODUCTION

When developing territorial brands, you should be guided by a set of rules the implementation of which will enhance the efficiency of the process. In our opinion there are three main principles of territorial brands creation (Shabalina S.A., Rubtzov V.A., Pratchenko O.V., 2014, P.398).

1. Big attention, discussion and involvement in the creation of a territorial brand the general public. In such a case in his process must participate not only residents of this region, but also other people, no matter where they lived at this moment and

- who are not indifferent to the fate of this region (10. Mingaleva, Z., Bunakov, O., 2014, P. 315).
2. Territorial brand could not be created without the active participation of the relevant regional education administration. Furthermore, it is very often when it is an order from the regional administration that gives incentive impulse to the regional brand creation.
  3. Developing territorial brand must be from one side patriotic, and from the other side stay out of politics and bring interethnic and interchurch peace and reconciliation in this territory.

Under current conditions creation and development of territorial brands or regional brands is an indispensable element of accelerated development of subnational entities. This process is typical for the majority of Industrialized Countries. As for Russia, the necessity of domestic travel development as an important integral factor of social and economic development of the communities induce to place special emphasis on the development of regional brands.

At the moment any brand is an instrument of marketing activity that act to raise marketability of product, services, person, region, organization or idea ( Rubtzov, V. A., Rozhko, M. V., Gabdrakhmanov, N. K., & Gilmanova, A. A., 2015, p.761). However territorial brand describes as a complex of developed images about corresponded region in people's minds, confirmed by personal characteristics of this region in different areas: executive, recreational, sports, innovative or any other (Gabdrakhmanov N.K., Rubtzov V.A., Shabalina S.A., Rozhko M.V., Kucheryavenko D.Z, 2014, P. 451).

## **MATERIALS AND METHODS**

However, when working on the creation of territorial brand, you should always remember that its development is not goal in and of itself, but only one of the marketing tools for the promotion of corresponding region, increase of its investment and tourist and recreational appeal among its citizens, public and administration at all levels (including especially Federal level) (Rubtzov, V.A., Gabdrakhmanov N.K., Delabarr, O.A., Pratchenko, O.V., 2015, p. 681; Rubtzov, V.A., Gabdrakhmanov N.K., Delabarr, O.A., Tyabina, D.V., 2015, p.669).

## **CO-BRANDING**

Co-branding is one of the most effective methods used in the development and promotion of territorial brands under current conditions. The idea of co-branding is that applying simultaneously of several territorial brands could give significantly greater efficiency and lead to the achievement of desired goals much earlier than their use on a stand-alone basis (Zhang J., Wedel M., Pieters R., 2009, p.669).

In such a case, could be obtained so-called synergetic effect, in other words summing effect from cooperation of two or more factors, characterized in that their effect is much greater than the effect of each individual component in the form of a simple sum. Let us consider in more detail co-branding through the example of development and promotion of territorial brands of Kazan and Republic of Tatarstan (Gabdrakhmanov N.K. and M.V. Rozhko, 2014, p.792; Gabdrakhmanov, N.K. and V.A. Rubtsov, 2014, p. 202).

Work on development of territorial brands is carried out in Republic of Tatarstan since the early 2000's.

In the beginning in 2009 was created territorial brand of Kazan. (Pic.1)

**Figure 1**  
**KAZAN-RUSSIA'S THIRD CAPITAL**



Price:	Is confidential
Logo:	word KAZAN
Slogan:	Kazan-Russia's Third Capital

Tourist brand of Kazan was created immediately after the events dedicated to the 1000-th anniversary of Kazan. Its logo represented word KAZAN made with The Renaissance era font, which was completed with “eastern ornament and a stylized image of a dragon Zilant”. The slogan read: “Kazan – where Europe Meets Asia”.

However at that it was decided to keep on going, and in 2009 the capital of Tatarstan take out a patent for title “Third Capital of Russia”. Was created a new territorial brand with slogan “Kazan-Russia's Third Capital”.

Famous British branding agency The Beautiful Meme developed a formula for successful branding, which may well be used also while creating territorial brands:

Brand's Identity = (Magic + Obsession) x (Desire + Zeitgeist).

Therefore, several components must be used to create an effective territorial brand

1. will and desire of administration to promote and increase the attractiveness of corresponding region;
2. broad support in the development of the tourism and recreational potential of the region by the local population
3. timeliness of effort on territorial brand creation and it's consonance to main trends of modern life

Whereas in the most common way brand represents strong trade name, that have high image component, regional brand development contributes in a varying degree the increase of the value potential of corresponding geographical unit by strengthening the tourist and recreational attractiveness of the region.

One of the most important and challenging tasks facing regional brands is the development of attractive image of the relevant territory. This attractiveness could be, in particular, described by the following formula:

Attractiveness (II – max) + Risk (P – min) = Confidence (Д – max).

Among the indexes of effectiveness of territorial brand, most crucial are indexes of social performance (Table 1)

**Table 1**  
**PERFORMANCE FRAMEWORK OF TERRITORY BRANDING**

Types of Effectiveness	Indexes of Effectiveness
Social performance of city branding	- quality of life; - cost of living; - number of manpower in tourism; - population movement; - dynamics of population change; - number of newborn
Communicative effectiveness of brand	- number of tourists; - recognizability of the city;



	<ul style="list-style-type: none"> <li>- rating of the territory (The Anholt City Brands Index);</li> <li>- territorial behavior on the part of its consumers (enquiries)</li> </ul>
Economic effectiveness of city branding	<ul style="list-style-type: none"> <li>- total wages of people involved in tourism;</li> <li>- cumulative taxes from tourism;</li> <li>- average savings per household on taxes due to the tourism development;</li> <li>- value of city brand - earnings from brand (from trade of licenses - transmission of rights to use city brand)</li> </ul>

Therefore, the purpose of regional brands creation is a steady increase of investment and tourist and recreational appeal of relevant geographical unit. And also as a result of this process, the acceleration of socio-economic development in this region.

## RESULTS

New logo of Kazan now appeared on advertisements and on all manners of souvenirs. New Kazan's symbols will "work" also in international touristic expositions (Rosenholz R., Li Y., Nakano L., 2007, p. 1; Wedel M., Pieters R., 2008, p. 301).

In 2014 in Tatarstan was created a brand "Heritage of Tatarstan", which is designed to further improve the investment climate in republic, to enhance the business activity in the region and further shape the positive image of Tatarstan not only in our country, but also far beyond its borders (Andrews F., Whitney S., 1976, p.455).

In the concept of brand "Heritage of Tatarstan" was used 10 fundamental components:

- Speed;
- Endurance;
- Dignity;
- Inquisitiveness;
- Instinct;
- Tradition;
- Skill;
- Unity;
- Perseverance;
- Purpose.

Considering that Kazan is the capital of Tatarstan, it is necessary to use advantages of both brands in the best way, and in this context develop regional brands for other cities and communities, located on the territory of Tatarstan (Yelabuga, Naberezhnye Chelny, Nizhnekamsk, Bugulma, Almet'yevsk and other). Each of these brands must, from one side, underline specific character of corresponded community, and from the other side complete already existed regional brands, and in any event not to weaken or destroy them (Denmukhametov, R.R. and O.V. Zjablova, 2014, p.1684; L.R. Fakhрутdinova, D.V. Syradoev, T.A. Terehova, N.V. Antonova, 2015, p.727).

Stages of development and creation of territorial brands.

Process of development and creation of regional brands could be divided into several stages, which as we go forward will be discussed in further detail.

1. Research of basics of brand formation in the corresponding territory. When performing the relevant work could be used different methods of strategic

management that will help to carry out into practice comprehensive study of external and internal context. Here, in particular, could be attributed such frequently used in marketing researches methods as SWOT-analysis, PEST-analysis, benchmarking; BCG Matrix and other.

2. Development of the conception of territorial brand and specification of marketing tools for its creation.
3. Front-line creation of corresponding territory brand, which includes development of such attributes as description of a brand, it's slogan, logo, sound image, video production, promotional merchandise, etc.
4. Appraisal of newly created territorial brand in the course of major political, cultural or sports events, such as Olympic games, Universiade, World championships in various sports, International political forums, The World Youth and Students Festivals, different international cultural events, etc.
5. Further development, promotion and extension of territorial brand, creation of sustainable tourist flows in this region both by domestic and foreign tourists. Realization of co-branding (the process of cooperation and collaboration with other territorial brands).

### **CONCLUSION**

All of this will strengthen reliance and sympathy to the Republic of Tatarstan, both from the local community, and from people who live outside of this community, and, ultimately, will act to raise the tourist flow to this region (Bagautdinova, N., I. Gafurov, N., Kalenskaya and A. Novenkova, 2012, p.179; Fakhrutdinova L.R., Eidelman B.M., Rozhko M.V., Pratchenko O.V., 2014, p. 251; Gabdrakhmanov, N.K. and V.A. Rubtsov, 2014, p.1317). The consequence of this will be performance improvement of social and economic development of Republic of Tatarstan in the near future and for many years to come, also substantial increase of investment and tourist and recreational attractiveness of the region, it's gradual transformation it into one of the largest tourist centers not only in Russian Federation, but all over the world (Shabalina S.A., Fakhrutdinova L.R., Mustafin M.R., Shakirova A.R., 2015, p.613).

Therefore, currently the formation of regional brands is becoming an important factor in regional development, contributing to the growth of both economic and social performance of their operations, improve the quality of life of the population living in them.

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## FEATURES OF ISLAMIC TOURISM

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### ABSTRACT

*This paper refers to the evolution and development of halal tourism in Russia. To disclose the historical background, basic requirements, problems and prospects of tourism destination development, analytical, synthetic and statistical methods of investigation have been used.*

*The international market of halal products is gaining its potential together with the growth of the Islamic population and the spread of the Islamic traditions. Therefore, the particular attention has been paid to the analysis of the demographic development of Muslims which indicates in general the high dynamics of population growth in the Islamic countries.*

*The analysis of tourist exchange between Muslim states and Russia shows a negative balance today. There is a passivity of Muslim countries citizens in terms of outbound tourism. This complicates the halal tourism development in general, whereas the consumption of halal products on the part of non-Muslim countries population increases.*

*Halal industry in the Russian Federation has originated recently. Therefore this area of expertise is underexplored in scientific terms, and the conceptual apparatus is being developed. Historically there have been Muslim regions on the territory of Russia, nevertheless halal tourism is just beginning to develop, and a long period of time is needed for its dynamic growth.*

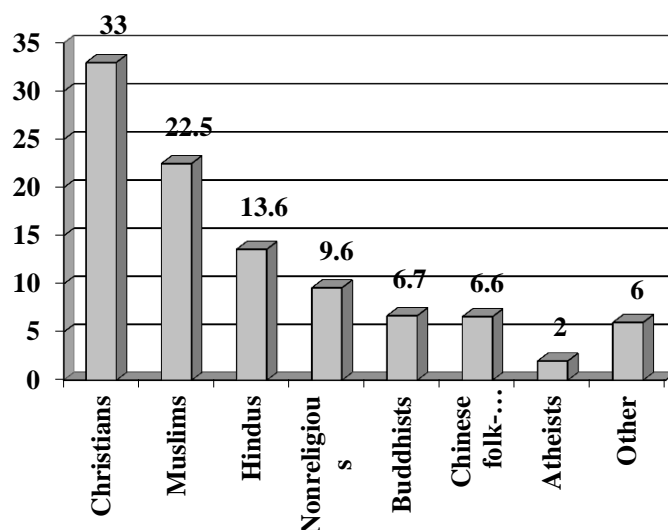
*The largest producer and consumer countries of halal products have been highlighted in the paper. Some measures for the development of the Islamic economy, especially the purposeful activities of Tatarstan's authorities, one of the most industrialized regions of Russia with more than half of Muslim population, have been also analyzed.*

**Key words:** halal tourism, Islamic tourism, halal industry, halal products.

### INTRODUCTION

Islamic tourism as a new social phenomenon, associated to some extent with dogma and practice of Islam, dates back to the late 1980s. These studies have always had and will have a pragmatic character especially in the conditions of considerable representation of Muslims constituting almost a quarter of the world's population (Figure 1).

**Figure 1**  
**WORLD RELIGIONS BY THE NUMBER OF ADHERENTS (%) (TURNER D. J.,2010)**



Fancy fusion of Islam and tourism has been reflected in different directions of geographic mobility, namely in religious tourism, spiritual tourism, halal tourism and pilgrimage, all of them reproducing the elements of Islam spirituality.

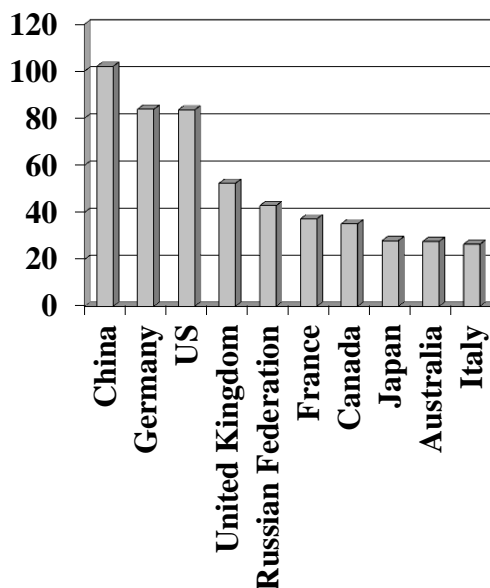
In the paper we address these issues of Islamic tourism. Since our study may be of interest not only to Muslims but to the representatives of other confessions, we first intend to consider some significant basics of Islamic knowledge.

### CONCEPTUAL BACKGROUND

In Islam, the concept of pilgrim has a completely different meaning than in other religions. From the Islamic point of view, a pilgrim is a person who committed the Hajj to Mecca, and then the honorary title of Hajji is added to the pilgrim's name. Since visiting other places of worship is not considered as a pilgrimage according to the Quran, a certain conceptual problem appears that should be focused on and tackled by the scientific community of religious scholars.

Religious (Islamic) tourism is a cross between hedonic conceptualization of tourism and the actual Quran pilgrimage. Despite the "challenges" of Islam to travel a certain passivity of Muslim countries citizens in terms of outbound tourism still exists. Thus, according to the WTO Annual Report 2012 most of the travel expenses accounted for non-Muslim countries, including (in billions): China - 102.0; Germany - 83.8; the US - 83.5; the United Kingdom - 52.3; the Russian Federation - 42.8; France - 37.2; Canada - 35.1; Japan - 27.9; Australia - 27.6; Italy - 26.4 (Figure 2).

**Figure 2**  
**TRAVEL COSTS IN 2012 (billion US dollars)**



The research conducted (the degree of involvement or non-involvement; openness to people of other faiths; respect for all religions, or on the contrary, arrogant attitude to the representatives of other religions; preference for general or certain spiritual tourism) showed that 60% of respondents shared common human values regardless their religious exclusivity (Haq F., Newby L., Jackson J., 2009). This means that the market segmentation of tourist services can be carried out according to the national and / or individual categories rather than spiritual ones, and that would require a corresponding strategy of the receiving party.

### **HALAL TOURISM MARKET DEVELOPMENT**

Recently, a number of Muslim and non-Muslim countries attract Muslim tourists offering halal tourism services. Malaysia is considered the first country that initiated this kind of tourism. Halal tours require separate pools, halal drinks, food and entertainment, prayer time announcing, prayer rooms, no music, and so on. The whole industry is working for this segment – food and cosmetics. For halal products not to be in contact with the 'prohibited goods', the Port of Rotterdam, for instance, selects individual storehouses. 20% of Nestle plants fully comply with halal category. Today McDonald's offers halal food as well. As The Economist notes, these consumer preferences are commercialized by the version 'be holier than others' (The Economist, May 25th 2013). For introduction of a new concept - halal tourism - a group of hotels Al Jawhara Hospitality Group (JHG) in Dubai organized PureRooms event, the first of its kind in the Middle East, which strictly complies with Islamic hospitality.

It is noteworthy that there is still no specific definition for halal tourism. This product usually implies accommodation services in accordance with the Islam norms. Despite the fact that 60-70% of the clients of the hotel group are non-Muslims, halal hotels usually observe a strict dress code, and it is not allowed to men and women to be encountered in public places (in this case individual cafeterias, restaurants and swimming pools are offered). If an institution provides services both for Muslims and non-Muslims, all its equipment, personnel, food supplies should be divided into two sections.

Against the background of this trend many hotels tend to tailor their services to Muslim visitors. During last year Ramadan, the world famous Sacher Hotel in Vienna provided special rooms for prayer, and organized a pre-dawn meal (suhoor) and breaking fast (iftar). Intentions to develop halal hotel business extend beyond the Muslim countries. Almulla Hospitality and Kempinski companies are going to open a total of 150 halal hotels in the Middle East, Europe and North America. In addition Jawhara hotel chain is planning to make 25% of its hotels halal in Dubai. New hotels under the brand Shaza will be opened in North Africa, the Gulf region and Europe. The world's largest Best Western hotel chain has already opened halal hotels in Malaysia, Bahrain and Oman and is planning to expand in this area. Brussels Rezidor Hotel Group, which owns such brands as Radisson Blu and Park Inn, expects 20 percent annual halal hotel business growth next decade. In preparation for the World Cup a new halal hotel Coral International was opened in Cape Town, South Africa, specifically for football players from Algeria and Cameroon.

These facts indicate that this huge and essentially untapped market is slowly ceasing to be purely a niche market. However, along with its development Islamophobia is growing in Europe and in the West, where many countries are considering a ban on the niqab. If present trends continue, countries like France, which has so far been a fashionable tourist destination for wealthy Arabs, will incur heavy losses in the tourism business.

In 2009, a team of enterprising Muslims, top managers of the leading travel companies and the world's largest companies, proposed the idea of arranging tourism and recreation in accordance with the rules of Islam. This laid the foundation for a new concept of halal tourism and recreation under the brand name Halal Booking ®. Thanks to easy website navigation and online booking system, one can plan vacation by choosing holiday destination.

Halal resorts provide separate spa facilities, swimming pools and beaches for men and women, as well as beaches and swimming pools for families with the Islamic dress code. All food complies with halal standards, cafes and restaurants offer only soft drinks, and prayer premises are available. Entertainment programs are also consistent with the norms of Islam, and villas are specifically designed for Muslim families. In addition to the comfortable interior, they have large swimming pools with sun decks fully protected from prying eyes, allowing the Muslim families to relax and enjoy the magnificent views of the sea and nature. The beaches are within easy reach of most houses.

As international experts note, the potential of the international market of halal products is increasing along with the growth of the Islamic population and the spread of Islamic traditions. Moreover these goods are also bought by consumers who do not belong to the Muslim religion; they prefer halal products perceiving them as ecological and organic (Gabbrakhmanov N.K., Vladimir, Rubtzov; Marat, Mustafin , 2014, p.247). This trend is peculiar for the international market including Russia. Growth of the Muslim population in certain parts of the world naturally leads to increasing demand for halal products. It is estimated that the total number of Muslims is more than 1.5 billion people. Among the largest countries that produce and consume halal products are: Indonesia - 180 million people, India - 140 million, Pakistan - 130 million, the Middle East - 200 million, Africa - 300 million, Malaysia - 14 million, North America - 8 million , Europe - more than 56 million, and Russia - about 27.5 million people (Official statistics website "The Muslim population and demography", date of the application March 2016). The given data lead to the conclusion that these countries can sometimes fail to meet the demand for halal products independently, and they have to import food and non-food items. Manufacture and supply of cosmetics, pharmaceuticals and services (e.g. in finance and tourism) focused on the Muslim population also grow.

The Russian Federation possessing regions (Gabdrakhmanov N.K., Roshko, Mikhail, 2014, p.267) with high proportion of the Muslim population does not stand aside actively developing halal industry in recent years. The Commonwealth of Independent States member countries are engaged in halal production businesses led by the representatives of different nations (The Committee on Halal standards in the Republic of Tatarstan, date of the application March 2016). These companies operate in various sectors: food processing, catering, hotel industry, health care, etc. Halal industry exhibitions are held regularly in Russia and in many other countries.

## CONCLUSION

Halal tourism is a relatively new product in the tourism industry which is geared towards Muslim families who abide by the rules of Islam.

Halal tourism is now in high demand in many countries around the world (N.K. Gabdrakhmanov, V.A. Rubtsov., 2015). It has been confirmed by the statistical data and the great concernment of large companies to develop this segment. As for the countries that are not traditionally attributed to Muslim nations, they are also interested in the development of the halal industry and tourism, hence, the latter ceases to be purely a niche product.

Being a multinational and multiconfessional country (Biktimirov, N., Gabdrakhmanov N.K., Rubtsov, V., Mustaphin, M., Arzhantseva, N., 2015, p. 267; Gabdrakhmanov N.K., 2014, p.202), Russia traditionally maintains ties with different countries including Muslim states. Therefore halal tourism development in the Russian Federation is a completely natural process. It may intensify tourist flows within the country and increase the number of tourists from the Muslim world. Given the fact that halal food production industry and catering in some regions of Russia, especially in the areas with high proportion of Muslims (e.g. the Republic of Tatarstan), are developing appropriately, country's halal tourism development looks like a realizable task. It suggests the need to undertake a whole range of activities like improving halal hotels chain, guest services etc.

## ACKNOWLEDGEMENTS

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URL: [http://dtxtq4w60xqpw.cloudfront.net/sites/all/files/pdf/unwto\\_highlights13\\_en\\_hr.pdf](http://dtxtq4w60xqpw.cloudfront.net/sites/all/files/pdf/unwto_highlights13_en_hr.pdf)

# ASSESSING THE LEVEL OF ECONOMIC DEVELOPMENT IN COUNTRIES TRANSITIONING TO INFORMATION ORIENTATED, POSTINDUSTRIAL, SOCIETIES

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## ABSTRACT

*The article deals with the classification of countries in terms of development. Nowadays the main criterion for grouping countries by level of economic development, gross domestic product, does not fully take into account the fact that modern human civilization is gradually entering the stage of information society. Gross domestic product, as a quantitative criterion does not take into account qualitative changes in the nature of social production and associated with these transformations.*

*The authors suggest using the index of information and technological development, as an indicator of the level of the country development. Special attention is paid to the analysis of the causes of information technology that Russia lags behind the leading countries of the world.*

**Keywords:** *level of economic development, human development index, developed (industrialized) countries, countries with economies in transition, developing countries, information society.*

## INTRODUCTION

In today's world there are more than 200 states and state formations. All are at varying stages of socioeconomic development, with differing standards of living and diverse roles in the world economy. Disparity in the economic development of separate states and regions in the world is a phenomenon characteristic of all stages of the development of international economics.

International organizations and experts have attempted to devise universal approaches towards grouping countries by their level of economic development. *Level of economic development*, as a term, is understood as the economic climate (eg. group of countries or economic regions) at a certain moment in history. However, this term is multidimensional; the level of economic development includes such characteristics as; the GDP output level, as well as the level of GDP output in relation to per capita purchasing ability; the structure of social production, meaning, the proportion of industry and agriculture in the world's economy; the proportion of production used by the means of production and the share, scale, and pace of development of advanced subdivisions of the economy; the quantitative level of employment; the level of exploitation of natural resources, meaning, the contribution of land, fuel, energy and mineral resources; the organization and effectiveness of social production, meaning, labor productivity.

Each of the criteria listed above is essential. However, which one of them to use for placing a country in one group or another is a question that has not yet been answered in contemporary scientific and specialized publications. Several approaches can be identified which are used by international institutes for the comparative analysis of the level of economic development in individual countries.

## THEORY

The widest recognition in statistical publications has been given to the so-called “standard classification” of countries. This model is currently used by the United Nations Conference on Trade. The standard classification identifies three distinct groups of countries:

- developed or industrialized countries; this group includes countries which are members of the Organization for Economic Cooperation, with the exception of Mexico, the Republic of Korea and Turkey, and new countries, meaning, members of the European Union and Israel;
- countries with transitional economies, for example, Southeastern Europe and the Commonwealth of Independent States (CIS);
- developing countries, meaning, all other countries and subnational entities not included in the previous groupings (Report on Trade and Development 2012).

Another kind of classification has been proposed by the International Monetary Fund (IMF). In its 2014 report, the IMF identified three groups of countries: “Countries with developed economies”, “Countries with developing markets” and “Low-income countries”. The report also used the following terms: “developing countries/small states,” meaning, countries with a population of no more than 1.5 million people. The report also used a separate grouping for some Middle Eastern countries, specifically, “Middle Eastern countries going through a transitional period,” using examples such as Yemen, Jordan, Tunisia, Morocco, Egypt ( International Monetary Fund, 2014, p.14).

This classification is also not entirely effective. In the IMF’s system there are no criteria by which countries can be classified into one group or another. An additional classification system has been proposed by the World Bank. The standard used by the World Bank assesses countries by their gross domestic product (GDP) per capita. According to this classification system, countries are divided into three groups: countries with low, medium, and high income levels. The medium income range is includes two subgroups: countries with incomes above and below the average.

For each group of countries, the World Bank has defined threshold amounts. The amounts change periodically because GDP has a tendency to fluctuate over time.

In 2013, the following amounts were proposed:

- high income countries, \$12,616 and up;
- medium income countries, \$1,036 to \$12,615;
- low income countries, below \$1,035 (Information-analytical portal Rating of countries of the world by the level of GDP per, date of the application 04.2016).

**Table 1**  
**COUNTRIES BY LEVEL OF ECONOMIC DEVELOPMENT (WORLD BANK METHOD)**  
**(INFORMATION-ANALYTICAL PORTAL RATING OF COUNTRIES OF THE WORLD BY THE**  
**LEVEL OF GDP PER, DATE OF THE APPLICATION 05.2016)**

<b>Group of countries</b>	<b>2013</b>
Countries with high income levels	57
Countries with medium income levels	96
Countries with low income levels	33
Total number assessed:	188

Although the GDP per capita index is commonly used in international statistical datasets, it does not fully reflect the level of economic development in many countries. Specialists have highlighted a number of significant problems related to this index. Firstly, this model doesn't account for the qualitative features of a national economy, particularly, its industrial structure. Thus, high-income countries might include primary exporting countries, whose prosperity level depends primarily on the price performance of certain resource in world markets. Secondly, it does not take into account a country's level of foreign trade, which naturally impacts its positioning on the world market. The third issue relates to the fact that the GDP per capita index does not account for the level of innovation present in a country's economy, which can change its position relative to the world market very rapidly.

A further, separate, criteria for assessing the level of a country's economic development was developed by the United Nations (UN) in the 1990's. Specifically, this system is referred to as the Human Development Index (HDI), *or index of human potential development*. The HDI was developed as a part of the United Nations Development Program (UNDP), and is updated annually in the form of the *Human Development Report*.

The human development index is an aggregated index, which consists of three components (subindexes), each of which reflects a society's level of well-being: 1) the average life expectancy of people; 2) the index of educational attainment (or level education), and 3) index of GDP per capita in purchasing power parity (PPP). The education of the population is measured by the combination of two quantities: (a) index adult literacy with a weight of 2/3 (proportion of literates among adults older than 15 years (in%) a) and b) ratio of the aggregate share of students enrolled in educational institutions with a weight of 1/3 (Encyclopedia of statistical terms, In 8 volumes, 2011).

The HDI ranges from 0 to 1. Countries for which the HDI value ranges from 0.8 and more belong to the group of countries with extremely high human development; from 0.6 to 0.7 to the group of countries with a high level of human development; from 0.55 to 0.6 to the group of countries with medium human development. Countries where the HDI was 0.54 and less are classified as countries with low human development .

The UNDP human development report for 2014 distinguished the world countries by groups in the following way (see table 2.).

**Table 2**  
**DISTINGUISHING THE WORLD COUNTRIES BY GROUPS ACCORDING TO HUMAN DEVELOPMENT INDEX**

<b>Group of countries</b>	<b>Number of countries</b>	<b>%</b>
Countries with extremely high human development level	49	26,2
Countries with high human development level	53	28,3
Countries with medium human development level	42	22,5
Countries with low human development level	43	23,0
Total	187	100

The highest HDI belongs to Norway, Australia, Switzerland, Netherlands, USA, Germany, New Zealand, Canada, Singapore, Denmark (0.9 and above). Russia, in terms of the HDI ranks only 57th place (0,778), and falls into the group of countries with high levels of human development, second among the CIS countries in the first place of the Republic of Belarus (of 0.786, 53). The bottom of the list shows the African countries (Niger, Democratic Republic of the Congo, Central African Republic, Chad).

The need to include more criteria for distinguishing countries in the system of international economics is especially meaningful for high-income countries, as they are deeply involved in the international divisions of labor and production specialization.

The analysis of the mentioned approaches to classifying countries based on their position in the global economy shows that existing grouping systems do not take into account the 21<sup>st</sup> century development of the information society. The information society has grown organically from the "post-industrial society," in which the development of productive forces has reached a point where the production and dissemination of information and knowledge is crucial for various sectors of the economy.

The Latest philosophical dictionary notes that the term "information society" was first introduced to the scientific usage by the American economist F. Malupa in the book "the Production and distribution of knowledge in the United States" (1962) (The New philosophical diction, date of the application 04.2016). Research and development of the theory of information society are also: M.Kastels (Castells M., 2000, p.49), F.Uebster (Webster F., 2004, p. 103), E.Giddens (Gidens E., 2005, p.184), D.Bell (Bell D. , 2004, p. 141), M.Maklyuen (McLuhan M., 2003, p. 286), M.Gibadullin, A.Nurieva (Gibadullin M.Z., Fazlieva E.P., Nurieva A.R., p. 501) and many other scientists.

The information society is a society in which telecommunications and computers play a basic role in the production and exchange of information and knowledge, and theoretical knowledge will be the decisive factor of production. If an agrarian society is based on agricultural production, the industrial society is focused on machine production, so post-industrial society is characterized by intellectual production, the production of knowledge in various forms. And if capital and labor are the main structural features of the industrial society, information and knowledge are those for post-industrial society.

Information society organically grows from the "postindustrial society", in the depths of which the level of development of productive forces reaches this state, when production and distribution of information and knowledge acquires crucial meaning in the sectors of the economy. Prerequisites for the more or less simultaneous transition of countries in Europe, North America and Japan to the information society were established in the 1990's. Since the beginning of the 21<sup>st</sup> century, other countries, including Russia and China have started preparing for the transition to this stage of development.

## RESULTS

Given the increasing role of information technology in the development of the world economy the traditional classification of countries in terms of economic development must be supplemented and clarified.

Firstly, it is appropriate to define a specific group of countries where the development of information technologies has reached a high level in comparison with the others. With some degree of conditionality, these countries can be defined as “info-technological” countries.

M. Castells in his book "The Information Age: Economy, Society and Culture" defines information technologies as: "... a set of converging technologies in microelectronics, the creation of computer technology (machines and software), telecommunications / broadcasting and opto-electronic industry. In addition, unlike some analysts, I turn to information technology and genetic engineering, expanding the set of its achievements and applications. "( Castells M., 2000, p.49)

These countries are distinguished by:

- their ability to produce information based and technological products and services, including knowledge. Information technology products and services are those in which the production is based on the achievements of modern science and engineering;
- the share of information based and technological products in the structure of these countries is significant;
- information based and technological products are available to the general consumer within these countries;
- in this group of countries the conditions for the expanded reproduction of information technology products and services, including knowledge are established.

In other words, the group of info-technological countries consists of countries which have transitioned to information societies. Such countries include countries which dominate in the field of introducing innovation into all components of their economic activity.

The second group of countries consists of advanced industrial countries. We may distinguish two subgroups of countries here; those countries which have the established prerequisites for a transition to a post-industrial, information society, and industrialized countries which are not yet prepared for the transition to an information society.

Post-industrial countries are distinguished by:

- ability to produce separate elements, types of information and technological products, including knowledge;
- the share of information based and technological products in the structure of production of these countries is negligible at this stage;
- information and technological products in this group of countries are available to a significant number of consumers, regardless of the place of their production;

- conditions have been established within this group of countries for expanded reproduction of information based and technological goods and services, including knowledge.

In other words, post-industrial countries are those which are preparing for the transition to an information society.

Industrial countries are distinguished by:

- inability to produce information based and technological goods;
- information based and technological goods in this group of countries, regardless of the place of their production, are only available to a small number of consumers;

Industrial countries are those which are not yet ready for the transition to an information society.

The third group of countries is developing countries, which are distinguished by:

- inability to produce information based and technological goods;
- information based and technological goods in this group of countries are not available to a wide range of consumers.

Developing countries are not yet ready for the transition to the information society.

It is also important to highlight the individual factors which are necessary for assessing countries, based on their level of information based and technological development. Various indexes, characterizing the level of information development of countries, meaning, a global index of innovation, an index of information and communicative technologies development, an index of readiness for web society, and many others, are being calculated in international practice.

## CONCLUSIONS

In contrast to existing methods, three groups of indicators are taken into consideration in the approach, proposed by the authors of this research; firstly, indicators, forming public demand for information based and technological goods, meaning, characterizing the potential ability of a society to use, implement and generate information based and technological products. Primarily, this indicator is shaped by the level of development in a country's education system. Secondly, indicators, showing financial capabilities, and thirdly, indicators, showing the degree of expansion already achieved within the level of information based and technological goods available in a society.

The first group of indicators includes the following:

- accessibility of education within a population;
- the number of students enrolled into higher education programs per capita

The second group of indicators includes:

- public expenditure on education as a percentage of GDP
- the percentage of expenditure on education within state budget expenditures;
- total amount of expenditures on education, expressed as a percentage of GDP;
- the structure of expenditures on technological innovation, in resource extraction and manufacturing industries, production and distribution of electricity, gas and water, and production of services formed by innovative activity, measured as an overall percentage of total expenditure;

- domestic expenditure on research and development, measured as a percentage of GDP;
- expenditures of organizations on information technology, measured as a percentage of GDP

The third group of indicators includes:

- the number of subscribers to cellular networks per capita
- the number of internet users per capita
- the proportion of households with internet access;
- the number of personnel engaged in research and development, as a percentage of the total workforce;
- the percentage of successful patents granted to applicants;
- the share of organizations using informational and communicative technologies;
- the share of organizations using the internet to interact with public authorities, expressed as a percentage of the private sector;
- the share of chemical industry and machinery products being exported;
- the share of employees qualified for the positions in which they are employed;
- the share of organizations exploring technological innovations, as a total number of extractive and manufacturing industries and organizations, production and distribution of electricity, gas and water, and expansion of the services sector.

World Intellectual Property Organization, which has been a specialized UN Department since 2007, conducts research on innovative development in various countries of the world. In 2014 this study was conducted in collaboration with the International business school INSEAD and Cornell University. The study was published in the special report "The Human factor in innovation".

143 countries were examined in 2014. In the top ten countries all European countries except the USA, Singapore and Hong Kong were presented. Russia in the rating is only the 49th (National university rating, date of the application 04.2016).

It should also be noted that according to the GII rating Russia is overtaken by Russia's BRICS partner - China (the 29th place), and from the countries of the former USSR – Estonia is the 24th, Latvia is the 34th, Lithuania is the 39th and Moldova is the 43d.

Tajikistan, Burundi, Guinea, Myanmar, Yemen, Togo, Sudan are at the bottom of the ranking (from 137 to 143).

Several reasons of Russia's innovation gap with advanced countries of Europe and America may be mentioned. The first of them is inadequate funding of the education system. The data presented in table 3. convincingly proves that. In Russia, the share of expenditure on education in percentage of GDP is lower than in most Western European countries and some Asian countries.



**Table 3**  
**SHARE OF EXPENSES FOR EDUCATION IN THE GENERAL STRUCTURE OF EXPENSES OF THE STATE (CONSOLIDATED) BUDGET OF THE CERTAIN WORLD COUNTRIES (RUSSIA AND COUNTRIES OF THE WORLD. 2014, P. 302)**

	<b>Year</b>	<b>Education</b>
Russia	2012	9,5
Belgium	2012	11,5
Germany	2012	9,7
Denmark	2012	13,3
Netherlands	2012	11,5
Norway	2012	12,6
Great Britain	2012	12,6
Finland	2012	11,2
France	2012	10,8
Switzerland	2011	15,8
Sweden	2012	13,1
Canada	2007	15,0
USA	2009	15,8
Australia	2012	14,4

The second reason, which should ukazat- weak link innovative ideas and real business practice in which these ideas have to be realized. An essential feature of the Russian research capabilities is its concentration in the public sector, which is typical of the post-socialist countries and the former Soviet republics, but not typical for countries with a market economy in which R & D personnel are concentrated in the business sphere.

Next reason is the lack of interest of Russian business in the creation of their own innovations. Gross domestic expenditure on research and development, ie, the cost of implementation of research and development carried out by its own forces organizations, including both current and capital expenditure (as a percentage of GDP) in Russia is 1.12%. (St. for 2012.). It is also substantially lower than in the countries, tops the list of the GII (eg Shvetsii- 3.41% to 1.73% Velikobritanii-, in Finland 3.55% in Niderlandah- 2.16% in the USA-2, 79% in Singapore- 2.04% to 2.98% Danii- c Lyuksemburge- 1.46%) (Russia and countries of the world, 2014, p. 323).

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# USE OF THE INTEGRATED FORMATION POTENTIAL IN THE PROSESS OF FORMING OF STRATEGIC BUSINESS MANAGEMENT SYSTEM

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## ABSTRACT

*The model of the balanced corporate management of the integrated formations adapted for requirements of strategic management is represented in article; the algorithm of an assessment of integration capacity of holding which is based on determination of private coefficients of competence and concentration, and assuming consecutive realization of stages of definition of settlement indicators and an expert assessment of potential of the integrated education by types of resources, an assessment of organizational and administrative capacity of management company and formation of a matrix of an assessment of integration capacity of holding is created. The methodical approach to definition of the integrated formation development strategy correction directions based on the accounting of opportunities of use of corporate association managing participating subjects potential, and also organizational and administrative capacity of management company is offered.*

**Key words:** *System of strategic management, the integrated formation, a matrix of a holding integration capacity assessment, private coefficients of competence and concentration, management company, the mixed type corporation, traditional type corporation, stakeholders type corporation, exclusive type corporation, integration type corporation.*

## INTRODUCTION

The current tendencies of development of national social and economic system on the basis of realization of its natural and raw potential cause the developed trend of extensive development of economic entities that doesn't promote the increase of competitiveness of the economy real sector enterprises and dictates the need of development of the advanced mechanisms of management considering the potential of development both separate economic entities, and their associations.

The solution of this task assumes, first of all, improvement of methods and mechanisms of strategic management that will allow to create a platform of long-term development of the enterprises in a situation of the competition strengthening, a sharpening of geopolitical risks, on the basis of increase of efficiency of use of the enterprises strategic capacity, and also possibility of formation of a synergy positive effect in the course of association of economic entities within network formations of corporate type. Now the irrational organization of strategic management is one of the key problems interfering effective development of the Russian enterprises as inefficient strategic management, in particular in the conditions of management of the integrated educations development, forms a basis for an over expenditure of the management object resources owing to emergence of the conflict of strategic problems of separate elements of the integrated education that leads not

only to irrational use of its resources, but also causes decrease in rates of reclamation of the available strategic potential of development. Thus, formation and development of strategic management system of the integrated formations on the basis of realization of their potential becomes a priority task of the theory and practice of modern Russian management.

However, despite existence of a significant amount of the works devoted to research of separate aspects of strategic management, a problem of improvement of the enterprises strategic management system on the basis of realization of potential of the integrated formation remain insufficiently developed now.

Research objective is formation and scientific justification of theoretical approaches, the methodical and practical recommendations providing effective strategic business management on the basis of realization of potential of the integrated formations.

The object of research is the system of strategic business management.

Development, the concepts and hypotheses proved in works according to the economic theory and also in scientific works of representatives of the organizational and administrative direction: strategic and corporate management, financial, production, investment, innovative, and other management branches; works on management of resource providing of an economic entity, general theory of systems, theory of statistics, economic sociology, etc. became a methodological basis of research.

Information base of research is made by data of official federal and regional statistical agencies of the Russian Federation and the foreign states.

## RESULTS

The research showed that corporate management can be considered in three qualities: as the organizational model by means of which the company protects and represents interests of the owners (the concept of "accomplices"); as way of increase of efficiency of activity, results analysis, adjustments and achievements of goals (concept of cost of the capital of shareholders); as system of the management and control of activity of the enterprise (concept of business management). The revealed structure of the content of concept allows to define corporate management of the integrated formations as a complex of the influences aimed at providing interests financial (shareholders and creditors) and non-financial (workers, the state, the enterprises – partners, etc.) investors who are the beneficiaries of the integrated formation (Ansoff, I, 1957, p. 113).

The given definition is based on a priority of the objects set by owners of business in the process of which achievement a variety of the conflicts of interests of its participants and partners is emerged (Black F., Scholes M., 1973). Thereof formation of system of the relationship, a way of interaction, a package of measures and rules, actions capable to neutralize (to minimize) negative influence and to support positive impact of the conflicts of interests of participants and partners on satisfaction of requirements of the parties defining activity of the integrated formation and on business development becomes a paramount task. Besides application of the presented approach it is also necessary to focus attention on use of synergetic effect in processes of cooperation of all participants of economic process. The specified circumstances allowed to present the interpretation of the concept "corporate management" given above where need of use of potentials of elements of corporate formation is proved.

The conducted research of influence of financial and non-financial factors of strategic impact on a corporate management system confirmed an irrationality of one-factorial approach application when carrying out classification of types of corporate management that dictates the necessity of multiple-factor approach application to corporate management types classification (Safiullin M.R., Samigullin I.G. and Safiullin L.N., 2013, p. 212).

Content analysis of strategic corporate management of the integrated formations allowed to define that the key criteria defining the maintenance of corporate management are: the relation to the share capital concentration (concentrated or sprayed) and distribution of control instruments on managers and owners' spheres of responsibility.

According to a condition of corporate management in distinguished parameters it is possible to allocate the following types of corporations as objects of management:

- corporation of the mixed type which is characterized by concentration of shares among owners of the enterprises whereas control is the responsibility of managers;
- corporation of traditional type the distinctive feature of which is concentration of shares and control instruments in owners of the enterprise's hands;
- corporation of stakeholder's type which is characterized by distribution of the property rights among a significant amount of participants owing to that an influence of both labor unions and workers, and consumers increases whereas control continues to be the responsibility of managers;
- corporation of exclusive type which is also characterized by dispersion of the property rights among a significant amount of participants whereas corporation activity is controlled by the external owner, for example, the big investor;
- the corporation of integration type assumes uniform distribution of shares among participants of corporate formation, and also providing a reasonable combination of strategic control from owners and an operating control from professional managers (Porter M., date of the application 05.2016).

Application of this classification of corporations types will allow to create rational structure of the organization of integrated formations management due to formation of a rational ratio of powers and responsibility of owners and the integrated economic entity management (Sarkin, A.V., Bagautdinova, N.G., Averianov, B.A., 2013, p.170).

Research of key tendencies of development of various type corporations showed that the high level of controllability and balance is characteristic of integration type corporations, the control system is based on balance of property and control of activity between owners and management. This tendency is caused by that in conditions of observance of parity of property concentration and instruments of control and regulation interest of participants of the integrated formation aren't limited in maximizing profit and development of the single enterprise, but also focused on increase of welfare of partners in integration association as thus the cost of shares of other enterprises which are held by the specific participant of association increases. Within this model a priority of strategic management is creation of the long-term partnership of integrated formation participants that assumes improvement of the working model of corporate management.

The working model of the Russian corporate management can be defined as open corporation the distinctive feature of which is expanded interaction with investors, the government and other corporations, and also focusing of attention to the organizations of intercompany management. Thus intercompany management has to be realized on the basis of formation of managing organization that will allow to provide realization of the corporate management balance principle. Application of such an approach to the management organization of the integrated companies will allow to provide formation of the synergetic effect as a result of decrease of a share of unforced errors of strategic management in realization of the main, auxiliary and administrative processes.

Realization of the presented approach to the organization of corporate management assumes that the created management company will be organizational and economic control center of a holding. The company is responsible for development of a goal and the directions of functioning, and development of the integrated formation in general, attribution of the means, forms and methods providing achievement of these goals, and also realization of

control functions and coordination in management. It will allow to provide coherence, interrelation and effective interaction of subsidiaries which are elements of the integrated formation, on the basis of use of corporation rod competences within the realization of the chosen strategy of development of the enterprise. Productivity of management company activities in economic societies management substantially is defined by potential of both management company and potential of the enterprises under its coordination, and as a result, by extent of the objectives achievement, the operated societies put before management company owners.

The algorithm of an assessment of the integrated formation potential includes an assessment of strategic capacity of the integrated structure where settlement indicators and expert estimates of the integrated formation potential are determined by types of the resources entering into structure of strategic potential. The integrated assessment (the relation of the wished value to value of an indicator) of strategic potential is the result of calculations. Further the assessment of organizational and administrative potential of MC is carried out, providing finding of coefficients of strategic development, a production activity (and also commercial activity or activities for rendering services), financial activity, administration and cooperation. On the basis of the received private indicators form the assessment of a holding integration capacity realized on the basis of the holding integration capacity assessment matrix (fig. 1), where coefficients of competence ( $\sum a/n$ ) and concentration ( $\sum f / m$ ). are calculated.

**Figure1**  
**THE HOLDING INTEGRATION CAPACITY ASSESSMENT MATRIX**

		Integrated structures				$\sum a$
		A1	A2	A3	Am-1	
Functions of a strategic plan realization	F1					
	F2					
	F3					
	Fn-1					
$\sum f$						

The assessment of integrated formation strategic potential components which is carried out on this algorithm has to be used when choosing of strategy of development of this subject of managing (Porter M., date of the application 05.2016).

Ensuring efficiency of the integrated formation development realization strategy has to be based on use of tools of a strategic goal-setting, development of criteria of a development strategy choice, justification of strategy priority that in total will allow to create conditions for rational use of the integrated formation potential. In the process of strategy realization full transparency of strategic initiatives for internal and external partners of the integrated formation has to be provided, that will allow to reduce unproductive costs of company for ensuring development and to prevent irrational decisions of owners and potential owners with relation to future value of the stock of the integrated formation (Lyukshinov A.N. , 2004; Minberg G., Alstrend B., Lampel B., 2000).

The timely and reasonable choice of the organization development strategy is an indispensable condition of ensuring development of business in the dynamic changeable environment in strategic prospect. Thus in the course of a choice and further development of strategy of development of the integrated formation it is necessary to distinguish strategy of cooperation and strategy of competitive integration, where basis of classification contains the institutional capacity of management company and integrated level of strategic capacity of the company within corporate education (fig. 2).

**Figure 2**  
**MATRIX OF CHOOSING THE INTEGRATED FORMATION DEVELOPMENT STRATEGY**

Integration			Management potential of managing company		Integrated level of strategic capacity of the company	Strategy types	
Existence of integrative potential	-	$\geq 2,5$	-	$\geq 8,5$	Network interaction strategy	Cooperation strategy	
			-	$< 8,5$	Star strategy		
	-	$< 2,5$	-	$\geq 8,5$	Agent strategy		
			-	$< 8,5$	Certain partner strategy		
Absence of integrative potential	-	$\geq 2,5$	-	$\geq 8,5$	Innovation strategy	Competition strategy	
			-	$< 8,5$	Leader following strategy		
	-	$< 2,5$	-	$\geq 8,5$	Niche specialization strategy		
			-	$< 8,5$	Adaptation strategy		

Threshold values can be changed depending on definition of necessary for strategic development substantial characteristics of potential. Realization of the presented approach to a choice of the integrated formation development strategy will allow to create conditions of its effective realization owing to the accounting the integrated company elements potential level and their adjustment on the level of organizational and administrative capacity of management company which realization allows to create a positive effect of a synergy.

Within the research approbation of the presented tools of development of the integrated formation development strategy on the example of Grifon group of companies was carried out (see tab. 1). It allowed to formulate the main directions of strategic development of this holding taking into account internal opportunities of corporation and competitive advantages of the companies.

**Table 1**  
**MATRIX DEFINITION OF INTEGRATION CAPACITY OF THE HOLDING**

		Integrated structures									$\sum a$
		LLC «Universam-»	CJSC «Univermag»	LLC «Uplast»	CJSC «Zavolzhskiy markets»	LLC «Volga-invest»	LLC «Tekhnomet»	LLC «Expo-centre»	LLC «Grifon»	LLC «EDNS Privolzhskiy»	
Function of strategic plan realization	Company mission										
	Goals and objectives of a company	×	×	×							3
	Analysis of exogenous influence factors	×	×	×	×	×	×	×		×	8
	Analysis of strong and weak sides	×	×	×	×	×	×	×		×	8
	Development alternatives	×	×								2
	Development strategy	×	×	×	×	×	×	×		×	8
	Strategy realization	×	×	×	×	×	×	×		×	8
	Strategy assessment										
$\sum f$		6	6	5	4	4	4	4		4	37

As appears from data of the given table, the coefficient of competence of the integrated education is equal to 4,625 (37/8) that testifies to need of involvement of 4-5 companies for performance of one function. Besides, on average, 4 functions are realized by one company of the integrated where the concentration coefficient is 4,11 (37/9) (Steiner

George A., 1980; Eugene F. Brigham, Joel F. Houston., 2012). Further according to the offered algorithm assessment of Grifon group of companies management company organizational and administrative capacity has to be carried out, purposes of activity of which are the increase in capitalization and a gross revenue, growth of net profit, optimization creditor and receivables. Apparently from the data provided in tab. 2, the specified objectives are achieved with an overfulfillment of the plan for 0,36%, 2,35%, 0,9%, 12,79%, 70,68%.

The given data also shows that the coefficient of strategic development (quantity of the realized strategic objectives / quantity of the planned strategic objectives) is equal to 1 (5/5). The coefficient of activities for rendering services which is defined by the relation of the actual volume of the rendered services is 1678594 rubles to 1856749 rubles the standard value (planned), matters 0,9. The coefficient of financial activity of MC is 0,8 (635789 (effect actual annual) / 784536 (effect standard annual)). At last, the coefficient of administration is equal to 0,47 (9/19) as there are 3 top managers, 6 middle managers in management company, whereas average number is 19. The coefficient of MC cooperation is 0,67 (2 project groups / 3 projects).

**Table 2**  
**DYNAMICS OF “GRIFON” GROUP OF COMPANIES PERFORMANCE TARGETS**

	Performance targets				
	Capitalization level, mln. rubles	Gross revenue, mln. rubles.	Net profit, mln. rubles.	Accounts receivables, mln. rubles.	Note receivable, mln. rubles.
Fact (2010)	843953,39	227008,31	119170,61	9673,94	11356,92
Plan(2011)	875629,52	235009,79	123498,64	7564,40	8675,46
Expected gain	31676,14 (3,75%)	8001,48 (3,52%)	4328,03 (3,63%)		
Expected decrease				2109,54 (21,8%)	2681,45 (23,6%)
Fact (2011)	878652,77	240333,36	124567,03	6327,50	650,00
Actual encrease (2011)	34699,38 (4,11%)	13325,05 (5,87%)	5396,42 (4,53%)		
Actual decrease (2011)				3346,44 (34,59%)	10706,92 (94,28%)
Δ	3023,24 (0,36%)	5323,58 (2,35%)	1068,39 (0,9%)	1236,89 (12,79%)	8025,46 (70,68%)

## CONCLUSIONS

Thus, a prime strategic task of LLC Univesam-30 is to increase the qualification level of workers as this indicator has negative value (-0,4). When forming strategy of development of CJSC Zavolzhye Department Store it is necessary to create a package of measures to increase the human capital use efficiency and ensuring growth of financial performance. Strategic tasks of LLC Ulplast are human potential development and increase of efficiency of use of a technical and technological resource by production of products from plastic.

As the choice of approach to strategy formation the integrated formation development is defined by the level of integration potential, organizational and administrative capacity of management company and strategic capacity of the integrated structure (see fig. 2), optimum strategy for LLC Universam-30 is strategy of network interaction, CJSC Zavolzhye Department Store and LLC Ulplast is star strategy. Realization of network interaction strategy assumes, in this case, activization of interaction of divisions in a network of the interconnected relations in the field of training of the personnel, first of all in the direction of



professional development of LLC Universam-30 personnel of. Thus the Grifon management company is the independent participant of network interaction. Realization of star strategy defines a role of management company as the binding and controlling link within realization of interaction of the enterprises of the integrated formation. Thus, centralization of powers and responsibility within MC is expedient for achievement of the purpose of human development in case of the companies of CJSC Zavolzhye Department Store and LLC Ulplast. For ensuring growth of financial performance of CJSC Zavolzhye Department Store it is necessary to reconsider the operating financial policy realized by management company. Owing to insufficiency of technical and technological resources of development of LLC Ulplast, redistribution of these resources of holding to this enterprise has to become a target reference point of management company.

The presented results show the expediency of use of the tools of increase of the integrated formation strategic management efficiency offered in research on the basis of use of their potential.

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### END NOTE

n – functions quantity; m – integrated structures quantity; F – functions of strategic planning; A – integrated structure.

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# EXAMINING RUSSIAN REGIONS FROM AN IMPORT SUBSTITUTION PERSPECTIVE

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## ABSTRACT

*The paper is devoted to an empirical analysis of Russian foreign trade taking into account its sectoral and regional characteristics. A typology of Russian regions based on import activity is carried out; and main types are analyzed from an import-substituting perspective, which is one of the urgent questions of the modern Russian economy.*

*The authors' method of region typology is based on a combination of integrated assessments of homogeneity/heterogeneity of regional import structure by seven commodity groupings used in Russian state statistics; and the graphical visualization of their results are presented in the paper.*

*In the process of investigating sectoral structure of the regions' imports, we managed to identify six types of subjects of the Russian Federation. The most representative group includes regions with predominant expenditures on imports of machine-building products (70 percent subjects of the Russian Federation). This group of regions and the machine-building sector of the national economy were the basis for recommendations on the development of international cooperation and import substitution. Some conclusions on spatial concentration of import activity and some recommendations on import substitution are presented in the final section of the paper.*

**Key words:** *import, typology, region, sectoral structure of import, foreign economic activity, import substitution, Russian Federation.*

## INTRODUCTION

This work represents a continuation of author's research on foreign economic activity of the Russian Federation. For example, in an article titled "Typology of Export Specialization of the Russian Regions" the authors developed a typology of Russian regions based on export statistics from perspectives of determining structural specifics of regional specialization (Kashbrasiev, R.V., Stepin, A.G., Shtanchaeva, M.R., Maklakova, N.V., 2014, p. 453). The assumption of balance in using financial resources from the sale of exported goods to resolve urgent tasks of regionalization of import substitution provided the background for the study of imports. The problem of import substitution by intensifying domestic production indirectly begins to be traced from the period of global financial crisis in 2008-2010. It was during this period that the direction connected with modernization of national productive forces was declared in Russia (Connolly, R., 2011, p. 428; Aleksashenko, S., 2012, p.31). Currently, this problem has become obvious, palpable, and urgent (Fal'tsman, V. K., 2015, p.15).

In the work (Kashbrasiev, R.V., Stepin, A.G., Shtanchaeva, M.R., Maklakova, N.V., 2014, p. 453) traditional methods were used to identify the types of regions according to commodity groupings used in Russian state statistics. Sequence of these groups is retained in the study of Russian imports, too. However, first, a new model, which we characterize as a "spider web" because it is based on a specific kind of a diagram, was used for typing regions' import. This model is a modification of the model used on the eve of introducing mathematical methods in geographical research in relation to the classification of urban

settlements (Blazhko, N.I., Grigor'ev, S.V., Zabotin, J.I, 1970, p. 146). Second, compared with (Kashbrasiev, R.V., Stepin, A.G., Shtanchaeva, M.R., Maklakova, N.V. ,2014, p. 453), innovation is an index to measure the homogeneity of the structure of imports, which is used in the context of both individual subjects of the Russia and their trade groups forming types and subtypes.

## METHODS AND DATA

An analysis of the existing sectoral and territorial characteristics of foreign trade activities of Russia is proposed to conduct through using the typology of regions by main product groups. In this case, typology (classification) is a basis for determining ways to streamline the import (import substitution), most clearly appeared in the difficult socio-economic conditions of the modern period. Next, we consider the basic theoretical positions, which may be regarded as the authors' methodology of scientific research in the given direction.

Assume that the structural organization of foreign trade activities is presented:

$n$  - commodity groups, and

$m$  - regions (subjects).

Then for each territorial entity with the number  $k$ , where  $k$  is defined as a sequence of natural numbers from 1 to  $m$ , which is symbolically written in the form ( $k = 1, 2, \dots, m$ ), the economic result of foreign trade activity (in this paper it is import activity) for the commodity group  $i$  ( $i = 1, 2, \dots, n$ ) for the region  $k$  is set as  $a_i^{(k)}$ . The overall result of foreign trade activity of the region  $k$  in this case is as follows:

$$A^{(k)} = \sum_{i=1}^n a_i^{(k)} \quad (k = 1, 2, \dots, m).$$

A share of a commodity group  $i$  is calculated according to the following formula:

$$d_i^{(k)} = \frac{a_i^{(k)} \cdot 100}{A^{(k)}} \quad (k = 1, 2, \dots, m; i = 1, 2, \dots, n).$$

For a given  $k$  ( $k = 1, 2, \dots, m$ ) we determine the maximum value, which we denote as  $d_i^{(k_0)}$ . Then each of the values of the weighting factor of a commodity group  $i$  is divided by an amount corresponding to the maximum value. A dimensionless vector (it is recorded in the form of a row vector in aim to save space  $\beta^{(k)}$ ) is obtained, which is composed of values  $\beta_i^{(k)}$ :

$$\beta^{(k)} = (\beta_1^{(k)}, \beta_2^{(k)}, \dots, \beta_n^{(k)}),$$

where  $\beta_i^{(k)} = \frac{d_i^{(k)}}{d_i^{(k_0)}} \quad (k = 1, 2, \dots, m; i = 1, 2, \dots, n)$ . It should be noted that any of the variables

$\beta_i^{(k)}$  satisfies an equation  $0 \leq \beta_i^{(k)} \leq 1$ .

In order to carry out the procedure of typology we will use a Spider diagram, which visualizes the structure of imports of relevant product groups for each of the subjects. The types of the totality of the commodity groups are selected on the basis of visual coincidence and calculated measure of homogeneity (structure) of each of vectors  $\beta^{(k)}$ . As a measure of homogeneity of the structural vector  $\beta^{(k)}$ , we propose the following indicator:

$$q^{(k)} = \sqrt{\frac{\sum_{i=1}^n (\beta_i^{(k)} - 1)^2}{n - 1}},$$

which may be called  $q$ -measure of homogeneity (heterogeneity) of the import structure of  $k$ -th subject. For the case, where there is equality of the weights in the import structure ( $\beta_1^{(k)} = \beta_2^{(k)} = \dots = \beta_n^{(k)}$ ), which is usual for the absolute homogeneity of the structure (absolute polystructural import),  $q^{(k)} = 0$ . In the case of a complete single structure (in our case, this situation may be described as “absolutely pure” type), value measures homogeneity  $q^{(k)} = 1$ .

A Spider chart corresponding to an equal-weights structure of imports (absolute homogeneity) is as a multifaceted figure connecting the numbers of signs (the outer envelope). The case of extreme heterogeneity appears as a spider model in the form of an “arrow” pointing from the middle of the “web” along radius that matches the number of prevalent commodity group  $i_0$  in the gross value of a region’s import.

Comparison of the figures from the spider typology allows coming to conclusion that the more bigger of visualized area of the figure, determining the concrete structure of imports, shown in the ‘web’ – more closer a region’s structure of commodity groups to poly-structural organization. On the contrary, if configuration is closer to a “clock-hand” with two or one hand, the structure is closer to mono-structural type.

As a result, it should be noted that the physical basis of the trait in this procedure of visualization does not play any role because of the ratio of traits goes out in the foreground. Thus, the proposed procedure of the spider typology may be used for parameters of any nature. Therefore, the relative traits of complex dimension, using in the implementation of comparison, may be applied with considerable efficiency, particularly when compared with procedures requiring averaging and determining the distances in the classical sense of the word. In the latter case, methods based on averaging usually lead to distortion of the existing objective reality.

According to the Russian Federal State Statistics Service (Rosstat), foreign trade statistics are adopted as indicators of foreign trade activity in seven groupings, i.e. in our case  $n = 7$ . In this study, the product (commodity) groups are presented in the following sequence:

1. food supplies,
2. supply of fuel and energy components,
3. petrochemical products,
4. supply of timber and related forest products,
5. supply of products of the metallurgical industry,
6. supply of products of machine-building industries, and
7. a group that unites all the other types of products.

The data derived from Rosstat were used for the calculations in the context of individual subjects of the Russian Federation carrying out foreign trade operations for the period from 2000 to 2010 (for some indicators for 2012 are also available) (Russia in figures and maps, visited March 19, 2015). The total number of subjects is equal to 82, i.e.,  $m = 82$ . In this paper, a typology of the subjects carried out according to the 2010 indicators.

## RESULTS AND DISCUSSIONS

In the sectoral structure of imports on the all subjects of the Russian Federation, six types were selected: machine-building, food, petrochemical, metallurgical, other goods, and fuel and energy. It should be noted that the distribution of regions according to the types was uneven because the vast majority of regions clearly have the shares of machine-building, food, and petrochemical products in the structure of imports.

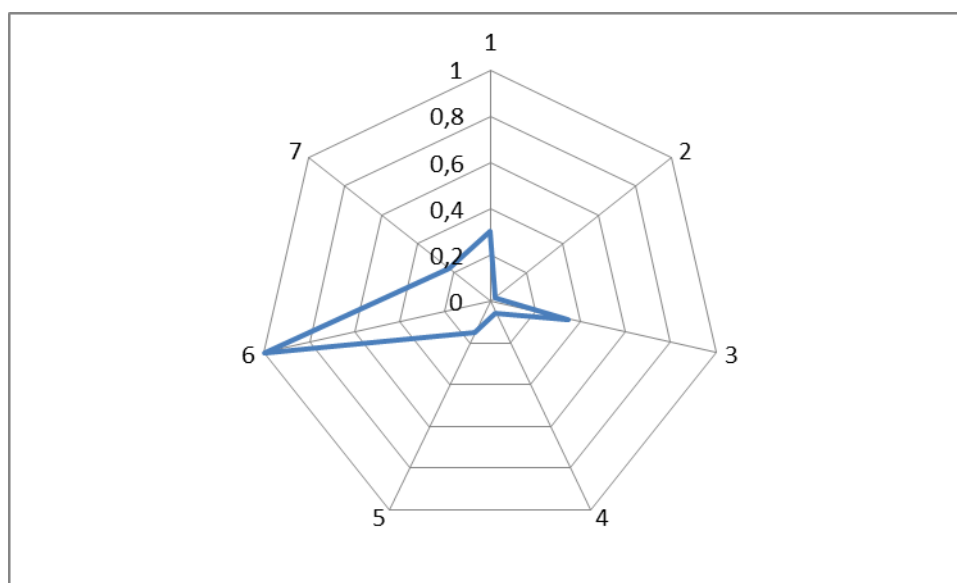
The qualitative composition of the identified types of regions on the prevailing import specialization allow us consider according to the mentioned above types.

The machine-building type (with subtypes) in different degree is observed in 57 regions, which constitutes more than two-thirds of the subjects of the Russian Federation, including such economically developed subjects as Moscow, St. Petersburg, the Republic of Tatarstan, Kaliningrad, Kaluga, Moscow, and Leningrad oblasts. The share of this type is equal to 90.23 percent of gross import. Almost all of the subjects forming the fuel-energy type of export earnings presented in (Kashbrasiev, R.V., Stepin, A.G., Shtanchaeva, M.R., Maklakova, N.V. ,2014, p. 453) refer to the first type of import. This suggests that a part of money coming from the export of energy is returned in the form of "Russian petrodollars" into the industry of fuel and energy complex in the form of the latest techniques and technologies.

This type is characterized by the prevalence of the share of imports of engineering products over other commercial components of national import (average value of the homogeneity coefficient for machine-building type is equal to  $q=0.825$ ). Under this, 35 subjects form the so-called "clean" machine-building type, which is characterized by significant domination of engineering products ( $q=0.845$ ). In the spider model, these actors have a clearly "arrow" image, reminiscent of the minute hand on the clock.

For this type, a spider model of the structure of import has the following graphical representation (Fig.1):

**Figure 1**  
**PROFILE OF REGIONS IMPORTING MACHINE-BUILDING PRODUCTS**



Legend of the chart: Numbers in a vertical column – shares of the commodity groups in gross imports. Number in the apex of the polygon is a number of a commodity group used in Russian state statistics; in this case #6 means import of machine-building products.

The machine-building type of import is a vivid expression of the combination of two principal uses of imported products: production consumption and personal consumption. Production consumption is focused on the import of the latest techniques and technologies for technical modernization of national production. Personal consumption is associated with the entry, to a significant degree, of household and automotive equipment that meet the needs of the population, enhance the quality of life. If the first requires the localization of

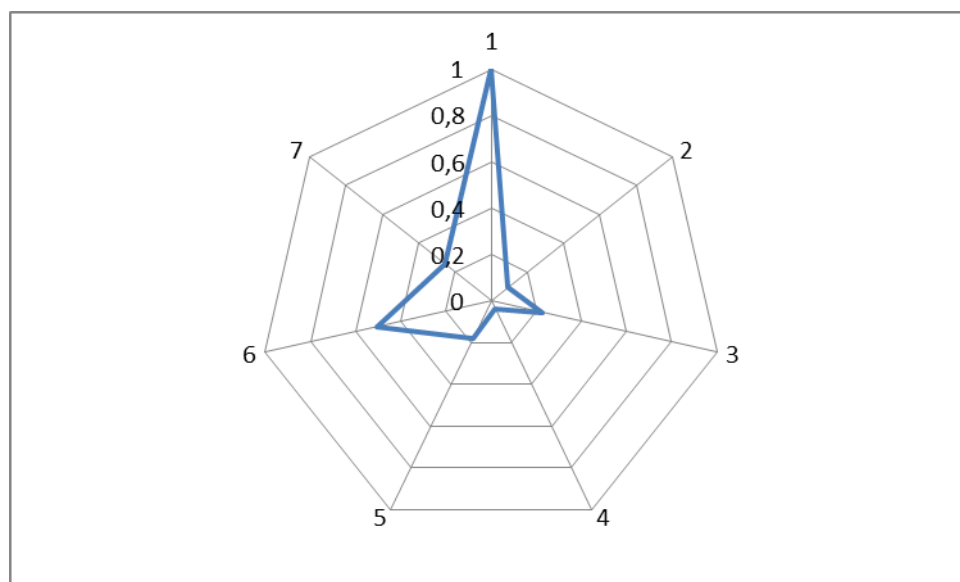
production (Vitali, S. , Napoletano, M. , Fagiolo, G., 2013, p.1534), and at the same time the development of international industrial cooperation and integration of Russian companies into global production networks (GPNs) (Beck, M., Schenker-Wicki, A., 2014, p.548); the latter direction is a theme to encourage the use of domestic goods instead of imported goods (without violating WTO rules) (Grabowski, R.,1994, p.535).

Some import substitution is possible in both directions. However, there is also a “frontier” aspect of the studying the machine-building parts of the Russian import: determination of efficiency of investments in the domestic machine-building complex, which could become the sectors of international specialization of Russia such as the heavy, transport and “Arctic” machine-building sectors.

The second largest type of subjects – food – is formed by 10 regions (4.27 percent of the gross import). Among them there are Republic of Altai, Republic of Dagestan, Altai, Kaliningrad and Krasnodar Territories, Astrakhan, Bryansk, Vladimir, Pskov and Tambov oblasts ( $q=0.797$ ).

For regions of this type, a spider model of the structure of import has the following graphical representation (Fig.2):

**Figure 2**  
**PROFILE OF REGIONS IMPORTING FOOD PRODUCTS**



Legend of the chart: Numbers in a vertical column – shares of the commodity groups in gross imports. Number in the apex of the polygon is a number of a commodity group used in Russian state statistics; in this case #1 means import of food products.

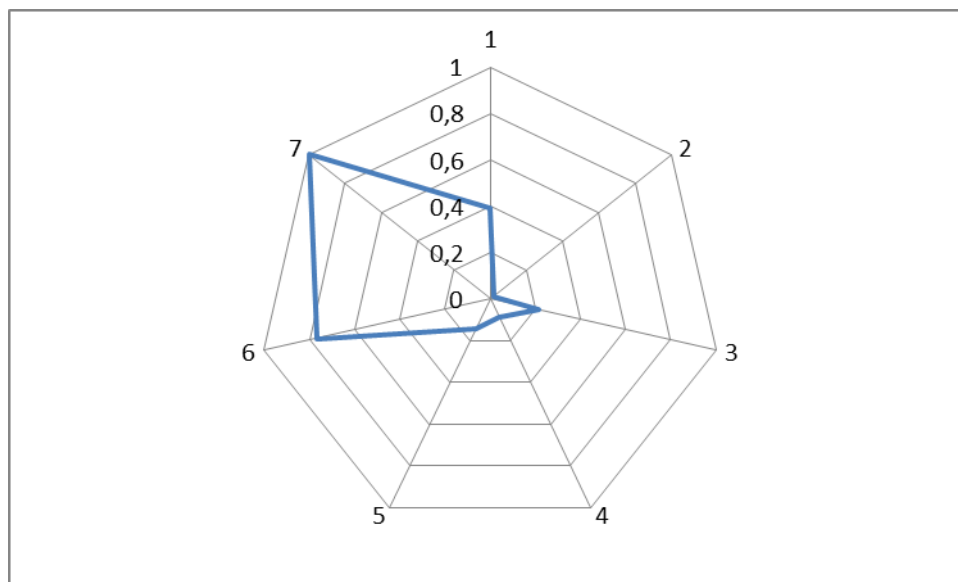
For this type of structure of import, four subjects are the basic regions of the national agro-industrial complex (Altai Republic, Altai and Krasnodar Territories, Tambov oblast). Apparently, a significant proportion of imported products come those from a complementary range of products or products (raw materials), which are more competitive compared with local types of food (Bojnec, S., Ferto, I., 2012, p.399). In addition, a significant share of imported food could be related to the extremely adverse climatic conditions of the study period. However, these four subjects must be considered from import substitution perspectives.

The petrochemical type of import is characteristic for regions (1.63 percent), among which the Republic of Khakassia, the Republic of Kalmykia, Irkutsk, Murmansk, Ryazan,

Tomsk, and Tula oblasts ( $q=0.840$ ). Judging by the last coefficient, this type has the highest sign of structural homogeneity among all selected types, i.e. it is a kind of specialization in the import of products of the petrochemical cycle.

A group of regions with predominance of “other goods” in the structure of gross national imports (2.92 percent), which are not included in the most accepted components of imports, consists of five regions: Primorsky Territory, the Jewish Autonomous region, Amur, Ivanovo and Novgorod regions ( $q=0,771$ ). Enclave position of the regions and the specifics of their industrial structure show that the main types of imported products are related to light industry, including the import of raw materials. For the first three regions, it is related primarily to their geographical proximity to China, where cross-border cooperation is developing (Kerr, D., 1996, p.931). For regions of this type, a spider model of the structure of import has the following graphical representation (Fig.3):

**Figure 3**  
**PROFILE OF REGIONS IMPORTING “OTHER TYPES” OF PRODUCTS**



Legend of the chart: Numbers in a vertical column – shares of the commodity groups in gross imports. Number in the apex of the polygon is a number of a commodity group used in Russian state statistics; in this case #7 means import of ‘other types of products’.

The other two types of import are formed by the three remaining subjects of the Russian Federation (0.44 percent and 0.52 percent, respectively). Two of them, the Republic of Ingushetia and Orenburg oblast, form the fuel and energy type of import ( $q=0.766$ ), and Volgograd oblast ( $q=0.732$ ) forms the type with the prevalence of import of metallurgical products.

Thus, the sectoral structure of imports has more heterogeneity than similar export structure, which is defined by both the specific combination of economic and social conditions and the natural basis. In the case of import, we can say that the natural base is moved to the second plan, while the current production, economic and social factors that are directly related to the problems of import substitution come out at the forefront.

## CONCLUSIONS

The study of the sectoral structure of import in each Russian region allowed us to

select six types of subjects of the Russian Federation that best reflect the characteristics of regional import:

- machine-building,
- food,
- petrochemical,
- other goods,
- metallurgical, and
- fuel and energy.

Types of subjects of the Russian Federation on the sectoral structure of imports listed above and the analysis of their composition allow us to come to the following conclusions:

1. Currently, import is a fairly compact system, which is associated, primarily, with the importation of machinery. For 70 percent of the regions (57 of 82 regions of the Russian Federation), the main import article is machinery. Imported food is also a significant part of the import.

2. Overall, Russia's economy is more strictly tied with imports than exports (taking into account the distinct role of the imported products in the solution of problems of modernization and development of the national economy).

According to the results of the study, some recommendations in the following areas can be offered:

1. The development of domestic machine-building industries.
2. The development of import substitution.

As our empirical analysis shows, there exists a huge demand for engineering products, satisfied by imports (45.4 percent of the gross import). The latter figure also shows that the rejection of industrial policy, the failure of development of domestic engineering, was premature and wrong decision. It is necessary to develop the machine-building industries, relevant to the viability of the country: "Arctic," aviation, transportation engineering, primarily focused on the production of the final product. The diversity and large number of regions-as-importers with their established and sustained international cooperation ties, as well as a sufficient number of regions exporting of engineering products (Kashbrasiev, R.V., Stepin, A.G., Shtanchaeva, M.R., Maklakova, N.V. ,2014, p. 453 ), make the development of some branches of Russian machine engineering (built-in GPN, i.e. aimed at the export and import of parts and components) relevant and timely.

Regarding import substitution, it is important to create conditions for the growth of production in the basic branches of the national economy and to boost the production activity in sectors and regions of Russia and its CIS and EurAsEC partners, where they have competitive advantages. At the same time, in connection with the structure of the gross import (share of "distant" foreign countries in recent times accounted for more than 90 percent), hoping to solve some of the problems of import substitution at the expense of neighboring countries (former USSR republics) seem to be rather problematic. On the other hand, the visualization of the results of our study shows the existence of regions and industries that are likely to become the "obvious" candidates for import substitution. For example, it is difficult to explain the fuel import orientation of the Republic of Ingushetia and Orenburg oblast or the imported food profile of the Krasnodar Territory and Tambov oblast. These types of products could determine their export specialization.

Concluding, it should be noted that the development of machine-building and the support for the agro-food sector must be a priority in the strategic development of the country. Exactly, their potential determines all other priorities (nanotechnology, biotechnology, IT, new materials, oil production and petrochemical industry, etc.).



## ACKNOWLEDGEMENTS

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# SYSTEM ANALYSIS OF GENERIC AND SPECIFIC PROPERTIES EVALUATION FUNCTIONS IN THE ECONOMY

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## ABSTRACT

**Topic/theme** *Properties of evaluation functions in the economy, their system analysis, multidimensional process of change of status and the impact of socio-economic facilities to one-dimensional criterion.*

**Objectives/targets** *To systematize the properties of naturally-market and expert-analytical Metrology state of the organizational systems, to divide them into generic-mu and species trait.*

**Methodology** *In this work we used simulation methods-semantic modeling in complex with the methods of statistical and analytical analysis. Discussing the possibility of creating an expert system, reproducing the generic and specific properties of the Islands natural market Metrology, formation of universal evaluation functions and comparable measures of performance for a variety of particular indices.*

**Results** *The developed model integration evaluation indicators providing a rating assessment of various organizational structures and processes.*

**Conclusions/significance** *It is concluded that under the conditions of multi-directed indicators the most viable scheme of management of organizational systems is to reduce the multidimensionality of the processes to one dimensional uniform criterion.*

**Key words:** *modeling, measurement system, the evaluation function, the integral assessment, management, verification.*

## INTRODUCTION

Estimated functions in economy take a particular place as only they allow to identify the studied processes and have a direct bearing on key problems of management in the social and economic sphere and, first of all, on questions of motivation of people's work. A human resource in economy it is possible and it is necessary to consider only in the context of immersion it in the estimated relations, otherwise it gains properties of a technological, material and material resource and loses the main qualities – a passionarity, activity, creativity, ability to self-expression and self-multiplication of own potential. In the absence of an estimated phase and motivation of labor efforts of people the wide range of potential opportunities of a resource is narrowed to some constant. By the way, it's extremely important circumstance is reflected in economic doctrines rather poorly, vaguely, is incomplete, and sometimes is simply ignored.

In special and scientific and technical literature the term and concept the assessment (estimation) is used in two incoincident, and sometimes and the meanings contradicting each other. The first interpretation is an assessment as approximate (incomplete, inexact) the characteristic of some required size which true size it isn't possible to find more exact methods (mathematic-metrological, statistically distributed interpretation). Other and broader interpretation is an assessment as the axiological characteristic expressing the valuable and

target relation of the person to the studied phenomena and allowing to pass from the relations "more-less" to the relation "better-worse". In this case it can have both a numerical form (quantity) and verbal, i.e. is expressed in the form of qualitative judgment.

The amorphousness of a concept of an assessment and the content of estimated functions don't allow to pass to a stage of their modeling and the qualitative analysis of a condition of organizational systems. Specific goal of this fragment of researches: overcoming of such ambiguity of basic concepts of economy, classification of properties of estimated functions, in the subsequent development of the imitating and semantic model allowing to realize requirements of natural-science metrology.

## CONTENTS

In market economy independent, automatically acting (even not always realized by people) estimated function is generated by the external tactical and competitive environment and is indirect result of exchange operations. It is the so-termed natural and market metrology (NMM) which contains some functions (registration, the account, control ...), but estimated function is the most important. It was historically formed gradually, for a long time, since antique times, together with emergence, development of the commodity-money relations and formation of a free enterprise economy. In length of time, time, when processes of division of labor were designated, its specializations, cooperation, concentration of production when there was a wage labor of free workers, and the labor became object of purchase and sale, the aspiration to disjoint estimated function on two directions was designated. One naturally proceeds from system of an equivalent commodity-money exchange, covers "all and everything" in the watching mode through money, the prices, profit, exchange operations and so forth, another – artificial, consciously constructed on some principles, aiming to prove payment of wage labor and to influence its return. It is the so-termed expert and analytical metrology (EAM). Retrospective stages of its formation as a part of history of economic doctrines, are rather in detail stated in (Kononov V.P., 2008).

To the present stage of development of economic thought the same two types of metrology (NMM and EAM) absolutely specifically designated spheres and scales of the distribution. The first (market) extends on enterprise community, and, in a certain degree, on administrative functions. By some approximate estimates in developed economies covers some percent of the busy population (in the different countries are variously, but on average  $\approx 10\%$ ). The second surrounds wage labor, covers also approximately, according to different data, other part of the busy population (i.e.  $\approx 90\%$ ).

Patrimonial properties of estimated functions are presented in the table 1, these are initial, primary, first-born signs, they are connected with genesis, with an origin of the operation of estimation as implicitly expressed metrological operation, as abilities of environment to generate, develop some estimates of situations in the market by their mutual comparison and collating. They are characterized as follows:

**Table 1**  
**PATRIMONIAL PROPERTIES (DISTINCTIONS) OF ESTIMATED FUNCTIONS IN BOTH TYPES OF ECONOMIC MEASUREMENTS**

N	<i>NMM</i> - natural and market metrology	<i>EAM</i> - expert and analytical metrology
1	Property of immanence of estimation (internal inhesion, patrimonial sign of the tactical and competitive environment)	Property of immanence is absent, is replaced with the artificial, from the outside given property of expert estimation

2	Property of a <b>continuity in time and automatic feasibility</b>	Property is absent, is replaced with the mode of involvement in measuring process, external, procedural, discrete on time
3	<b>Through and general</b> character of estimates (coverage of all subjects and objects of market interactions)	Property is absent, is replaced with selectivity of processes and objects of estimation
4	<b>Independence of estimates</b> of subjects of economic behavior	Independence is absent (it is replaced with the dependent personified relation of the employer or estimation on the basis of any theoretical justification)
5	Unconditional (natural) character of a <b>verifiability and validity</b> of results of measurement and assessment	Conditional character of a verifiability and validity (experimental level of recognition of pragmatic usefulness)

(Source: authors)

The ability of the market to compare any situations (states, results, production, events, processes and so forth) is generated by system of the goods exchange relations and the competition which generate property of immanence as internal invariable essence as patrimonial natural quality of the tactical and competitive environment (*NMM*). The economic maintenance of this ability is shown in the operation market laws of supply and demand. It is absolutely clear that this property as the internal characteristic, in expert and analytical option (*EAM*) is replaced with a dowry external artificially property of the axiological analysis, comparison and expert estimation.

**A property of a continuity and automatic feasibility** of operations of indication and estimation is generated by a continuity of public interactions in a system of an equivalent commodity money exchange. Any commercial transaction immediately generates and self-generates estimated function which turns all relations "more-less" to the preference relation "better-worse". The economic content is connected with a natural continuity of processes of consumption and satisfaction of demand of the population. And here it is absolutely clear that this property in *EAM* is absent, it extends only on commercial processes. In *EAM* it is replaced external, procedural, discrete (interrupted, irregular in time) with the mode of involvement of the controlled phenomenon in measuring and estimated process.

**Through and general nature of estimation** on a numerical scale of preferences (profitability, revenue) covers business activity in all its variety and in the watching mode through money, the prices, profit, exchange operations and so forth. It means that is continuous, automatically, in general and fragmentary, both processes, and production, level of their quality and competitiveness, administrative structures, businessmen and the decisions made by them are estimated. To the contrary generality of this property isn't absolute, it is delineated only by goods exchange (trade and commercial) processes moreover in their interrelation with the property relations. The economic content is caused by existence of a uniform cost (monetary) measure of a commensuration and reduction of diverse consumer costs here. In expert and analytical option of economic metrology this property is absent, it is replaced with external selectivity and the measure (for example, points, ratings and so forth) and processes (levels, states, objects) of estimation.

**Independence of an estimated phase** of subjects of economic behavior in the market is generated by mass nature of operations of consumption and the subsequent their averaging expressed, in particular, in a number of economic laws (for example, in laws of supply and demand, in pricing, etc.). The economic maintenance of this property that the individualized consciousness of consumers in market process will be transformed in collective, group through averaging of repeatedly repeating operations of purchase and sale. It is known that average sizes come off their carriers and become independent indicators of steady trends of controlled states. In *EAM* independence of settlement sizes is absent in principle, it is

replaced with the direct personified estimates from the employer (management, managers of resources, etc.) or the conditional dependence expiring from any theoretical justification or a standard calculation.

Self-organization of viable and effective systems of self-regulation in market economy is based on unconditional (absolute, natural) trust to objectivity of measuring and estimated operations, to be exact, to trade and commercial operations, as to technological process of elaboration of quantitative and quality standards. In other words, the veracity and validity uniform (cost, monetary) measures of a commensuration act as the structure-forming moments in such self-organization. The economic maintenance of this property consists in uniqueness (originality, irreproducibility) a monetary measure of measurement of results and expenses. The size of the realized profit (the income, revenue and so forth) is perceived by subjects of the economic relations as a reality and, in principle, isn't a source of doubts and mistrust concerning quality of market indication. But in *EAM* this, in fact, natural intrinsic quality of technical (accounting) measurability of public usefulness of labor efforts of people collapses and it is possible and it is necessary to restore in the form of some conditional (but surely experimentally confirmed) recognitions, at least, of a pragmatism usefulness or, as at most, full confidence and objectivity (Demidov Ya.P., 2013, p.358).

If patrimonial properties of estimated functions are connected with their genesis, specific – with the internal content of operation of estimation as measuring procedure, and also with the purposes and with the organization of contours of regulation on the basis of the received estimates. The system analysis of both types of metrology applied in economy is important because will allow to formulate and set correctly the task of modeling of *NMM* properties in consciously projected (isomorphic, semantic) models – *EAM*. The sequence of transformations can be represented:

$$\{NMM\} \Rightarrow \{EAM\} \Rightarrow \{EAM \text{ (Isomorphic models } NMM)\}$$

Specific properties of market indication are presented in the table 2 and the short analysis of possibility of their realization in imitating and semantic modeling is given. The right part of the table 2 contains a short list of those engineering and research decisions on the basis of which isomorphism of a substantial and formal and mathematical design of model is provided.

In the work (Chistyakov E.G., Chistyakova V.E, 2013, p.32) the complete description of model is given, each property is investigated, the main directions of their modeling with transfer of scientific disciplines and design decisions are given. Contents of both tables are integrated (see tab. 2.1 in (Tarasevich V.N., 2013, p.107-123)), and operations of replacement and reproduction in common form process of design under the general name – imitating and semantic (semantic) modeling.

**Table 2**  
**SPECIFIC PROPERTIES (DISTINCTIONS) OF ESTIMATED FUNCTIONS AND OPTIONS OF THEIR MODELING**

N π/π	<b>Market as natural metrological system</b> (technical, operational and operational properties of market indication)	Concrete versions of engineering and research decisions in the <i>EAM</i> isomorphic model (types, methods, the principles, stages, the modeling modes and so forth)
1	<b>Uniform metrics</b> , commensurability and comparability of the general (cost) measure for all diverse properties and economic entities of the market	Serial measure of nonparametric statistics (quantile look), formation of a reference data set, methods of cumulative distributions, methods of ensuring comparability of data, methods of modeling of the movement of indicators on measuring scales, etc.

2	<b>Property of self-generation</b> (ability to transform a multidimensional state to one-dimensional criterion)	Creation of information base (databank and bank of knowledge, "knowledge" model of object); method of uniform optimization; criterion of harmonization; semantic modeling, principle of Bellman's optimality, etc.;
3	<b>Property of self-stabilization</b> (the watching measurement mode, steady feedback, the dosed adaptive automatic sensitivity to market condition changes: purposes, conditions, properties, parameters, policy of management, etc.)	Method of the typological analysis with adaptive fine tuning of groups' intervals; method of psychometric scaling; external parametrization of a model (technology of estimation. Method of scaling of high-quality changes of properties; clustering and group of data; principle of Pontryagin's maximum; start-stop mode, etc.)
4	<b>Property of a self-explanation and introspection</b> (property of an interpretability)	Development of submodels of the qualitative analysis of any appointment and sort, the analysis and synthesis are interconnected and "are organically built in" measuring technology
5	<b>Property of technological feasibility</b> (through trade and exchange operations)	Development of organizational regulations of metrological and administrative procedures; development of the software; intelligent user interface
6	<b>Risks, uncertainty and probabilistic character</b> (The formulation of property in an antiphase – <i>uniqueness and an extremity in size in one-stage registration</i> )	Modeling is carried out in an antiphase (as transformation of stochastic process in determined). Methods and models of decomposition of the difficult phenomena (full accounting of factors of an assessment; methods of imitation, interpolation, transformation of continuous processes to the discrete; mode of "pair identification"; online testing mode, organizational regulations, etc.)

(Source: authors)

Please note that patrimonial properties can't be reproduced by formal and mathematical methods but only are replaced with some norm, the regulations, and the status at their serious system or the feasibility study. And specific can become object of economic-mathematical modeling, they can be reproduced with the greatest possible approach to the original (a standard, an ideal), with a certain degree of relevance, reliability, accuracy (Demidov Ya.P., Matveev A.P., 1990, p. 41).

In general, this direction of researches can be identified as development of a model of artificial intellectualization of natural information and administrative processes in economy (Bespalova G.V., Fedorov A.A. Statistics. P. II. N. Novgorod, 2004, p.61). Its essence in modeling of meanings, in orientation of model constructions to technology of decision-making by skilled experts, in modeling of programmable conclusions of the person, in imitation of elements of cogitative activity at the solution of classification problems of and an assessment of the states set by numerical sequences of parameters. A choice of methodology of imitating and semantic modeling as main tools of the direction, it is caused by a variety of reasons who, as a rule, try not to consider as the basic bases at a choice of research decisions .

First, a basic difference of market and expert and analytical (non-market) metrology that the first is natural, technologically clear (trade), objective and general, and the second – artificial, procedurally difficult, internally contradictory and selective. The expert technology in economy, in the social sphere, contrary to popular narrow-minded belief, has rather narrow area of a correct application for the reasons specified in extensive scientific and special literature on expert systems. It is very important to understand, what competence wouldn't be experts in a set of straight lines of physical, natural measurements (statistical or current data) in economy it is impossible to develop adequate estimated judgment, to give to collected

information estimated sense, it is impossible to judge a qualitative condition of objects or processes in general, their general productivity. This gnoseological (and methodological) delusion which is everywhere ignored: verbal estimation of situations in the social and economic sphere can defend infinitely far from his quantitative of forms of expressiveness, from numerical models of estimation, and the last can be extremely removed from concrete administrative decisions – practically useful criteria of proximity don't exist. Such dissociation (actually insuperable) of the most important phases of administrative process does bureaucracy amorphous, ineffective, difficult interpreted, and, often, and senseless.

## CONCLUSIONS

Long-term researches and experimental introductions (Adler YU.P., Chernykh E.A., 2001, p. 8; Chistyakov E.G., Chistyakova V.E, 2013, p.32) allow to draw the following conclusions:

– even the simple visual analysis of the contents of the 1 and 2 charts says that estimated function is the rod stabilizing basis of any systems of management in the social and economic sphere, it defines quality and stability of functioning of any organizational multi-purpose systems;

– the main direction estimated functions' improvement in economy consists in it properties of natural market indication (patrimonial and specific) to reproduce and realize in model creation of the expert and analytical project; in this case the concept of formation of market conditions for non-market structures is submitted quite realized and constructive;

– It isn't fatal circumstance use in management of multi-purpose structures of traditional schemes and methods of examination (room forms of the analysis, points, ratings and so forth); internal discrepancy, technological complexity and uniqueness of examination (as operations of a group choice and establishment of exact quantitative parameters of controlled states) can be overcome and transformed to ordinariness of modern research technology. But this is a different issue.

## ACKNOWLEDGEMENTS

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## END NOTES

1. The hypothesis of possibility of restoration of this major operational metrological property is confirmed experimentally, by results of skilled introduction (see [2]).
2. Strictly scientific option of the organization of examination with a set of labor-consuming procedures means: selection of experts, analysis of their competence, formulation of conditions of examination, collecting and data processing, assessment of convergence of opinions, etc. In this option examination in general can't be considered mass and real (working, quick) the instrument of management in economy and the social sphere.

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# TRANSFORMATIONS OF FUNCTIONS OF CONSUMER DEMAND IN POSTINDUSTRIAL ECONOMY

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## ABSTRACT

*The authors of the paper analyze nonprice determinants of consumer demand in the conditions of consumer economy, the main role among which belongs to institutional factors reflecting the influence of institutions on the norms and rules of consumer choice; the authors suggest a methodical approach to the definition of quality as the factor of consumer behavior based on the assessment of integral quality as a radius-vector of n-dimensional space which characterizes the aggregate of homogeneous characteristics of quality for different categories of consumers of goods, works or services the quantity of which is determined by the structure of consumer society of the given product.*

**Key words:** *nonprice determinants of consumer demand, quality as the factor of consumer choice, benefit, absolute and relative indicators, quality of goods (services).*

## INTRODUCTION

The investigation of theoretical assumptions regarding the demand creates the background for its regulation which is directed to foresee the polarization of population according to their income, increase tax collection, increase the efficiency of public goods production, form social standards of consumption and determine the minimal consumer basket, decrease consumption of goods harmful for health and life. The efficiency of state influence on the consumer behavior is largely determined by the thoroughness of understanding of price and nonprice determinants content influencing individual demand.

The rise of postindustrial society, structural reformation of Russian economy predetermined the qualitative transformation of the determinants mentioned above, which found its reflection in widening of their list, strengthening of the role of formal and informal institutions in the process of their formation and realization, in complication of inner interconnections progressively as the people's needs grow and in deepening of the differentiation of consumer preferences. The revitalization of contradictory processes of regionalization and globalization of economic space of a multinational state promotes the realization of oppositional tendencies in the development of the demand determinants: on the one hand, they undergo unification predetermined by intensive growth of modern informational and communicational technologies, on the other hand, there is still persistent dependence of consumer preferences on historical, ethno-confessional, cultural traditions, educational level in the multipolar world. In modern conditions the quality transforms into an integral characteristic of a system of relations with the participation of a producer, a consumer and the state, the parametrical data of which reflect the condition and dynamics of the development of socio-economic processes.

The quality as nonprice factor of consumer demand was traditionally investigated in the works of representatives of neoclassical traditions, among which there are Eugen Böhm Ritter von Bawerk, Léon Walras, Friedrich von Wieser, William Stanley Jevons, John Bates Clark, Alfred Marshall, Carl Menger, Francis Ysidro Edgeworth, etc. The institutional line in the researches of consumer behavior is presented in the works of traditional institutionalists (Thorstein Veblen, John R. Commons, Wesley Clair Mitchell, etc.) and neoinstitutionalists (Ronald Coase, Douglass North, Oliver E. Williamson, Julian Hodgson, Th.Eggertsson, etc.) (Anderson M., Bechhofer F., Gershuny J., 1994; Deaton A., Zaidi S., 2002; Green, W.H., 2000; Lancaster K. A., 1966). The peculiarities of the realization of consumer behavior determinants in Russian economy were subjected to a thorough analysis in the works of Russian explorers – Bagautdinova N.G., Safiullin N.Z., Safiullin L.N., Ismagilova G.N., Kalenskaya N.V., etc. (Browning M.; Bourguignon F.; Chiappori P.A.; Lechene V., 1994, p. 1067; Ishikawa T., 1975, p. 987). The problem of goods quality as the consumer behavior determinant was investigated in the works of W. Edwards Deming, Joseph M. Juran, K.Ishikawa, Philip B. Crosby, Abraham Maslow, Douglas McGregor, Genichi Taguchi etc. (Novenkova A.Z., Gafurov I.R., Kalenskaya N.V., 2013, p. 368).

The necessity to define the composition of nonprice consumer behavior determinants and peculiar feature of their revelation in modern conditions of Russian economy predetermined the choice of the theme for investigation, its relevance in theoretical and practical aspects.

## METHODOLOGY

We treat consumer demand in our paper as solvent, i.e.subjected to satisfaction need which is secured by money equivalent and presented at the market as the quantity of private and public goods and services for personal consumption which consumers are ready to acquire for a particular price during a particular period of time. The law of demand is determined as the feedback (with the invariance of other conditions) between the quantity demanded for consumer goods (services) and their price. The fact of exclusion from the law of demand was revealed as the addition to neoclassical tradition, or increase in price for goods with the simultaneous increase in their demand not only concerning the Giffen goods but also the network ones in the production and delivery of which there were used information and communication technologies. Hold of the law of demand is determined by the principle of diminishing marginal utility, income and substitution effect. The notion of consumer goods utility includes economic and social utility, the correlation of which determines the subjective structure of goods producer – profit-making organizations, the state in the form of non-profit organizations or profit-making organizations demonstrating responsible behavior. The normative interest of the society is treated as narrowed down to individual preferences having positive nature, which is the reason for the state to provide the realization of normative needs applying the mechanism of subsidized benefits reproduction. The subsidized benefits producer recovers their outlay by means of the incomes attained for selling benefits, budgetary subsidies and tax concessions on the part of the state.

Quality is determined as a relative notion which presupposes the necessity of its assessment as compared to normative indexes or to the indexes of the quality of homogeneous or/and identical goods. In this respect it seems necessary to use two groups of goods quality indicators – absolute and relative. The absolute indicators of goods quality include the following ones: utility treated as a medical category; reliability of durable goods (longevity, failsafety); producibility, which characterizes the efficiency of engineering and technological solutions (labour intensity, energy consumption); aesthetic qualities of goods.

Units of measurement in each particular case are adapted to a particular product. Relative units of measurement include the proportion of new goods in its general usage; proportion of inferior, normal and superior goods in general volume of consumer basket; proportion of certified, licensed goods, and goods acquired at the legal market in general volume of consumer basket and in general volume of homogeneous and identical goods; proportion of world standard quality goods in general volume of consumer basket and in general volume of homogeneous and identical goods; proportion of imported goods in general volume of consumer basket and in general volume of homogeneous and identical goods, etc. We see it as possible to use proxy indicators such as the consumer's loss (in money terms) or loss of profit connected with the purchase of defective products. Thus, the aggregate of these indicators reflects different aspects of quality, such as the aggregate of parametrical, performance, consumer, technological and design attributes of private goods as well as the level of their standardization, unification, reliability and longevity.

The structure of consumer demand comprises: actual (real demand for goods and services), realized (a component of actual demand which is realized at the market in purchased goods and services) and pent-up demand (unrealized component of the demand due to the absence of necessary goods or the conflict between their assortment and quality and the consumers claims). Depending on the reasons the pent-up demand acquires the forms of latent, clear, current, mobile and deferred. The differences between the social and individual interests find their reflection in endogenous and exogenous demand: endogenous (internal) demand is satisfied due to market benefits of consumers, exogenous demand (external) – due to market benefits of consumers and budgetary subsidies on the part of the state. Revelation of the content and structure of the consumer demand, evaluation of its forms which differ in volume, content, goal, satisfied needs, structure, consumer groups, territory of consumer location and function of consumer expenses allow to work out the measures of state regulation with the purpose of transforming the consumer expenses into the component of effective demand, to give a subjective estimation of market competition and to formulate recommendations directed onto the increase of indicators of financial and business activities.

## RESULTS

Factors determining consumer demand are divided into price and nonprice. The latter includes consumer income, expectations, availability of interlocking products (complements and substitutes) and their stock out, quality, fashion and consumers taste. We also suggest singling out a group of institutional factors which are not taken into account by the neoclassical tradition. Neoclassical tradition analyzed institutional factors in the framework of investigations of expulsion from the law of demand – Veblen effect, Giffen effect and effect of a crowd. Institutional determinants include formal and informal institutions as well as sanctions enforcing the institutions to perform their functions. Institutional factors influence the demand via forming the attitudes, norms and rules of customer choice and behavior, which aggregate in themselves economic, social, cultural, psychological and ethic components.

In contrast with neoclassical nonprice factors of consumer demand institutional determinants are formed during a long period of time under the influence of the measures of institutional project planning realized by the state (for example, regulatory base, determining the consumer rights protective procedure, goods and services quality specifications (technical regulations)), by the business entities (formation of network structures, branding, self-organization and corporate social responsibilities institutions), households (family and marriage institutions, ethic, religious, cultural customs and traditions). In this respect there

arise some contradictions between acting and forming (or being under reform) institutions which determines the complexity of retail demand forecasting in the conditions of transforming society. Institutional determinants influence individual consumer demand selectively, while price determinants influence individual and aggregate consumer demand with equal facility. Institutional factors are closely interwoven, which presupposes the necessity of consideration of implications of their changing under the influence of regulatory control measures. Thus, strengthening of the administrative barriers in order to enter the market of particular consumer goods (license requirements tightening) will bring to consumer price intolerance, lower consumer product exploitation satisfaction and will enforce them to search for the increase of tolerance which will signify revitalizing of shadow economic processes. The consumer compares legal regulation violation expenditures and products purchase expenditures in changing economic conditions, which determines the change in the consumer behaviour. This, in its turn, influences the demand structure and functions of consumer expenditures.

The most vivid example of how the institutional factors act is the conspicuous consumption which is characteristic for particular consumer groups with mean and higher than mean incomes. The key factors determining the content and forms of conspicuous consumption are institutional factors such as social stratification, group interests and social capital. The conspicuous consumption may reveal itself fits and starts in special cases (low income consumers group), quite regularly (mean income consumers group), permanently (high income consumers group and consumer owing social capital as an aggregate of different relations providing the access to resources). The conspicuous consumption has positive (stimulates labour and entrepreneurial activity, charity, promotes the commodity life-cycle reduction) and negative (ineffective consumer budget usage) implications.

The investigation showed that the growth of effective demand in Russian economy is accompanied by the increase of pent-up demand with particular consumers groups, which is determined by the factors of negative expectations as regards to the change in market competition and institutional environment. The survey held shows that 45-48% of those surveyed consider that price plays the leading role, 22% give the leading role to comfort and convenience, 12% - to design. The top-five items of expense which Russian people economized on in 2013 are clothing, footwear, accessories - 15-20%, flat repairing works, building a country house/cottage - 7-11%, cosmetics and perfumery - 9-13%, furniture and household goods - 10-12%, household appliances, electronics, communications tools (mobile phones inclusive) - 9-10%. At the same time there was marked the rise in the volume of financial means in bank accounts, the pent-up demand includes such items as clothing, household appliances, cars, flat repairing works (The data of Russian Public Opinion Research Center, Access date 30.11.13).

The investigation allowed us to find out significant differences in content and structure of expenditures with particular consumers groups. Consumers with the minimum living wage use the latter for their own reproduction. To perform other consumer expenditure functions – among which there are stimulating, development, regulation and conspicuous consumption – people need mean and higher than mean incomes. Investments into human capital as the function of consumer expenditures is performed by the consumers group having high incomes. Other groups treat public goods (educational and healthcare services) as absolutely free of charge, which may be treated as an institutional trap preventing the realization of the evolutive function of household income.

Consumer behavior in modern Russia is initiated mostly by irrational factors where the biggest part of expenditures is constituted by alcohol-containing products, tobacco products, conspicuous consumption goods. The peculiar features of consumer expenditures in

modern Russia are the following ones: a high percentage of imported goods in the consumer basket represents a particular threat for economic resilience at micro-, meso- and macro-levels; incompleteness of the formation of loyal consumers groups as the result of ineffective performance of branding institutions and ineffective contracts conformance as regards to the results of intellectual activity, which reveals itself in significant volumes of counterfeit products. Consumers with mean and lower than mean incomes are characterized by an insignificant quantity of relevant purchase alternatives (volume of imaginary line of goods), which narrows down the consumers choice. The federal structure of the Russian state, revitalization of regionalization processes determined significant differentiation of the structure of consumers expenditures in particular region determined by formal (differences in regional legislation) and informal (ethic, religious, cultural and national institutions) etc.

The analysis of the essence and characteristic features of quality as the factor largely determining consumer behavior carried out in our research showed that the given independent variable in modern conditions can't be viewed as the determined indicator presented by quality in major part of researches, which is predetermined by the difference of how the goods, works and services quality level is perceived by different categories of consumers (Rubtsov, V.A., Gabdrakhmanov N.K., Mustafin, M.R., Arzhantseva, N.V., 2015, p. 781). Based on this assumption while investigating the phenomenon of quality as the key factor determining consumer behavior the given parameter should be treated as the radius-vector of n-dimensional space (characterizing the sum of homogenous characteristics of the quality for different categories of product, work or service consumers), the measurement quality of which is determined by the structure of consumer society for the given product which can be formalized in the following way:

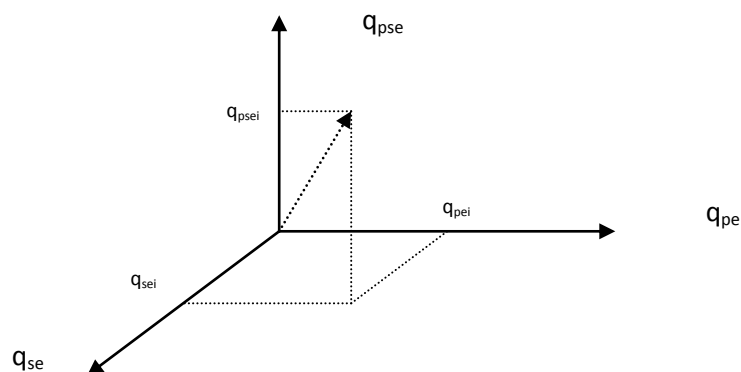
$$Q = (q_1, q_2, \dots, q_n) \quad (1)$$

with  $Q$  – the resulting vector of the product, work and services quality characterizing the sum of homogenous characteristics of the quality for each category of consumers (consumer space dimension -  $1 \div n$ );

$q_1, 2, \dots, n$  – characteristics of product, work or services quality for each type of consumers.

So, while investigating quality in the framework of three-dimensional consumer space (for example, the assessment of the goods quality by consumers – privately owned enterprises  $q_{pe}$ , state-owned legal entities  $q_{se}$ , mixed ownership  $q_{pse}$ ), quality vector  $Q$  within the given space will acquire the following shape (fig. 1).

**Figure 1**  
**POSITIONING OF THREE-DIMENSIONAL GOODS QUALITY VECTOR IN THE CONSUMER SPACE OF ENTERPRISES OF DIFFERENT PATTERN OF OWNERSHIP**



Formation of quality radius-vector in the consumer space with a different dimension is realized in the same way, with the account for the necessity to keep the balance between the vector dimension and consumer space dimension. The product, works and services utility for the consumers is viewed according to the quality factor for particular categories of consumers, and is also treated as the utility radius-vector, which can be formalized in the following way: :

$$U_q = (u_{q1}, u_{q2}, \dots, u_{qn}) \quad (1)$$

with  $U_q$  – resulting product, works, services utility vector characterizing the aggregate of homogeneous utility characteristics for each type of consumers with regard to the quality level estimated by them;

$u_{q1, q2, \dots, qn}$  – characteristics of consumer utility of i-type product, utility and services for i-type of consumers which is estimated by the quality factor.

The given circumstance dictates the necessity to use some instruments of vector algebra while analyzing and modeling the quality and utility features which characterize the consumer product utility. The described methodology allows us to forecast the product, works and services consumer utility depending on the level of their quality, which in its turn presupposes the possibility to foresee the consumer behavior dynamics in future.

## CONCLUSIONS

As we may see, consumer demand determinants undergo serious transformations in postindustrial society, which should necessarily be taken into account while developing the measures of state regulation of consumer goods and services market, the potential of which may be used while forming the effective demand as a source for steady macroeconomic dynamics.

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# STATE OF THE MARKET PRODUCTION STANDARDS "HALAL" IN RUSSIA AND TATARSTAN: HANDS-ON REVIEW

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## ABSTRACT

*Production of goods and services by the standards of Halal is the world trend. In recent years, the global food market, the share of halal products, accounting for almost 17%. If the current pace of development of this market will continue, then by 2018 it amounted to 1.6 trillion dollars. High dynamics of development of this market is maintained by the Middle East and North Africa, East and South Asia. The leaders in this market, Indonesia (197 billion Dollars) and Turkey (100 billion Dollars).*

*Formation of the Halal market in Russia and in the Republic of Tatarstan took place gradually, increasing the number of participants and activities expand its range of products and sales geography. Along with the see merging issues that are typical for the global Halal industry, and for the domestic market. First of all, the problems associated with observance of production technology, its certification, authentication, quality and safety, as well as interstate recognition of national standards. The study is devoted to analysis of the market of Halal products in Russia and in the Republic of Tatarstan and the definition of the main perspectives of its development in the context of globalization of trade.*

**Key words:** *The market of products Halal; Halal national standards; certification of products for compliance with the precepts of Islam «Halal System (HALAL)»; food products, quality control and safety; information base.*

## INTRODUCTION

In the process of globalization of trade separate segments of commodity markets show as table development. That segment is the production made in accordance with the requirements of Halal. The period of formation of the organized market of Halal in Russia and in the Republic of Tatarstan is about 15 years. During this period, the number of participants growing segment (producers, suppliers, customers) and the geography of sales; extended range, intensified advertising, to shape public opinion. In parallel with these processes we have problems related to the development and compliance with a single production technology, product certification, confirmation of its quality and safety, mutual recognition of national standards (Bagautdinova, Gumerov & Holistova, 2005). Of particular relevance has acquired the issue of participation of state structures in the formation of Halal products market and the need for its regulation (Amirhanov, 2013).

Today the market of products Halal are operating producers, suppliers (local and foreign), consumers, and the Committee on standards of "Halal" Spiritual Administration of Muslims of Tatarstan, government agencies, certification bodies and standardization, non-profit organizations (associations, unions, partnerships) mass media. The internationalization of trade, Russia's accession to the WTO and the establishment of the Customs Union, the reduction of the direct involvement of the state in regulating business processes have led market participants Halal in Russia and in the Republic of Tatarstan to recognize the need for a

joint discussion of the accumulated problems, the search for effective solutions, as well as the use of best practices of foreign countries (Amirhanov, 2013).

### **Problem statement**

The demand for Halal products from the world's population, including 1.6 billion Muslims, is constantly growing. Experts estimate the capacity of the world market of Halal products in 650 billion. Dollars a year. However, a single formal assessment of the capacity of the Russian market of products Halal yet. In addition, no single interpretation of the term "halal" and common standards for the manufacture of products as well as specialized platform Halal products market (including a website) in Russia, unlike other countries in the world.

### **Research objectives**

There are the following objectives of the research: determine the condition of the market of Halal products, highlight the existing problems of the market of products Halal, summarize experience, determine the prospects for further development.

## **LITERATURE REVIEW**

Currently, the leaders of the world industry of Halal products recognized as Thailand, Malaysia, Indonesia, India. The highest demand for the products of this industry is observed in Western countries-the United States, Brazil, Canada, Australia, New Zealand and France. The volumes of production Halal markets in Asia, Africa, Europe, America (The Codex General Guidelines, 1997).

In Europe, home to 54 million Muslims, including in the EU -16 million. The technology of production of halal requires a certain set of rules and regulations to be observed in the production of meat (feeding animals feed without content prohibited ingredients and medicines, gentle treatment of animals during slaughter, the complete removal of blood in a natural way, the control over their lack of cattle diseases that can harm to human health). Probably so, the products with the certificate "Halal" in demand not only among Muslims but also the consumer who hold other religious beliefs. Halal products world wide consumers perceived as better quality and safety. The consumption of only Halal food experts estimate approximately 67 billion. euro per year. Experts predict that by 2025 the proportion of Halal products will be at least 20% of the products produced in the world, and by 2030 it will grow to 25%. (Global halal market Canada, May 2011).

On world markets are currently Halal certification of products is generally recognized standards of Malaysia and Indonesia- Indonesian of Ulama (MUI), Malaysian Halal Standards (JAKIM).

Parallel to their own national standards are in various states (Kazakhstan, Azerbaijan, Lithuania, United Kingdom, Germany).

European standards are under development. They are working on it, in particular Halal Authority Board (HAB) and Cert ID Europe, together with Hedschas-Gruppe and others. Analysis of the major aspects of the halal market in Europe dedicated to the book, published by the publishing house Bucker Fachverlag «Ethnicfood-Der-markt2012 Europe is the Halal.

Experience shows that due to the lack of uniform interpretation of the term "halal" there is a variety of Halal standards. International Organization for Standardization quality and ethics of agricultural and food products Codex Alimentarius since 1997 includes the development of Islam and kosher products -overall policy guidance from the 1997 FAO / WHO



Codeh Alimentarius Commission (a set of international food standards adopted by the International Commission of FAO / WHO Code for the implementation of standards and regulations for food GENERAL GUIDELINES FOR USE OF THE TERM «HALAL» CAC / GL-24-1997).

United official assessment of the capacity of the Russian market of products Halal yet. According to some reports, the Russian demand for the products Halal standards is increasing annually by 30-40%, and in recent years it has grown three times. In Russia, the major manufacturers of standard products are Halal "Prioskolie" (Belgorod region), "Maikoppoultry", "Chelny-Broiler" (NaberezhnyeChelny), "ElinarBroiler" (Moscow), LLC "SAFA" (Moscow) Ltd. "Halal Ash" (Moscow). The largest Russian producer of halal beef company is "MOS-ET" is letting the meat under the brand name "Ecole".

In the past 10 years has increased significantly the volume of output of the standard Halal many Russian companies, "Trinity cannery", "SAFA", "Halal Ash" Kazan poultry, "LiskoBroiler" and "EuroMeath", "Product of St.Petersburg" Rostovsa usage factory "Tavria". For example, by 2013, some companies announced the following annual volumes: "Tsarina" (more than 4000 tons of sausage products), "ChelnyBroiler" (more than 7900 tonnes), "Ecole" (more than 6500 tons of meat of cattle and small ruminants).

The Republic of Tatarstan public market statistics Halal products (production, import / export, sales, certification, quality management) is under development. It is not generated sufficient information base to make long-term forecasts. But some estimates already exists. However, wholesalers, retailers and, of course, for consumers, it is clear that this segment has a high growth potential and in volume and value terms. In the consumer market is expanding the range of products Halal, the number of its producers and traders (Galiullina G.K., 2011).

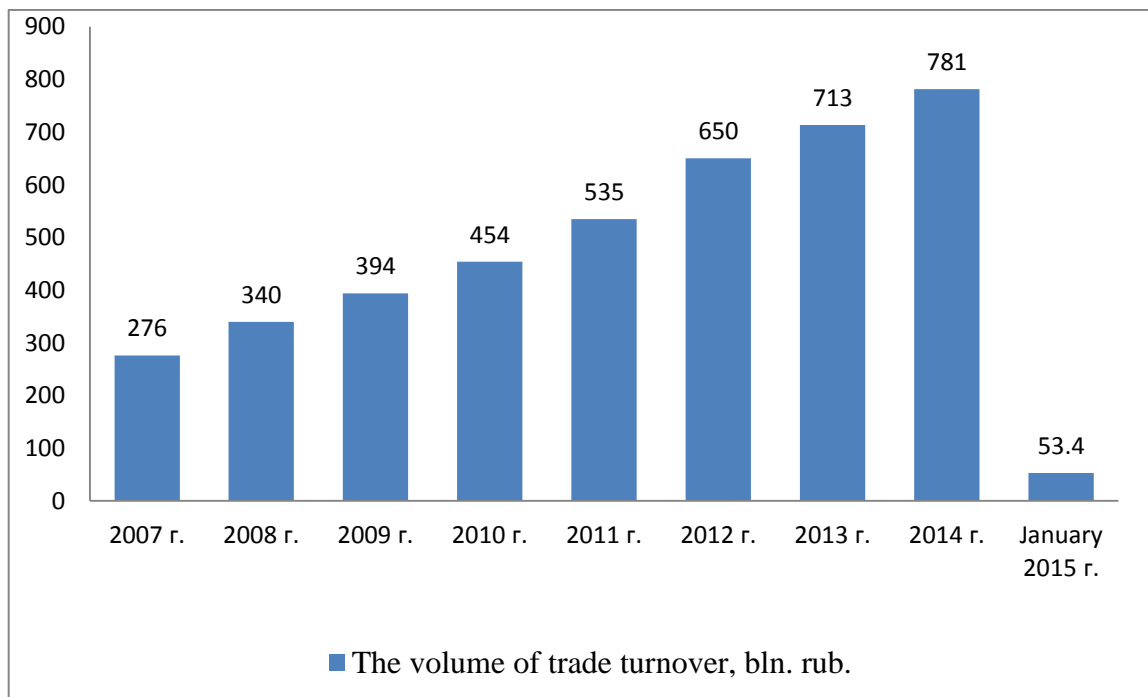
## RESEARCH METHOD

In the process of Halal products market research following methods were used: the traditional methods, the comparative system analysis, empirical studies, tabular method.

## RESULT

According to some experts in the Republic of Tatarstan, the market capacity of Halal products is estimated today at about 100 billion rubles. Rate the existing potential segment of Halal products is possible only on the basis of data on the dynamics of consumption in the republic of Tatarstan. For example, Figure 1 shows the performance of the dynamics of retail trade turn over in the Republic of Tatarstan for the period from 2007-2015 year (Safiullin L., Safiullin N. & Ismagilova, 2011).

**Figure 1**  
**DYNAMICS OF RETAIL TRADE TURNOVER IN THE REPUBLIC OF TATARSTAN IN 2007 AND 2014. AND JANUARY 2015, IN BN. RUB**



Retail trade turn over in 2014 amounted to 782 billion. rubles, or 102.3% over the same indicator of 2013. In the structure of retail trade turn over the share of food products, including drinks, was 43.5% (against 42.7% in 2013). Figure 2 shows the dynamics of catering.

**Figure 2**  
**DYNAMICS OF CATERING IN THE REPUBLIC OF TATARSTAN IN 2009-2014., IN BLN**

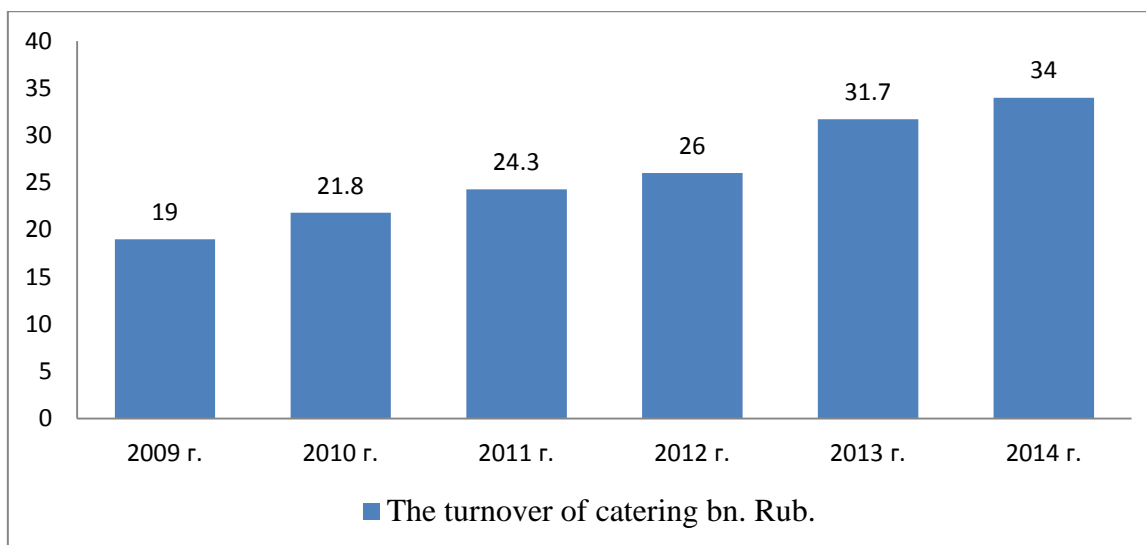
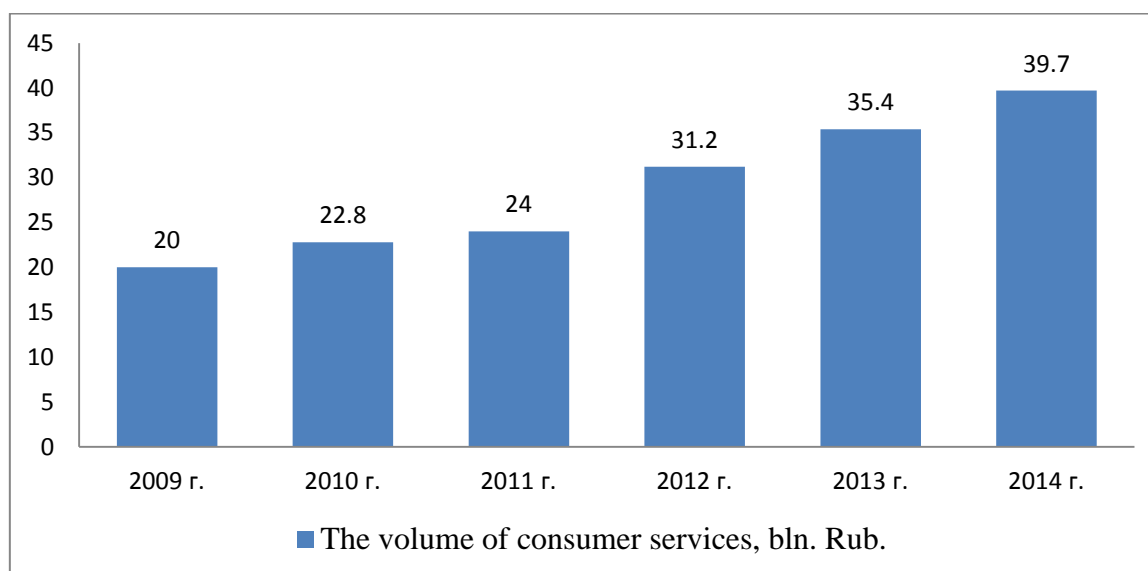


Figure 3 shows the dynamics of the volume of paid services to the population.

**Figure 3**  
**DYNAMICS OF CONSUMER SERVICES IN THE REPUBLIC OF TATARSTAN IN 2009- 2014. IN BN. RUB**



According to the latest census the population of the Republic of Tatarstan amounted to 3,786,000 people, of which 53.2% -Tatars (212,000 persons) (Safiullin L., Safiullin N. & Ismagilova, 2011).

The system of voluntary certification of products and services to meet the canons of Islam-"Halal System (HALAL)" (registration number ROSSAPRU.K 555.04.THEIR00-01-2009) was first registered in the Russian Federal Agency for Technical Regulation and Metrology of the Republic of Tatarstan.

Its developers-Standards Committee "Halal" Spiritual Administration of Muslims of Tatarstan and Republican Methodical Center Certification "Test-Tatarstan." In addition the Federal Agency registered the mark of conformity of products Halal, which is actively used by all enterprises for marking and positioning of the product on the market. This system is focused on the formation of a civilized market and prevent unfair competition. Services Tatarstan certification bodies are companies from the regions of Russia (Saratov, the Republic of Mari El).

Requirements for the production, manufacture, processing, storage and sale of Halal products, that is the standard, and a special mark, which is placed on the packaging of products, approved April 20, 2011 by the Council of Muftis of Russia (a centralized religious organization of Muslim countries).

Currently, in the Republic of Tatarstan is not limited to market Halal food market (animal), as it was in the beginning of its formation. Logo "Halal" today firmly entered the lives of the consumers of the country. Organizations and enterprises with the title of "Halal" arouse the interest of consumers and are increasingly gaining their preference, regardless of religion.

A growing number of not only cafes, shops under the guise of "Halal" schools, kindergartens and spa facilities with catering Halal, but also expands the range of different services Halal standard. For example, opened a halal industrial park "Baltacha."

When you start it used the experience of Malaysia. The park "Baltacha" is more than 4hectares. Its residents- manufacturers of meat and cosmetic products.

At the beginning of 2014 in the register of enterprises and organizations with Halal standard (according to the Standards Committee "Halal" at Spiritual Administration of Muslims of the Republic of Tatarstan), there are 65enterprises and organizations that produce more than 400kinds of products Halal standard.

Among the most notable trends in the Republic of Tatarstan, have occurred over the last 10years on the market of products Halal is necessary to note the growing number of manufacturers of these products, expanding its product lines and sales positions.

Today, the standard of Halal products-it's not only food, but also commodities such as cosmetics, pharmaceuticals, household chemical products, leather products, various services, including banking, financial, logistical, educational (warehouses, delivery halyal-products), hotels, resorts (Amirhanov, 2013).

The country launched advertising and information project-guide Halal Guide (THE HALAL GUIDE). Consolidation players Halal remains weak, although in some activities have been the main leaders. For example, in the production of poultry meatis-JSC "Ak Bars", JSC "Chelny-Broiler", semi-finished beef-LLC "Baltasinskymeat product", confectionery products-JSC "Chelny-Bread", JSC "BPC" and Kazan JSC "Kazanbakery№3" of cosmetic products- Ltd."Myustela Talir."

**Table 1**  
**THE DYNAMICS OFTHE IMPLEMENTATION OFHALALPRODUCTS OF LLC "CHELNY-BROILER" IN 2011-2014.ANDBY APPROXIMATELY2015-2016YEARS**

Name of product	unit of measurement	fact				plan	
		2011	2012	2013	2014	2015	2016
Meatandpoultry offal	tons	3 111	3 177	4 104	5 494	6 820	8 115
Finished Product	tons	2 757	3 401	3 946	4 383	5 115	6 312
TotalHalal products	tons	5 868	6 577	8 049	9 877	11 935	14 426

Over the period2011-2014, the volume of production Halal increased by 68, 3%, and by 2016 it will increase by 46.1%.

In October of 2013 Tatarstan capital of Kazan, an exhibition-fair «EURO-ASIA EXPO2013" in the framework of a Halal Industry Forum on the topic: "Trends in the Halal industry in Russia", which discussed the results of the market of Halal products and found effective solve the accumulated problems.

These events were held in the frame work of the IV International economic summit of Russia and the Organization of Islamic Cooperation (Kazan Summit, 2013). He gathered about 650participantsfrom 43 countries, including member countries of the Organization of Islamic States, Asian and European countries.

The forum was attended by representatives of the Spiritual Administration of Muslims of Russia's regions, as well as the business community (producers, distributors), certification bodies and standardization of science and education, as well as government agencies (including from Malaysia, Turkey, Dagestan , Kazakhstan, Russian Federation).

During the forum discussed the various aspects of the Halal industry, including the practice of the rule of law (according to the canons of Shariah) for slaughtering animals, the harmonization of national standards Halal development of technologies for the production of food products (Amirhanov, 2013).

The discussion and analysis of the further development of the segment of Halal products in the Republic of Tatarstan have revealed some problems. Among them: the lack of consolidation of parties and inter-segment Halal arrangements representatives of religious groups, the business community, government agencies involved in the Halal market; the absence of a common information base("site") (Bagautdinova, Khadiullina & Shevko, 2014); the absence of rapid methods for assessing the quality and authenticity of the products; lack of uniform standards and national standards need to integrate into world trade(mutual recognition); increase in the number of unscrupulous players(fake products);poor use of Internet technologies; insufficient use of opportunities for logistics in the promotion of products (for example, in the Republic of Tatarstanon the basis of industrial and logistics parks in the city of Kazan, Chistopol, Naberezhnye Chelny and in the village Baltasi).

## CONCLUSION

Currently, the market of products Halalisa promising industry both in Europe and in Muslim countries. More and more companies of the meat industry in Russia are seeking to increase their market share of products Halal. This is not only the fact that it is home to more than 20 million Muslims, but also the fact that Russia is an observer in the Organization of Islamic Cooperation.

Currently being developed "The concept of halal industry development up to 2020" provides for the certification of this industry in the Russian Federation, as well as access to the international market for halal products and an increase in export volumes, especially in the Arab countries, Africa and Southeast Asia. In Africa, consumed per person is only 200-400grams of meat with an average of 25 kilograms per capita. Today, therefore, these countries are open to Russia.

In order to further the formation of Halal industry in the Republic of Tatarstan, to increase the competitiveness of products Halal standards and integration of the Republic of Tatarstan in the global trade can offer Halal market participants to work in the following areas: improving the regulatory frame work for the production and trafficking of Halal food standards, taking into account the rules of the World Trade Organization and the Customs Union; creation of a specialized court (including a website); creation of Internet-technologies Halal brand promotion; Adoption of the rules(regulations) the recognition of national standards before the introduction of a single standard; introduction of methods for consumers express -diagnostics (testing) the authenticity and safety of food products. With proper activity of all participants Halal segment, using the global Halal industry experience have all the opportunities in the Republic of Tatarstan for the further harmonious development of this market in accordance with the new challenges in the management of product quality.

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# APPLICATION OF ACTUARIAL CALCULATIONS WHEN BUILDING A REPORT ON COMPANY'S FINANCIAL POSITION

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## ABSTRACT

*The article comprises a set of theoretical and methodological statements and practical suggestions regarding the specific ways of disclosing financial information in determining the financial position. For several centuries, actuarial calculations are used to determine financial stability and solvency of lenders. In this connection, the use of actuarial calculations in formation of indicators of modern performance reports on financial situation to be appropriate in order to project the future potential opportunities of the companies. The tried and tested during the centuries methods of application of actuarial calculations for insurance, allow us to assert the ability to build actuarial balance not only for companies in insurance industry, but for other sectors of economy as well. The authors suggest using a discounted value for the present estimation of certain assets and liabilities in the balance sheet. They also offer the theory of building actuarial balance for assessing the financial position and future potential of the company.*

**Key words:** Actuarial balance, Discounted value, Financial position, Value.

## INTRODUCTION

The exact origin of the term "actuary" is not currently defined. It is believed that it came from the Latin "actuaries", and meant verbatim clerk, registrar, otherwise the post of person recording the meetings of the Senate in ancient Rome (J.Richard, 2000). In the middle ages, the clerks, who led the proceedings of the courts and recorded decisions made by the Court, were called actuaries. Over time, the term has lost the Secretary meaning and since the end of the XVIII-th century the post of actuary was inextricably linked with insurance. The historical roots of modern interpretation of this notion can be traced back to 1762, when the society of fair life insurance and survival was established in the United Kingdom. Further development of profession of actuary was connected with development of insurance as both science and profession. In the early XIX-th century in the United Kingdom at the legislative level, there was defined the duty of insurance societies to testify authenticity of calculations in the tables of payments and rules, on the basis of which these calculations were made, by the opinion of at least two professional actuaries or other professionals. As noted by James Hickman (2), in the XIX-th century, accountants, as well as actuaries, ensured the interests of creditors in assessing the changes in ability to pay and emerging threats of bankruptcies of commercial organizations. In the base of actuarial calculations there are mathematical models, which can make financial forecasts for short and long term, taking into account the possible risks.

## THEORY

In the base of actuarial evaluation there is formation of actuarial assumptions and determination of the basis used for the purposes of such assessment. Typical components of actuarial basis are:

- actuarial rates (discounting, anticipated growth of pensions and wages, etc.);
- models of dismissals (decrements), for example, models of death, retirement, dismissal of workers.

The actuarial rates are typically based on peer reviews. So, the Western actuarial companies recommend in determining discount rates to be oriented on the yield of long-term bonds (public or corporate with the highest reliability rating) (Aletkin P.A., 2014; Richard N. Cooper, 2010). In addition, the macroeconomic forecasts are taken into account, for example, inflation rate and average duration of discounted obligations.

The construction of such a balance will determine the real cost of any enterprise as a property complex.

We believe that in order to get the most accurate picture of property situation and financial results of activities of the enterprise and its economic value it is necessary to carry out the appropriate data corrections of accounting (financial) reporting and seek the solution of evaluation problem of the enterprise as a property complex in making the actuarial balance. As it is shown by analysis of existing methods for assessing the economic value of the company (Kulikova L.I., Goshunova A.V., 2014), such corrections are diverse in nature and can be applied both for assessing the value of the property and for the purpose of integrated assessment of efficiency and profitability of the company's activities.

Thus, the objective of actuarial accounting is to determine the market value of the company. In actuarial accounting, the interests of potential and current investors are expressed. The concept of actuarial accounting was singled out as a separate balance theory from the static concept, the founder of which is Henry Nicklish. However, actuarial accounting does not imply a return to the static and is not only the assessment of the company's assets to cover the debts. In terms of actuarial accounting instead of cost accounting comes the accounting at fair value. In this case the actuarial accounting system is expected to determine the value of the company under condition of its sale or purchase as a property complex to attract new investors.

## RESULTS

The professor at the Paris Dauphine University J. Richard defines actuarial accounting as a system based on double-entry bookkeeping method that represents the information on changes in the market value of enterprises (J. Richard, 2000). J. Richard believes that in building the actuarial balance "it is not possible to assess individual assets." However, the balance made in such a way loses the informational content for user, does not represent reliable information on assets and liabilities of the company, and becomes the equivalent of report on the cost of property complex. However, the preparation of actuarial balance is also possible in "standard" form, broken down by separate articles of assets and liabilities of the company. To maintain the user-friendly format of balance it is appropriate to distribute the discounted cash flow as to individual objects of enterprise property. We believe that the process of drafting the actuarial balance for the purpose of assessing the value of the enterprise as a property complex may include the following stages - table 1.



**Table 1**  
**METHODOLOGY FOR MAKING THE ACTUARIAL BALANCE FOR THE PURPOSE OF**  
**ASSESSING THE VALUE OF ENTERPRISE AS A PROPERTY COMPLEX**

Stage 1 Determination of forecast period (depending on the length of the period, during which the company plans its incomes and expenses)
Stage 2 Calculation of net (free) cash flow (it requires special training and taking into account the various factors that affect the economic results of the enterprise)
Stage 3 Determining the discount rate (the most controversial and ambiguous stage of making the actuarial balance)
Stage 4 Determination of discounted value of the fixed assets and intangible assets Determination of discounted value of financial investments Determination of discounted value of construction-in-progress Determination of discounted value of long-term credits and loans
Stage 5 Determination of discounted value of reserves for contingencies
Stage 6 Preparation of actuarial balance

Determination of forecast period depends on duration of the period, for which the company plans its incomes and expenses. Taking into account the instabilities of macroeconomic situation, it is advisable to abandon long-term forecasts (Vetoshkina E.Yu., Tukhvatullin R.Sh.). The optimal forecast period, therefore, is not more than 5 years, except the cases, when it can be justified. Thus, the forecast period in our given case is equal to 5 years.

Calculation of net (free) cash flow requires special training and taking into account the various factors affecting the results of managing the enterprise. In our opinion, the most accurate result can be obtained by the option of calculating the net cash flow proposed by Ditger Han and Harald Hungenberg (Khan D. Peak, 2005, p. 152):

$$NCF = O_{nn} * (1 + T_o) * M_{nn} * (1 - C_{ip}) - AI \quad (1)$$

where:  $O_{nn}$  -turnover during the previous year;

$T_o$  - growth rate of turnover;

$M_{nn}$  -margin of industrial profit;

$C_{ip}$  - rate of tax on profit;

AI - additional investments in the fixed and working capital.

We note that when changing the tax rate on profits, the formula must be corrected by the amount of its change.

In our view, this formula is best suited in terms of practical application. We will make the necessary calculations using the example of conditional company "X".

In our view, this stage in preparation of actuarial balance is crucial. Our proposed method of determining net cash flow allows us to calculate on the basis of past reporting periods with recalculation of their value, taking into account the estimated rate of development of enterprise that ultimately gives more reasonable from economic point of view results. The use of the proposed formula of calculation eliminates the excessive subjectivism and allows us to reverse the impact of personal preferences of analyzer, since for the purposes of calculation average branch indicators or other statistical data can be taken.

**Table 2**  
**THE PROJECTED NET CASH FLOW OF THE COMPANY "X"**

Period	Turnover for the previous year (incomes) thous.of money units.	growth rate of turnover	Margin of industrial profit	profit tax rate	Additional investments in fixed and working capital (5% of the total value of predictable flow) ths. of money units	Net cash flow, ths. of money units
20x1	185 600	1,0678	0,0782	0,2	9 135	3 263
20x2	198 200	1,0878	0,0858	0,2	9 855	4 944
20x3	215 600	1,0886	0,1065	0,2	10 485	9 512
20x4	234 700	1,0822	0,1182	0,2	11 200	12 818
20x5	254 000	1,0629	0,1222	0,2	11 850	14 543
Total	x	x	x	x	52 525	45 80

Stage of determining the discount rate is the most controversial issue in the proposed methodology. Now it can be observed that there is no unified methodology for calculating the discount rate (Kulikova L.I., Ivanovskaya A.V.). However, any, even the most complex discounting transactions, are reduced to the unified formula:

$$PV = \frac{FV}{(1+r)^n}, \quad (2)$$

where FV is the future value of cash flows;

PV - discounted value;

r - discounted rate;

n - term (number of) periods of accrual.

Of course, the discounting value depends on discount rate. The discount rates used in our calculations are presented in table 3.

**Table 3**  
**DISCOUNT RATES**

Indicator	Determination of discount rate	Rate of discounting	Regulation
Non-current assets	Average-weighted cost of capital	10%	Practical application in Russia
Depreciation of assets	Discount rate on the basis of assessment model of long-term assets (CAMP)	19,9%	IAS 36 "Depreciation of assets"
Lease property	Discounted value of minimum lease payments. Discounted value of property = current fair value	13%	IAS 17 "lease"
Financial investments: Interest-free bond; Coupon bond; Provided loan	Доходность по государственным облигациям с аналогичным сроком погашения, скорректированная с учетом кредитного риска Yields on Government bonds with similar maturities, corrected taking into account the credit risk	10%  12% 10%	IAS 39 "financial instruments: recognition and measurement"

Construction in progress	Percentage of normal profitability for relevant period and type of production	13%	discount rate, proposed by J. Richard
Product sales with deferred payment	In the event, if financial instruments are listed in stock exchanges, the rate of interest is assessed according to rates of similar tools	12%	IAS 18 «revenue»
Loans granted	interest rate on credits granted by banks to borrowers with similar credit rating	14%	Practical application in Russia
Loan		16%	
Provision for estimated liabilities	Discount rate, taking into account the existing conditions in the financial market of liabilities risks associated with the expected consequences of conditional factor and other factors	14%	ПБУ 8/10 «contingent liabilities and contingent liabilities and contingent assets»

The results of determining the discounted value of fixed assets are presented in table 4.

**Table 4**  
**DETERMINATION OF DISCOUNTED VALUE OF NON-CURRENT ASSETS**

Indicator	discount period						Discounted cost of fixed asset, thous. money. units.
	31.12.2x1	31.12.20x2	31.12.20x3	31.12.20x4	31.12.20x5	01.01.20x6	
Discount rate	0,9091	0,8264	0,7513	0,6830	0,6209	0,6209	
Name of fixed asset	Discounted value						
Building	374	515	901	1121	1219	683	4813
Machines and equipment	2091	2881	5038	6269	6817	2176,2	25272,2
Construction	305	421	736	919	993	312,3	3686,3
Vehicles	148	204	358	446	-	-	1156
Production and economic stock	48	65	113	-	-	-	226
<b>TOTAL</b>	<b>2966</b>	<b>4086</b>	<b>7146</b>	<b>8755</b>	<b>9029</b>	<b>3171,5</b>	<b>35153,5</b>

After calculating the discounted value of all assets and liabilities in the balance of the company "X", we shall make actuarial balance (table 5). The difference in assessments between traditional and actuarial balance of currency is offered to take into account as to independent line "Difference in actuarial valuation of the enterprise", reflected in case of excess of actuarial valuation in the liabilities side of the balance sheet, and in case of excess of traditional evaluation - as to separate line in the balance sheet. In general, this difference can be related, including the article "Retained earnings", however, in our opinion, this is not advisable, since in this case, the amount of actually earned by the enterprise profit may be distorted. We also do not support the proposals concerning the use of reflecting such differences as to articles "Additional capital" or "Reserve capital", because we believe that in the absence of these articles in traditional balance the negative difference in the actuarial valuation of property complex is impossible to write off due to non-existent sources.

**Table 5**  
**ACTUARIAL BALANCE OF 31.12.20 X 1**

Indicator	Total, thou. rub.	Indicator	Total, thou. rub.
<b>ASSET</b>		<b>LIABILITY</b>	
Non-current assets		Capital and reserves	
Intangible assets	0	Authorized capital	4906
Fixed assets	38800	Additional capital	0
Financial investments	2560	Reserve capital	2257
Other non-current assets	1040	Retained earnings	35980
		difference in actuarial valuation of enterprise - surplus (deficit)	24245
Total, as to section "non-current assets"	42400	Total, as to section "capital and reserves"	67388
Current assets		Long-term debt	
		Borrowed funds	1021
		Reserves for estimated liabilities	844
		Total, as to section "long-term debt"	1021
Stocks	10243	Short-term debt	
VAT as to purchased materials	0	Borrowed funds	3084
Accounts receivable	65097	Accounts payable	44719
Cash	22	Other liabilities	737
Other current assets	31		
Total, as to section "current assets"	75393	Total, as to section "short-term debt"	49384
BALANCE	117793	BALANCE	117793

In this example, the currency of balance of company "X" as a result of use of discounted value has not decreased (this is generally expected). This fact may indicate that the cost of non-current assets of the company is significantly marked down, because the assets were acquired rather long time ago, and their initial cost has been almost completely amortized. In addition, in our case the price of borrowed capital is relatively low and, therefore, does not exactly match the cash flow created by assets and liabilities of the company.

In our view, significant differences between the evaluation of assets and liabilities as to historical and present value indicate the need of reflecting these differences, including in systemic way, on accounts. Of course, in this case, one can offer to use the accounts system of managerial accounting.

### CONCLUSIONS

Thus, the actuarial balance, based on the present value, enables us to achieve more accurate results and ensure potential investors and company management with information needed to minimize investment risks. Of course, the information generated in the system of accounting (financial accounting), conforming to the requirements of completeness and accuracy, is the most accurate system of data presentation. However, like any system, it is based on a set of principles which, on the one hand, allows us to form a holistic information model, and on the other hand, are in conflict with each other. Solution of this contradiction is the prerogative of accountant who is based not only on existing standards, but also uses professional judgment – by this, ultimately, in our view, the limitations of use of accounting

information for management purposes are stipulated, including for the purposes of business valuation.

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# STATISTICAL STUDY OF IMPACT OF LABOUR TIME FACTORS ON LABOUR PRODUCTIVITY

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## ABSTRACT

*The paper considers labour time factors that influence labour productivity. It turns out that loss of working hours within a shift influences mostly labour productivity indicators. The statement of the problem stems from the fact that at the modern scale and the complexity of production time, the saving of working time gained prominence. The loss of only one minutes of working time on a national scale is equivalent to the loss of daily work results of two hundred thousand workers. The paper suggests a methodology for calculating loss of working time within a shift. Its use in petrochemical plants of Tatarstan Republic is discussed. Besides, the use of working hours is analyzed by ratio delay method. The need for correction of data timecard of actually hours worked, appears in the absence of confidence in the reliability of the data on in-shift loss of working time.*

**Key words:** *Productivity; Working time; Method of moment observations; In-shift loss; Factor analysis of labor productivity.*

## INTRODUCTION

Problems of analysis of productivity factors occupy a central place in statistical studies (Odegov and Sidorov, 2011; Sumenth, 1986). Most of the published works on the subject are based on the use of index methods or correlation- regression models as in Celin (2002). There little studied the factors of influence of the working time on labor productivity.

In studying the effect of working time on productivity raises a number of methodological issues, and above all, there is a matter of choosing a productive indicator. It seems complicated to choose the factors of working time (Azadeh, A., J. Nouri and I.M. Fam, 2005; Basovskaya, 2013).

Ruch (1981) describe that the cost of working time is a quantitative characteristic of labor, and labor productivity is qualitative one.

Statistical study of the impact of working time on productivity involves a complex and systemic nature of the study. A comprehensive and systematic approach to the problem means a consistent solution of the following questions:

1. determine an aggregate of workers in relation to which there will be calculated measures of productivity;
2. selection of indicators characterizing the use of time;
3. choice of method of study;
4. collection of statistical data and their processing;
5. statistical and economic evaluation of the results.

Investigation of the influence of working time on labor productivity can be done at the micro and macro levels (Sokolova, 2002).

Factor analysis of productivity at the macro level is based on the statistical reports of enterprises, whereby it is better provided with information base and received the most coverage in the statistical literature as in the literature on the use of economic-mathematical

methods in statistical studies of Krasnopevtseva (2013). The analysis of the impact of working time on labor productivity according to the statistical reporting is universal for example in investigations of Spiegel et al. (2014) or Andreyeva and Polkova (2013). At the same time, some investigations such as Rangelova (2013), the average production of output per worker for the reported period usually serves as the efficiency indicator, working time factors are the average duration of working day and the average number of days of work per worker.

## MATERIALS AND METHODS

The study is carried out by the index method of factor analysis, which involves the use of factor index models. It is common additive and multiplicative forms of link factors with an effective communication indicator. The vast majority of research is based on the multiplicative multivariate models built on the principle of decomposition of the efficiency indicator of labor productivity to factors – multipliers (Belyaeva and Markina, 2012; Suhartono, 2011). The most commonly there is used the model of the form:

$$Y = a * b * c * d \quad (1)$$

where Y - the average annual production of output per worker;

a – the average hourly production by a worker;

b – the average total length of the working day;

c - the average number of work days per worker payroll;

d - the proportion of workers in the number of industrial production personnel.

The model (1) presents two factors of working time indicators. The application of the index method of factor analysis to determine the dynamics and the absolute change in average annual production of output per worker with a change in the average length of the working day and the average number work per payroll worker. The procedure for this analysis is shown in detail in the literature. Therefore there is no need to dwell on it in detail. We only note that the above model does not account for index use of time within the working day that does not give the reserves growth in labor productivity through better use of time.

Often in the literature the average working day is divided by the average duration of the appointed working hours and magnification of the working day due to overtime. Gagarinsky (2013) note that in this case the analysis of the impact of working time on productivity is somewhat better, as implicitly, are shortcomings in the organization of production, the result of which is the use of overtime. This analysis of the procedure is not different from that one used in the model (1).

The application of the model (1) or its modification based on partitioning factor "average total duration of the working day" at the appointed hours of work and magnification of the working day due to overtime as possible at the micro- and macro-levels and is based on data reported by enterprises on the implementation plan for the work.

## DISCUSSION

Domestic and foreign scientists are continuing research into the methodology of labor productivity in the present conditions of economic development (Khromov, 1979; Abalkin, 1987; Sink, 1989; Smirnov, 2003; Smirnov, 2010).

Doctor of Economics, Professor A. Zolotov (2002), for example, rightly believes that "the problem of increasing the productivity of labor pushed to the first years of reforms by the wayside has not lost its objective of paramount importance." The author argues that economics postulates have become widespread in recent years, do not accept the allocation of productive labor from other kinds of useful activity. This is not surprising, if labor is defined

as any mental and physical effort by partially or entirely in order to achieve any result, except satisfaction derived directly from the most work done (Badrieva, Polovkina, 2014).

In our opinion, we should agree with the view that in a statistical study of the influence factors on performance of work we should take into account the work that focuses on meeting the needs of both public and individual (family). To the extent that the product of the labor of the household goes to meet social needs, it acquires the features of the public ones.

Great methodological interest in the study of the influence of factors working hours on productivity as a category of economic science is, in our opinion, the study by VassilyLeontiev (1990), who in his "Economic essay" examines the evolution of the interaction between humans and machines. Giving analysis of the automatic control era since the time of Karl Marx and John Stuart Mill to modern period industrialized economy, Leontief considers labor as one of the constituent elements of cost in the economy of any country and determining the ratio of the various factors of production, analyzes the complex processes of economic development.

Scientific analysis of existing approaches of statistical study of productivity allowed us to determine that among domestic economists there is no single research of methodology in this category. It is objective in nature, as productivity is a complex, multidimensional concept of economic science. In order to reveal the essence of economic analysis of labor productivity, it is necessary to highlight the main aspects of the study. Thus, the American economist, S. Fabrikant writes that "labor productivity, anyway, is an integral part of any broader economic problems, whether industrialization or scientific research, automation or tax reform, disparity between prices and cost, inflation or currency hunger" (Barysheva, 1999).

Another important aspect of the analysis of labor productivity is studied by famous Russian scientist S.G. Strumilin. Labor productivity, according to Academician S.G. Strumilin (1959) defines a historical beginning and end of life category "working time." While productivity is low and people are not able to produce more than the minimum means of subsistence, it cannot be turned into an object by hiring long-term operation. High level of performance defines the historical end of the employment relationship. But it can happen when due to scientific and technological progress and social level of the productive forces, humanity will reach such a pitch that to meet all requirements will be sufficient minimum time and effort, and the work does not seem onerous if only because it will be in the interest of preserving their own health.

Summarizing the above, we note that the statistical study of the productivity of labor should be treated as a unity of its three sides: technical-economic, organizational- economic, and socio-economic. A more complete and accurate description of the performance can be given on the basis of scientific analysis of all factors.

The highest productivity is achieved with the full reduction of working time in the production of material and spiritual wealth. Saving time manifests as general characteristic of effective use of resources for economic growth. It is justified, in our view, that any savings resources, ultimately comes down to saving time. Concrete manifestations of this law should be considered as a reduction in working time and the whole period of production, improve the use of the calendar and co-production time, the rational use of the means of production of materialized labor and improving product quality.

## **RESULTS OF THE RESEARCH**

### **Influence of in-shift loss of working time on productivity**

The research of the influence of factors of working time on labor productivity cannot



be based only on data reporting. It is important to study the influence of in-shift loss of working time on labor productivity (Sokolova, 2000). The study of the influence of in-shift loss of working time on productivity involves the following problems: selection of productive indicator of labor productivity, obtaining information about in-shift loss of working time, the choice of method of analysis of the impact of the in-shift loss of working time on productivity.

It seems possible, the following sequence of solutions these problems (Bureau of Labor Statistics, 1983).

As efficiency measure their adopted average hourly production by a worker.

There specially arranged time surveys to obtain information on in-shift loss of working time.

There is given the economic justification of the form of a function and there is carried out the selection of forms of communication, there are the parameters of the analytical expression for the function.

The choice as a productive indicator of hourly production is due to the fact that the average hourly output most accurately determines the level of productivity and is related to the time actually worked, left out in man-hours.

The information about in-shift loss of working time can be obtained by arranging moment observations using in-shift production time. The method of moment-time observations is more preferable to other methods (photos or self-photos of working day), because it provides more massive and accurate information. At the analysis, we propose to use the monthly data on average hourly output by a worker and in-shift loss of working time. The study using similar information is possible at the micro level.

### **Method for studying the influence of in-shift loss of working time on labour productivity**

First of all, it is necessary to consider the program of the moment observation, aimed at identifying in-shift loss of working time. The development of surveillance programs precedes the classification of costs of in-shift fund of working time, which is a

$$\overline{w(1-w)} = \frac{\sum [w(1-w)]m_i}{\sum m_i}$$

methodological basis for the study of its use. Depending on the purpose of the study classification of working time can be defined by the base or a number of bases (Basovskaya, 2013). The most effective, in our opinion, is a combination of several bases of classification. The classification of staff time is better to build, depending on the purpose and characteristics of the process (Solow, 1957). We join to the view that any classification is a system of connections and relationships consisting of several levels (Solow, 1957). The most common level combines separate aggregated activities and time spent on them.

Loss of time is usually divided into the loss of organizational and technical reasons and the loss of time due to the fault of the workers. To study the effect of using in-shift fund of working time on productivity, it is more suitable the classification of fractional loss of working time (Shamrai, 2009; Kendrick, 1984). In our view, the program should include observation of the detection of frequencies and size of loss of time due to lack of materials and devices, late issuance of the job, because of the delay adjustment and repair of equipment, lack of organization of the workplace due to delays at work and premature death, etc (Gabbrakhmanov, 2014)..

To obtain reliable information about the in-shift loss of working time, the moment surveillance is conducted on schedule made using a table of random numbers. Processing of the survey involves the counting the number of records (points) of recorded losses of working

time for the reasons highlighted in the observation sheet. For example, in a survey carried out for the shift there are made 750 records. Loss of working time is recorded in 55 cases. Consequently, they made up 7.3 % interchangeable time fund.

Researching the use of working time by the method of moment -time observations can be made within a few days, depending on the planned workload. The moment-time monitoring not only allows you to set the share of loss of working time, but also to investigate the distribution of the loss of time on the clock change. As moment-time observation is selective in time, it is necessary to assess the representativeness and only then proceed to analyze the influence of in-shift loss of working time on average hourly production worker.

Since the frequency of loss of time for various reasons is not the same, the evaluation of representativeness of moment-time observations should be made by the formula [2]:

$$\Delta w = t \sqrt{\frac{w(1-w)}{n}} \quad (2)$$

(2.1)

where  $w$  – is the share of loss of time in shift fund of working time;  
 $m_i$  – is the number of cases of loss of working time for the  $i$ -<sup>th</sup> reason.

The research of the influence of loss of working time on average hourly production work is carried out taking into account the limit of error of representativeness of the moment-time observation (Garshina, 2013). Therefore there are distinguished the upper and lower bounds of lost of working time.

After determining the share of loss of working time in shift fund time you can go to establish closeness of the connection between the output of the average hourly worker and the share of loss of working time. For this, it is necessary to solve the problem of the form of communication and indicators to measure its tightness (Ayinde, K., 2007). The choice of measuring closeness of the connection is due to the nature of communication (Gabbrakhmanov, 2015). Excluding a real connection between the phenomena without the dialectical approach to the study of causal relationships and address factors in hierarchical subordination can reach erroneous conclusions.

As applied to study the influence of in-shift loss of working time on average hourly production is logical to assume the presence of nonlinear dependence. Our hypothesis is confirmed, we study graphic dependence of the average hourly output of in-shift loss of working time by one of the oil industry. The study is based on the basis of moment observations and data reporting of average hourly output of workers (monthly data) for 2011 – 2012 (moment-time monitoring of use of working time by drillers) (Shigabutdinova, 2013). The observations were made in the first, second and third decade of each month. Total amount of work for 2011 was 8400, and for 2012 - 8650 person- moments. Of error was within the boundaries of  $\pm 4.8$  % (for 2011) and  $\pm 4.95$  % (for 2012),  $F(t) = 0.954$  (Farzianpour, F., A.R. Fouroshani, R.G. Vahidi, M. Arab and A. Mohamadi, 2011).

There was verified the significant discrepancy of results of moment observations by calculating the average loss of working time and their variations for each month. The assessment of materiality discrepancy between the results of moment observations is made according to the formula:

$$t_f = \frac{v_1 - v_2}{\sqrt{\frac{v_1^2}{2n_1} + \frac{v_2^2}{2n_2}}} \quad (3)$$

In all cases,  $t_f < 3$ , which indicates the slight difference in the data of moment observations

of in-shift loss of working time. For 2011  $tf = 2.1\%$ , for 2012  $tf = 1.99\%$ .

Graphic study showed the presence of a hyperbolic dependence between the average hourly output of a worker and the share of loss of working time in shift fund time. Therefore, as a measure of closeness of the connection, there used the correlation ratio, calculated by the formula:

$$\eta = \sqrt{\frac{1 - \frac{\sum (y - \bar{y}_x)^2}{x}}{\frac{\sum (y - \bar{y})^2}{148}}}$$
(4)

where  $y$  – is actual values of the average hourly production by a worker;

$\bar{y}_x$  - is calculated values obtained by the formula equation of the hyperbola;

$\bar{y}$  – is overall average.

The equation relating the average hourly output of a worker and the share of loss of working time in shift fund of working time has the form:

$$\sigma_\eta = \frac{1 - \eta^2}{\sqrt{N - 1}}$$

Correlation ratio was found to be 0.566. Consequently, the reduction of in-shift losses of working time is one of the reserves for the growth of labor productivity. To confirm, the connection between the average hourly production by a worker and the share of losses in-shift fund of working time is determined the average square error correlation ratio:

(5)

and the accuracy of the conclusion based on the calculation  $\eta$ .

## CONCLUSION

The proposed method is based on the integrated use of the method of moment-time observations and correlation-regression analysis. Another approach is possible, in which the method of moment observations is combined with the index method of factor analysis. In this case, there is a problem adjusting the data of statistical reporting with the further identified loss of working time.

The principle of the analysis is as follows:

1. By the formula:

$$T'_f = T_{tc} * k$$
(6)

is determine the actual hours worked based on the use of in-shift production time. The  $k$  is determined from the following ratio:

$$k = \frac{T'_f - T_m(d_1 + d_2) * \frac{N'}{N}}{T_{tc}}$$
(6.1)

where  $T'_f$  – is hours worked according to the timecard by the workers covered by the observation (man-hours);

$T_{tc}$  - is actual time worked by all the workers, according to the timecard (man-hours);

$d_1$  and  $d_2$  – is share of in-shift losses and nonproductive time spent having the highest probability;

$N'$  - is the number of workers covered by the observation in the most filled shifts of the reporting period;

$N$  - is an average payroll number of employees during the reporting period;

$T_m$  - time worked by workers on the data of moment observations.

2. After that, there determined the average length of the working day, taking into account the use of in-shift fund of working time.

3. The further analysis is based on a multi- index model (1).

The proposed methodology for studying the impact of working time on the labor productivity figures reveals the potential for growth in labor productivity through better use of time and can be used in industrial enterprises in all industries.

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# LEGAL REALITY AS A JURIDICAL CATEGORY

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## ABSTRACT

*The article is devoted to the research of juridical meaning of the category “legal reality”. The authors’ definition of the category is given. The main elements of the category are studied. The conclusion is made that legal reality as a fundamental juridical category is a complex multi-layer system, comprising the whole range of both the real juridical phenomena and the legal ideal, and determining the sphere of law existence for an individual and social medium.*

**Key words:** *legal reality, category of juridical science, existence of law, juridical phenomenon, post-modernist concepts of law interpretation, post-classical scientific rationality, methodological pluralism, legal behavior, anthropology-juridical research.*

## INTRODUCTION

An important and topical purpose of the general theory of law is revealing and studying of the fundamental juridical notions and categories, which characterize the essence and content of the legal existence of society [18]. One of such categories is legal reality, not long ago introduced into scientific circulation and so far not sufficiently studied both in the general theory of law and the philosophy of law.

## METHODOLOGY OF RESEARCH

The broad and varied study of the issue determined the research based on a vast arsenal of methodological tools, elaborated not only within the juridical science, but also within other humanities.

The fundamental methodological approach of this work is dialectic approach to the study of general rules of forming the essence and content of legal reality.

A special role among the used methods is played by systemic-functional method, which helps to study the functional characteristics of legal reality.

Historical method allows to view the genesis of forming the legal reality retrospectively, with the aim to reveal the aspects, which are significant for the modern legal ontology and which determine the trends of further legal development. Another method used in the article is formal-logical method with the combination of such means as analysis and synthesis, induction and deduction, analogy and summarizing, allowing to reveal the essence and content of legal reality.

## THE MAIN CONTENT OF RESEARCH

The above methodological approaches and methods allow to view legal reality as one of the fundamental philosophic-legal categories of the modern humanities, and to analyze it in the institutional, functional and subject-object contexts. One might think that by now

several similar categories have been formed: the legal system, the legal life, the legal culture, the legal conscience, the legal practice, etc. To ground the legal reality as a particular category means to extinguish its essential features, which do not coincide with the essential features of the above categories.

The essence of legal reality is in organizing the human behavior in the society in order to achieve a stable organization of the society on the normative basis.

This approach to the essence of legal reality implies that it is a sophisticatedly organized social system, which can be viewed in dialectic interconnection of structural elements at various levels. The elements will be discussed further.

The features of this category are normative distinctness, formality and imperative character [29, p.13]. Indeed, unlike other normative systems (religious, moral, corporate), law has a special authoritative-regulating nature, based, first of all, on the possibility of state compulsion. The institutional provision of the normal functioning of law, with jurisdictional levers, takes place due to the proper recording of juridical norms in the proper formal sources of law. The imperative character of law is determined, first of all, by the inextricable link between law as the basic element of social reality and the authoritative-organizational subject (state, society, local community, etc.). However, we consider it to be improper to transfer the characteristics of a part (legal norm, legislative system) onto the whole as a broader and more complex system (legal reality). The described features are characteristic for the legal system, and cannot be transferred to the subjective components of legal reality, like legal behavior, which is based on certain mental guidelines and ideas potentially not coinciding with the official normative legal establishments.

The above-mentioned O.V. Kret extinguishes in the structure of legal reality three fundamental ontological components – law making (activity aimed at creating, improving, alteration and revocation of legal norms), law implementation (a process, a system of means and measures aimed at realization of the existing legal system and achieving the goals stipulated by it) and law protection (activity aimed at preventing the existence of law breaches in the society, as well as at implementing the measures of state compulsion in case of such law breaches). These components perform their functional roles in interconnection with each other and the system in general. As stated, the dysfunctions of the mentioned components (lacunas in law, legal collisions, lack or inefficiency of law regulation mechanism, etc.), if exceeding the threshold level, may lead to both the development of the existing legal reality, and its elimination [29, p.8]. To our mind, law protection traditionally should be viewed as one of the directions of law making and law implementation: protecting of law is carried out both by recording the due provisions in the legal norms, and by their implementation. Hence the extinguishing of law protection in line with law making and law implementation logically contradicts to the notion-category lines existing in the modern juridical science.

When studying the legal reality, dialectic and systemic-structural methods are most commonly used. Undoubtedly, the philosophic dialectic method is one of the most reliable and well-developed, allowing to study legal reality via cause-effect relations, determination principle, in correlation with other phenomena, and in dynamics, taking into account the changes in historic prospective. However, we think that at the present stage of science and juridical science development, one should not reject other methodologies when interpreting the legal phenomena. In particular, one should not reject synergetics, phenomenology and other methodological approaches. We should adopt the idea of methodological pluralism, which is becoming popular in the Russian humanities. We think that the pluralism results in not only a mere summarizing the means and techniques in describing the research results, but in the idea that any research object, moreover in sociohumanitarian sphere, can be interpreted

in different way; its various revelations can be researched. The claims of any methodology for absolute truth look naïve nowadays.

Systemic methodology extinguishes three elements in the structure of legal reality: law (the system of social relations regulation, determined by the nature of a human being and a society, possessing normativity, formally recorded in official sources and provided with the possibility of state compulsion); legal relations (social relations regulated by legal norms, participants of which are carriers of subjective rights and juridical liabilities protected and guaranteed by the state); legal conscience (integrity of views and ideas expressing the attitude of people, social groups, and classes to law, lawfulness, justice, their idea of what is legally acceptable and unacceptable).

In its turn, phenomenological methodology allows to view legal reality as a multi-level phenomenon. In terms of the most important spheres of legal activity, two main levels can be extinguished: law making (integrity of actions of a legislator, aimed at forming the law order and lawfulness, as well as the package of normative documents) and law enforcement (integrity of actions of individuals and authorities for implementation of normative guidelines and a complex of documents produced during and as a result of these actions). Law in its norming, legislative form functions as an integrative basis of legal reality, bounding all components of its levels and elements. The law based on an ideal determines not only the interconnection of the written law and justice (unwritten law), but also their mutually complementing roles in social regulation. However, under crisis conditions, with the lack of efficient enough juridical and social mechanism of law implementation, the third level of legal reality is being formed – the legal behavior, i.e. the behavior corresponding to the social ideas of justice. In this case an individual does not care if these “righteous actions” comply with or contradict to the “wrong” legislation. Law ceases to be an integrative basis of legal reality, which due to the incoherency of law and justice acquires transgressive, mosaic character. The legal relations are to a large extent formed on the basis of “non-law” rules and practices, the content of which is determined by the individual (formed on the basis of synthesis of legal conscience and individuals’ interaction in legal sphere, and expressed in knowledge, skills, and habits) and supra-individual (social) legal experience (formed on the basis of synthesis of the legal ideal, legal mentality and under the influence of the agents of legal socialization, and expressed in definite legal situations and their formal record).

Obviously, each level of legal reality has mixed, objective-subjective character, as was stated above. Both law making and law implementation are processes not independent of mental ideas of law, justice, obligatory and optional.

The measure of order for legal reality is the juridical notion of law order, interpreted as organization of social life, based on law and reflecting the qualitative state of social relations at a certain period of society development. The legal norm can influence legal relations and legal conscience (and law interpretation) as long as the actual justice (recorded in normative legal acts) remains equal to the notion of justice (the image of social justice). If it stops being equal law interpretation acquires horizontal and vertical conflicts, and law conscience begins to counteract the legal norm and to form completely new legal relations, being under certain conditions able to change legal reality.

The issue of legal reality content is connected with the issue of criteria for attributing certain phenomena to the legal ones. Note that this issue cannot be solved unambiguously: in the law interpretation concepts the criteria of the “legal” can be completely different. For example, the juridical positivism traditionally bounds law with state and its compulsory power. At the same time, in spite of the long taken attempts of the natural-legal doctrine to bind legal norms with basic moral values, other criteria are proposed for use, like the force and effectiveness of law [4]. Representatives of the American pragmatic school, in turn,

propose a new pragmatic methodology, capable of solving the contradictions between the natural law concept and juridical positivism. This methodology should be based on three main principles: the principle of cause (respect for a human being as a rational creature with good will), the principle of consensus (the norm is based on the consensus of the managers and the managed), and the principle of autonomy (independence of law on the authority of the existing political power).

To our mind, the prospect of studying the content of legal reality can be connected with anthropological-legal research. Human being themselves create law, use it, being directly involved into the legal reality. Despite the significant objective component of legal phenomena, legal reality cannot be viewed outside the context of the internal, psychic attitude of a subject (subjects) to legal phenomena. As a social being, a person simultaneously joins plenty of links.

This cause a problem of distinguishing the legal phenomena from other social phenomena: where is the boundary between the legal and social reality? As we know, law cannot be viewed metaphysically, in abstraction from other social norms and social phenomena, which influence it and/or interact with law and its constituents [1]. At the same time, the boundaries of the “legal” and “non-legal” have not been defined so far [14]. Even Prof. V.M. Syrykh, an apologist of material concept of law, states as the object of juridical science not only the state and law, but also the legal and state practice, and other kinds of social practice inextricably bound with state and law [36, p.38]. the research of “close to law” phenomena, which in some scientific interpretations can be viewed as legal ones is the research direction which can give fruitful results when describing and analyzing the legal reality.

## CONCLUSION

Thus, legal reality can be viewed as a fundamental juridical category, denoting a special kind of social reality. Legal reality is a complex multi-layer system, comprising the whole range of both the real juridical phenomena and the legal ideal, and determining the sphere of law existence for an individual and social medium.

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# ACCOUNTING FOR OVERHEADS IN RUSSIA: HISTORICAL ASPECTS

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## ABSTRACT

*The article is devoted to a retrospective analysis of the formation stages of the accounting system for overheads in Russia. It provides definitions and classifications of overheads used in different years. The problems of allocating overheads between the products are studied, the most widely used allocation bases and cost objects are shown. Particular attention is paid to the study of early development stages of accounting for overheads. Nowadays it has become apparent that overheads are gradually becoming the most manageable in terms of locating potential for savings, revenue growth and profitability of the company that determined production and marketing strategy. However, it is of interest to study historical aspects of overheads calculating concept. Cost accounting was to provide an opportunity to study all parts of a more complex manufacturing process and thereby improve the functional structure of enterprise management.*

**Key words:** costs, overheads, cost accounting, conception, absorption rates, cost center, bases for absorption rates, history

## INTRODUCTION

Currently, there is a steady increase in overheads both in absolute amount and relative to the total amount of costs. This is due to the scientific and technological advances which increase the share of past costs in the expenses for production and marketing, to the complexity of managerial tasks and growing number of the administrative staff, its competency level, an extensive use of computers in management, modern means of communication, increasing demands for office representativeness, its equipment, etc.

Problems of calculating overheads in the modern world of management accounting are studied by Cooper R., Kaplan R.S., Datar S., Kekre S., Mukhopadyay T., Svaan E. [3], Maiga A.S., Jacobs F.A. [8], Peden A., Baker J.J. [9] Tang S., Gao Y., Qian F., Wang D. [12].

## METHOD

The aim of the research is to study the dynamics of the accounting system for overheads in Russia. The information base for the study were legislative acts, regulations, guidance papers which were in effect in different historical periods, materials of enterprises, scientific provisions contained in the writings of scholars in cost accounting.

The study used the scientific apparatus of economic theory, accounting theory, management accounting and management analysis, internal control and accountability.

Problems of calculating overheads in Russia were researched by Popov A.[10], Gomberg L.[4], Blatov N.A.[1], Butakov I.N.[2], Zhebrak M.Kh.[13].

## RESULTS

Costs, which are now called overheads, existed at the dawn of trade relations. In economic literature since mid of XIX the concept of "general costs" which is similar in content to the overheads was confirmed officially. Particular attention was paid to their specific role in production costs and prices. This was facilitated by the growth of production, a new way of economic development and, accordingly, a new direction in accounting – industrial accounting.

The general costs included general costs of territorial region, the general costs of the main office of plants and the general costs of a particular plant. The last item included the expenses for keeping laboratories, stables, hospitals, apartments and houses, libraries, telegraph equipment, administration, fee for the use of credits, depreciation of equipment and buildings, etc. It was during this period that along with the advent of variable and fixed costs, a system of "accounts by departments" was worked out. Therefore, the information about the general costs was collected in terms of departments, and it should be noted that cost center accounting for controlling purposes within organization appeared during this period.

The beginning of XX century is marked by the gradual transformation of a simple production cost accounting into consistent and comprehensive cost accounting. The problem of studying the total cost took on a new meaning. Profits dynamics depended on changes in the market that directly affected the cost composition of the product manufactured. It was then that the general costs came to play an important role in accounting and analytical reports: on the one hand, they were required to assess inventories and their display in the balance sheet, on the other hand, to allocate costs for the purpose of pricing and management decisions. The term "general costs" is gradually replaced by a new one - "overhead costs". In practice, in most cases it was customary to charge overheads to the same account, and only after a year to carry out basic operations with this account. Many scientists believed that all overhead costs must be directly charged to "profits and losses". L. Gombert's [4] view is interesting in this regard. In his "The meaning of costs" written in 1897, he criticized this widespread belief, noting that, in essence, overheads are not losses. He offered to charge them to a special account "Enterprise operation" which later could be involved in determining company's performance. He considered overheads as costs incurred by the firm's operation and aimed at improving the business of the enterprise.

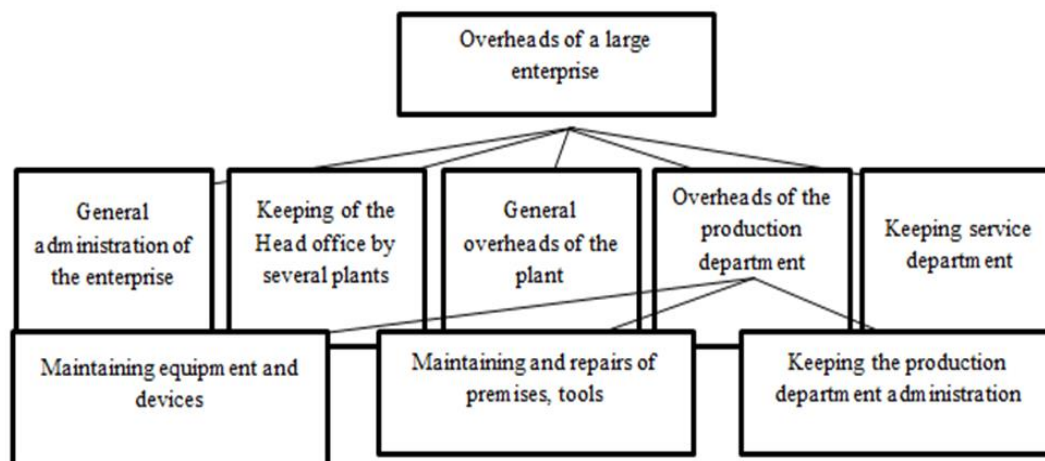
Public debates in the special economic literature were quite popular in that period. They help us get acquainted with the peculiarities of accounting for overheads at that stage of its development, show constant searches for new approaches to issues that were topical in the past. For instance, the controversy between V. Plevinskiy (chief accountant of an Ural factory) and A. Popov (the author of "Counting Art", 1909) was remarkable. Peculiar for that time were *overheads for the district* in the industrial regions of tsarist Russia such as the Urals. B. Plevinsky tried to construct an optimal structure of costs relationship between the district, main office of the enterprise and individual factories. From his point of view, depreciation must be strictly deductive in nature and based on the principle of proportional distribution. Property depreciation which depends on the economic and technical conditions should be made through account "Overheads for the District", followed by the deployment of depreciation between all products and items created. According to A. Popov, overheads can not be regarded as a mediator for depreciation distribution. In practice, this allows you to impose those productions, "which are beneficial and do not use expensive machinery and equipment, excessive depreciations of other production departments which do not depend on it, less necessary or even unprofitable." [10] B. Plevinskiy's proposal to fix a budget for only direct costs (excluding overheads) was criticized. In particular, A. Popov noted inexpediency of such an approach because, in his opinion, it is always important to have information on the

overheads for each product, as "such an estimate provides valuable guidance to define the influence degree of each unit size and their totality on manufacturer's price" [10].

In the early twentieth century, maintenance costs of support production were already identified as part of overheads (Fig. 1).

There were widely used two kinds of bases for absorption rates: direct costs (prime costs, workers' wages) and output (units). The following scheme could be used. Costs of service departments (power stations, mechanical shops joineries, etc.) were allocated among the departments consuming the services. Department overheads were allocated between products in proportion to the direct costs. Then product cost (direct costs + production department costs) becomes the base for allocating general overheads of the plant. For allocating costs of keeping head office by several factories, a different product cost will be in allocation base (direct costs + department costs + general overheads of the factory) etc. In some companies, the overheads of keeping the head office by several factories and by the General Administration of all enterprises were not allocated, but were referred to profit shrinkage. Alternatively, they could be attributed to the decrease in profit, and then be distributed among products sold using such a base as revenue (price).

**Figure 1**  
**CLASSIFICATION OF OVERHEADS, 1911**



Allocation base "output" is also multiple option: product unit (option 1), product and semi-finished products unit (option 2), product, semi-finished products unit and raw materials (option 3). Thus, the company could at any time sell not only products, but also semi-finished products and materials.

In 1920-30s definitions of overheads were interpreted differently depending on the time period, region, legislation. Two variants were widespread. The first variant considered overheads as indirect costs attributable to the entire output. The second one - costs that are independent on the production itself and do not have a decisive influence on it, i.e., this is part of the factory cost, whose lack will not affect the result of the production (output). The second variant almost equated overheads with fixed overheads.

Equivalence of overheads and indirect costs was seen as something natural. There were no special differences between them in the economic literature of the time. In some regions of Russia overheads were perceived as the costs of the enterprise whose reduction or increase depends on the economic thrift of the head of the enterprise.

It was stressed that theoretically all costs can be attributed to overheads, for example, in producing oxygen and nitrogen from air where there is no basic material or labor that could be charged to the production itself.

Political processes in Russia have always influenced the economic interests of society and the state. Therefore, change of ownership transformed approaches to the accounting system. The changes affected the composition of overheads.

Manufacturing in the mid-1920s modified and became complicated. Industrial enterprises adopted a list of overheads which was to be applied obligatorily. Each type (sort) of cost was listed under its specific number.

I.N. Butakov (1926) analyzed a fixed part of overheads believing it to be "the main nerve of production" and the most important factor driving the company to increase productivity. Pricing formula allows us to analyze the influence of fixed and variable costs on it [2]:

$$p = \left( v + \frac{F}{pu} \right) + \left[ \left( v + \frac{F}{pu} \right) \times \frac{a}{100} \right] \quad (1)$$

where p – price;

F – fixed overheads;

v – variable cost per unit;

pu – production in units;

a – profit in %.

The formula was transformed [2]:

$$\frac{p}{v} = \left( 1 + \frac{a}{100} \right) \times \frac{1}{pu} \times \frac{F}{v} + 1 + \frac{a}{100} \quad (2)$$

The relationship between  $p/v$  and  $F/v$  is linear if  $a/100 = \text{const}$ . Formula transformation allowed to conclude that, as a result, to increase the  $p/v$  it is necessary to increase the ratio of  $F/v$  or, in other words, it is necessary to acquire more sophisticated equipment, create better automation systems, etc.

In 1927, according to the existing legislation, overheads included a group of commercial expenses (these are cost for sales of goods including provision of goods for sale, their transportation, business trips, etc.). Identifying this group was a significant step forward in comparison with the practice of previous years, as the problem of groundless mixing of commercial and administrative costs, which previously led to serious errors, was solved.

In order to analyze overheads, they were compared with the previous periods of the enterprise as a percentage of revenue. The data received was the basis for a comprehensive study of abnormal fluctuations of overheads.

In 1928-1929 under the law governing the Russian accounting, a new term - overhead for labor which were incurred directly by the presence of workers at work (on-the-job safety, vacations, accrual on workers' wages, etc.) appeared. However, in 1930s the concept of "overheads for labor" disappeared practically from the vocabulary of accounting.

In 1930-50s a cumbersome, rigidly regulated system of accounting was created in Russia. It was characterized by lack of flexibility and rejection of new views on issues of accounting and analysis.

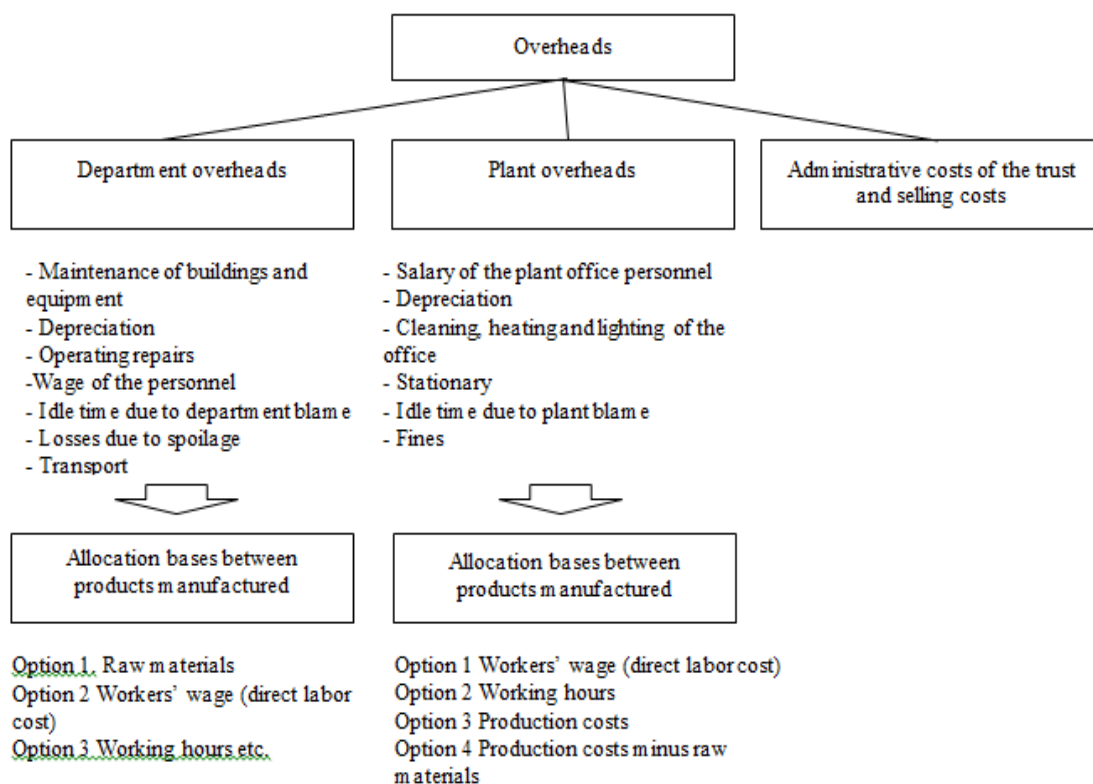
In the early 1930s it was customary to separate, on the one hand, the overheads, on the other - indirect ones. Moreover, it was then that the overheads were considered as the value representing the difference between aggregate (total) and costs associated with the production technology. Consequently, overheads for many decades were perceived as costs not related to the production technology. This definition of overheads became dominant. The application of this criterion (a link with technology) led to theoretical problems in the accounting. In particular, the question remained undetermined as to the relationship of operating costs or the costs of maintenance and operation of the equipment with the technologic process of

production. The composition of the overheads and distribution base in 1935 are shown in Fig. 2

Among the general shop costs the largest share in the period belonged to such articles as "maintenance costs of fixed assets" (10-15%), "maintenance costs" (9-14%), "depreciation" (15-25%), "labor costs" (8-16%) and "transportation costs" (7.4%).

In the same period (1934) accounting theory classified overheads depending on drivers [13]: the time of production (electricity, water, compressed air, maintenance of equipment), the number of products (support materials, tools depreciation, etc.), the weight of the materials processed, semi-finished products (transportation costs), area (heating, lighting), and the duration of the period (administrative costs). It is assumed that the output is proportional to time consumption for processing.

**Figure 2**  
**CLASSIFICATION OF OVERHEADS IN RUSSIA (1935)**



The concept of overheads did not undergo significant changes from 1950 to 1970 in practice. However, regulatory documents, the state provisions on cost accounting in industrial enterprises do not use the term "overheads". Instead, the term "maintenance costs of production and management" is used. In official documents "overheads" are mentioned only in the context of cost accounting in construction organizations. After 1970, the press published the studies of Anglo-Saxon and German systems of costs and management accounting conducted by Russian scientists. And since 1990s, there was a trend towards convergence of Russian and international accounting systems. This has led to the fact that many of the concepts and methods which are widespread in Western accounting system were gradually used in Russia. ABC methods, TD-ABC, multi-stage scheme of allocating

overheads, lean manufacturing diffused gradually in Russian companies. The term "overheads" has become very popular again.

## CONCLUSION

In the early twentieth century, attempts were made to show the effect of overheads on the efficiency of enterprise management. The leaders of a number of companies have tried to find a more productive and profitable ways to exploit sites assigned to them. Overestimated or incorrectly calculated overheads led to incorrect identification of company's performance, which could cause a financial collapse in the future. However, most companies changed methods and allocation base of overheads with the change of the company management. Accountants often chose a convenient allocation base rather than a fair one. There was no common system. Starting with the 1930s a rigidly regulated accounting system for overheads was created. All enterprises apply all the rules prescribed in the special provisions. However, scholars' proposals to improve accounting for overheads often fall deaf on practitioners' ears. With the transition to market economy (1990s), the situation is changing. Gradually, provisions (regulations) governing the choice of bases and schemes of allocating overheads are repealed. Today, overheads, just like in western accounting system, are considered as manufacturing overheads, associated with the maintenance of the production process; administrative costs which represent the cost of managing the organization as a whole and selling costs which are defined as the costs associated with the promotion of goods from the seller to the buyer. Companies can develop their own model of accounting and distribution of these costs, which they previously were not allowed to do in the administrative-command system.

## ACKNOWLEDGMENT

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# IMAGE OF THE POST-SOVIET MEGALOPOLIS IN ASSESSMENT OF ITS INHABITANTS (CASE OF KAZAN, RUSSIA)

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## ABSTRACT

*In article results of the author's empirical research performed by sociologists of the Kazan Federal University and Center of Perspective Economic Researches are presented. Research is conducted with use of triangulation technique, that is combination of high-quality (focus groups with representatives of youth and adult population of Kazan) and quantitative (mass poll of Kazan citizens) methods that raises validity and internal reliability of the obtained sociological information. On research data various characteristics of the large Post-Soviet city image (on the example of Kazan) in assessment of locals are considered. Kazan citizens refer to external beauty, rich history, development of sport and sporting venues, rich cultural life and a high level of infrastructure development to objects of pride and recognition of the city. However Kazan citizens are concerned about road problems, deviant behavior of youth, high prices and level of living in the city in case of modest salaries, disturbing ecological situation. At the same time respondents in majority positively estimate the future of the city. Research has shown that in consciousness of Kazan citizens any single brand of the city was not created, it is rather possible to speak about an umbrella brand: it is both the sports capital, and the city for youth, and the cultural center of Russia.*

**Key words:** *image of territories, brand, mega-events, Universiade, city*

## INTRODUCTION

The aggravation of the global competition in the second half of the 20th century has led to emergence of the new competitive struggle direction developed between the territories – for population, tourism, investments, business and, eventually, for spheres of influence. As reaction to these processes in the 70's of last century in foreign marketing the understanding that territory (countries, regions, areas, cities) can be provided as trademarks which can be both a little popular, and widely known brands was created (Vazhenina, 2008). Such characteristics as climatic features, culture, GDP amount, political system and others became the peculiar marketing elements creating the territory image attracting new inhabitants, tourists, investors, business, etc. The positive image of the city is necessary for attracting financial investments, tourists and improving social well-being of the residents.

It should be noted that in modern literature a number of interpretations of the concept "the territory image (city)" is provided. So, according to T. Gerdt, image of the city represents the product of "mental work" combining, on one hand, information, knowledge of the territory with perception its people on the other (Gerdt, 2007). According to D. V. Vizgalov, territories image is the set existing in consciousness of steady (but optionally true system) ideas of the territory. It consists of three components – one objective (the characteristics of



the territory reflecting objective reality) and two subjective (personal experience, personal idea of the territory, on one hand, and foreign opinions, stereotypes and rumors on the territory – on the other) (Vizgalov, 2011). According to I.S. Vazhenina, the TI is a set of feelings and figurative emotionally painted representations of people which arise concerning climatic, historical, ethnographic, social and economic, political, moral and psychological and other features of this territory (Vazhenina, 2008).

The understanding of the territory image provided by Filip Kotler and his colleagues in work "Marketing of places" is the closest to authors view of this article. Investment, entities, inhabitants and tourists attraction to the cities, communes, regions and the countries of Europe is important. According to this definition, the territory image is a set of beliefs, representations and impressions of people concerning this territory (Kotler et al., 1999). In this article we have addressed the analysis of internal territory image (on the example of Kazan) in this connection our analysis is directed mainly to beliefs, representations and impressions of various social groups of the number of locals.

The positive image of the city is necessary for attracting financial investments, tourists and improvement of residents social well-being. As John Pantzalis' and Karl A. Rodriguez's researches show, investors often come under powerful influence of brands of the countries and regions that, in turn, influences moving of the international financial flows into the country (region, city) or out of it (Morgan et al., 2004). The western scientists offer various strategy for developing the cities image. So, for example, S. Cassel believes that in case of developing strategy of forming image it is necessary to consider requirements and interests of a key target segment (Cassel, 2008). B. Parkerson and T. Gibson, on the contrary, consider that all possible target segments must be kept in mind in case of developing image of the city that assumes a set of opportunities and prospects for development (Gibson, 2005; Parkerson and Saunders, 2005). J. Haldane suggests to rely in case of the cities branding development on various events held in them ("co-branding" or "event branding") (Holden, 2007).

In Russia the subject of the territories marketing began to be popularized since 2003, and in recent years the government has started a number of projects in this direction – "The concept of promoting national and regional brands of goods and services of national production for 2007-2008", the concept "Programs of the Russian investment image improvement abroad" till 2012, "The concept of creating the international financial center in the Russian Federation" till 2012 in Moscow, "Strategy of tourism development in the Russian Federation for the period till 2015", "The concept of long-term social and economic development of the Russian Federation for the period till 2020" (Vazhenina, 2008).

Interest in assessment and studying the image of the Republic of Tatarstan, in particular Kazan, has appeared also in connection with the development of strategy for developing regions and cities which has begun in the country, as well as with search of ways to rise their competitiveness. In the last several years questions of creating positive image of the Republic of Tatarstan draw attention of city authorities and the general public. In 2009 Kazan has won the nomination "Third Capital of Russia". Leading cultural subjects-symbols of the last decade became "1000 Anniversary of Kazan", "Universiade 2013". In 2012 the company on positive image of Tatarstan purposeful forming has begun with start of the *Invest* in Tatarstan 2012 program during an annual investment forum – AIM 2012. Programs of the marketing company step by step were presented in Singapore, Finland, Malaysia and Great Britain. 30 million rubles were spent for the company. The leading consultant for branding in Russia Sergey Mitrofanov has been involved in developing the image of Kazan. The expert is convinced that if Moscow had had an image of financial center of Russia, at St. Petersburg – the historical and architectural center, then Kazan should position itself as the city for youth.

The specialist is sure that carrying out Universiade and matches of the World Cup 2018 can grant Kazan the image of the sports capital with 1000-old cultural heritage. Effective positioning of Kazan image, brand forming, improvement of its reputation will promote increase of its competitiveness in Russia and the world, will increase its appeal for tourists, businessmen and investors, will lift prestige of study, work and life in the republic.

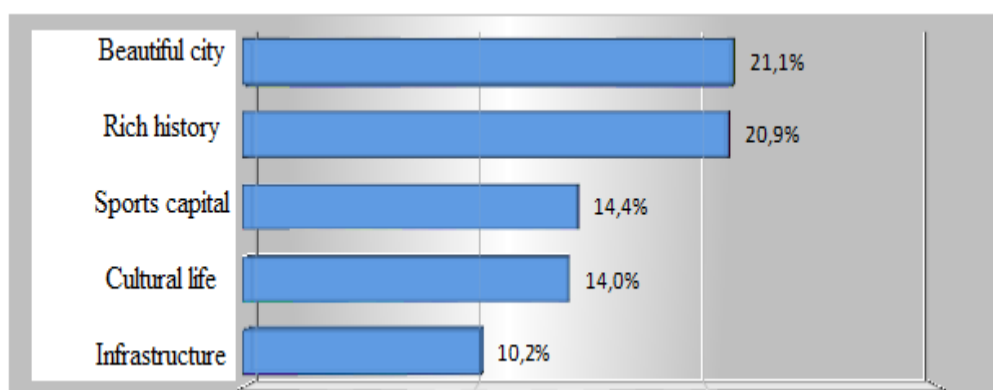
## METHODOLOGY

Despite such high importance of an image factor in developing the region, scientific sociological researches of Kazan image were practically absent. In this regard our research is directed to completion of this gap. The assessment by Kazan citizens of different characteristics of the city and urban environment, the analysis of concern degree about different city problems, assessment of the changes influence under the pressure of mega-events became a research objective. The methods applied by researchers are: the formalized structured interview in the place of residence (n=680), carrying out two focus groups with Kazan citizens ("youth" and "middle age" groups). The selection error for mass poll made no more than 5%. The questionnaire included the questions of various type – closed, half-closed, open. The last have prospecting character, are directed to identification of associations, emotional responses and moods concerning the place of the respondents residence and the city in general. The analysis of data was made by means of a statistical SPSS package (version 20.0). "Rigid" methods of information processing have been used: one-dimensional and two-dimensional distributions, indexes creation.

## RESULTS

Within our poll we have asked Kazan citizens what causes their pride in the city: through these significant characteristics it is possible to position the city in the internal and external markets. The most popular options: beauty of the city (21,1%), rich history (20,9%), the status of the sports capital and development of sport (14,4%), cultural life (14%) and infrastructure (10,2%) (see Fig. 1).

**Figure 1**  
**TOP-5 OF THE MOST POPULAR OBJECTS OF PRIDE FOR KAZAN CITIZENS CONCERNING THE CITY**



We will note that application of associative techniques took place within the other image researches of Tatarstan and its capital we conducted. So, group polls of residents of the republic cities in the form of focus groups have allowed to reveal some aspects of Kazan

image common to two age cohorts of citizens: youth (18-35 years) and adult population (35 years and older) (Yermolaeva et al., 2014). It has become clear that young residents of Kazan are proud of the city for such characteristics as:

1) hospitality: "... they always mention hospitality. Other guests of our republic note that we have very open and smiling people";

2) Universiade: "... I am proud that we had the Universiade in the republic that we have received a lot of positive emotions from it",

"... I am proud of Universiade, the fact that it was carried out at the good level";

3) volunteering: "an opportunity for many people – Kazan citizens, especially school students, HEI students – to prove themselves. It seems to me that for them volunteer experience – is very healthy";

4) culture, entertainments: "... in Kazan we have an extensive cultural program, that is a huge number of events, with directions, absolutely new to Kazan ...";

Adult population of Kazan are proud of it for such characteristics as:

1) multinationality, tolerance: "... I have friends Russians and Tatars. All of us communicate well. I.e. pride causes this harmonious combination of cultures";

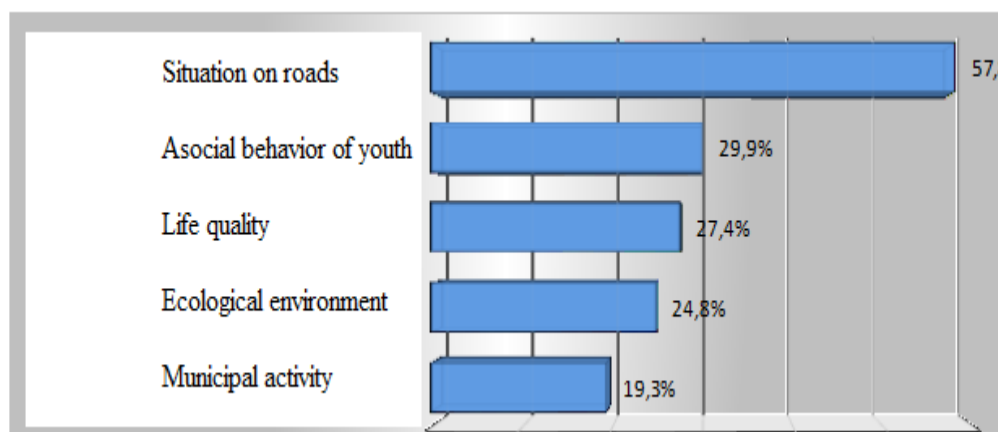
2) advancement, development: "... the city advanced enough in comparison with other cities. Kazan as a steam locomotive ... recently we opened new science and technology park";

3) availability: "... everything is available. There is, money, earnings – everything ... Availability is good for us".

Also in the course of poll we have revealed, what residents of the capital are concerned with (see Fig. 2). More Kazan citizens (57,8%) are concerned with the current situation on roads: quality of paving, traffic jams, public transport schedule, lack of parking spaces, work of traffic police staff. On the second place – asocial behavior of youth (28,9%): growth of unemployment, alcoholism, drug addiction, lack of patriotism in youth, etc. On the third place – high price level in the capital, as well as low salaries, pensions, benefits (27,4%).

**Figure 2**

**WHAT ARE THE THINGS YOU ARE NOT COMPLETELY GOOD WITH IN KAZAN?**



Within poll Kazan citizens needed to share the associations they have in connection with the city. Studying associative arrays will allow us to come to those mental structures which are unconsciously perceived by the person as they are part of the historical memory. Based on the received answers we have constituted top-5 popular associations which are caused by Kazan in its inhabitants (see Fig. 3).

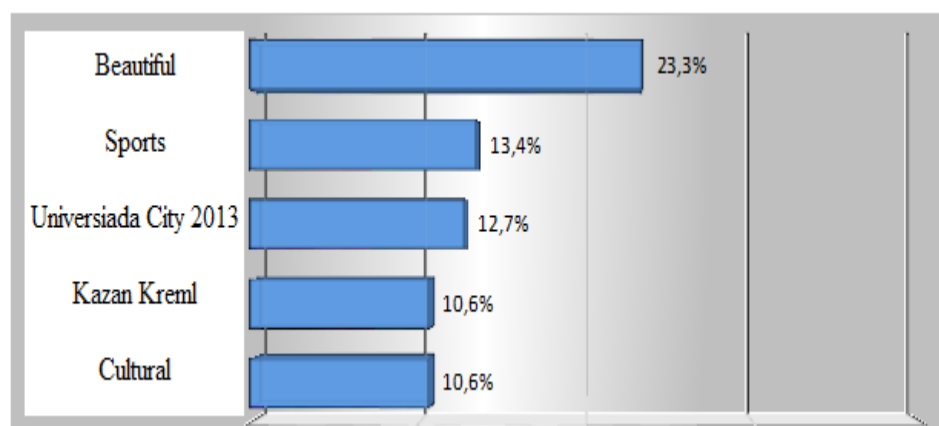
The most widespread associations with the hometown are its following characteristics: beautiful (23,3%), sports (13,4%), city of Universiade-2013 (12,7%), Kazan Kremlin (10,6%), cultural (10,6%).

On survey results we have obtained large volume of information which has been conditionally divided into 186 subcategories (offered by respondents of various associations with similar sense). We will note that more than a quarter of respondents (27%) associations offered emotionally painted positive characteristics of the city, for example, rich history (7,1%), the third capital (2,6%), people friendliness (1,4%), light (1,4%), freedom (1,1%), the great city (0,6%) and so forth.

The fifth part of the interviewed Kazan citizens (20,5%) mentioned innovative aspect, development, a set of opportunities which are given by the city of Kazan in the answers: the developing city (7,6%), the megalopolis (2,6%), the innovative city (1,3%), movement (1%), opportunities (1%).

We will note that 42,3% of respondents as associations called specific places (streets, parks, cultural and sports facilities and other objects). Most often became associations with Kazan: Kazan Kremlin (10,6%), Qol Sharif (6,8%), Bauman St. (3,2%), Suyumbike Tower (2,9%), theater of G. Kamal (2,9%), Kaban Lake (1,3%) and so forth.

**Figure 3**  
**TOP-5 OF THE MOST POPULAR ASSOCIATIONS OF KAZAN CITIZENS WITH THE CITY**



By results of focus groups, young residents of Kazan except the aforesaid associate the hometown mainly with such aspects as:

- 1) political elite (Shaimiev, Minnikhanov were mentioned): "I have first of all associations – Shaimiev", "... representatives of elite: Shaimiev, Minnikhanov";
- 2) state symbolics: "A white leopard";
- 3) resources: "oil".

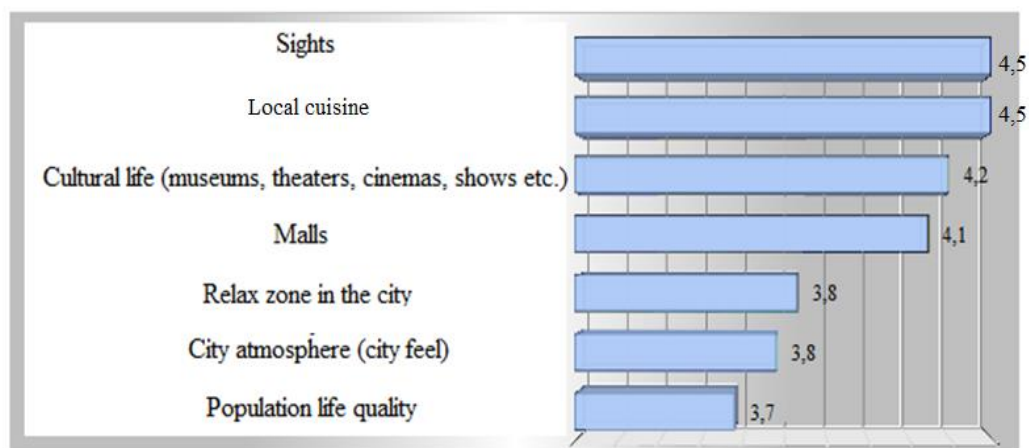
The adult population of Kazan has offered the following associations during poll:

- 1) Universiade: "... [Kazan] is associated with Universiade. As all of us know, the mass of events is connected with Universiade", "... because of Universiade many countries have begun to know about the city";
- 2) sport: "If you say "sport", then it is Kazan, the Republic of Tatarstan";
- 3) culture, science: "... the city is very highly cultured, i.e. [it is] such scientific center";
- 4) entertainments: "... now everything became available to us: various entertainments, anything, any restaurant".

From the general associations and objects with which Kazan citizens are proud/are dissatisfied we have passed to diagnostics of specific places in the city – dear to the residents. Kazan citizens have noted that most of all the Bauman St. (11,7%), the Kazan Kremlin (8,6%), downtown in general (7,9%), Victory park (5,2%), theater of G. Kamal (5%) are pleasant to them.

Sights of Kazan and local cuisine (4,3) are the most valuable characteristics of an urban environment, at the same time the lowest marks were received by a level of the population life quality (3,2) (see Fig. 4).

**Figure 4**  
**AVERAGE ASSESSMENT ON DEGREE OF THE KAZAN CITIZENS SATISFACTION WITH DIFFERENT CHARACTERISTICS OF THE CITY (5 MARK SCALE, WHERE "5" – THE MAXIMUM ASSESSMENT, "1" – THE MINIMUM ASSESSMENT)**



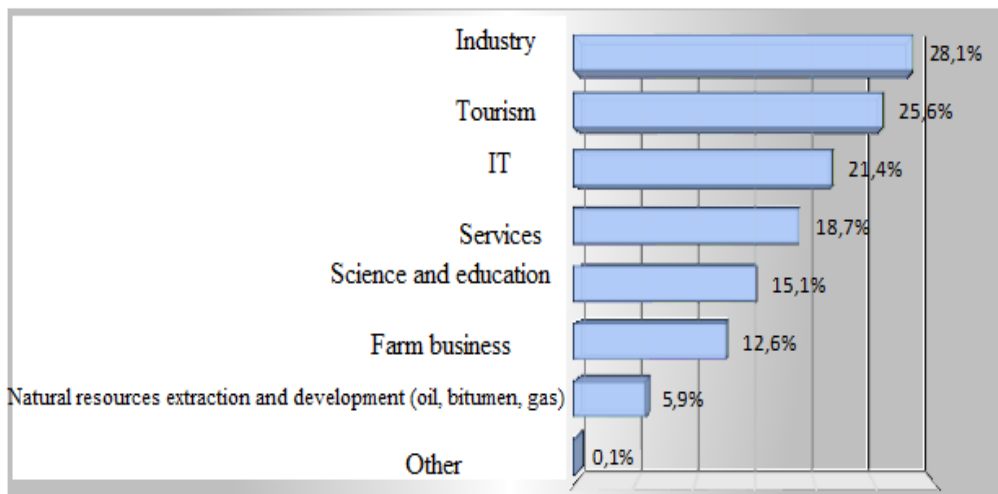
Our poll has shown that in consciousness of Kazan inhabitants any uniform brand wasn't created, it is rather possible to speak about an umbrella brand: it is both the sports capital (25,2%), and the city for youth (24,4%), and the cultural center of Russia (24,9%) (see Fig. 5).

**Figure 5**  
**IN YOUR OPINION WHAT SLOGAN IS THE MOST RELEVANT FOR THE MODERN REPUBLIC OF TATARSTAN?**



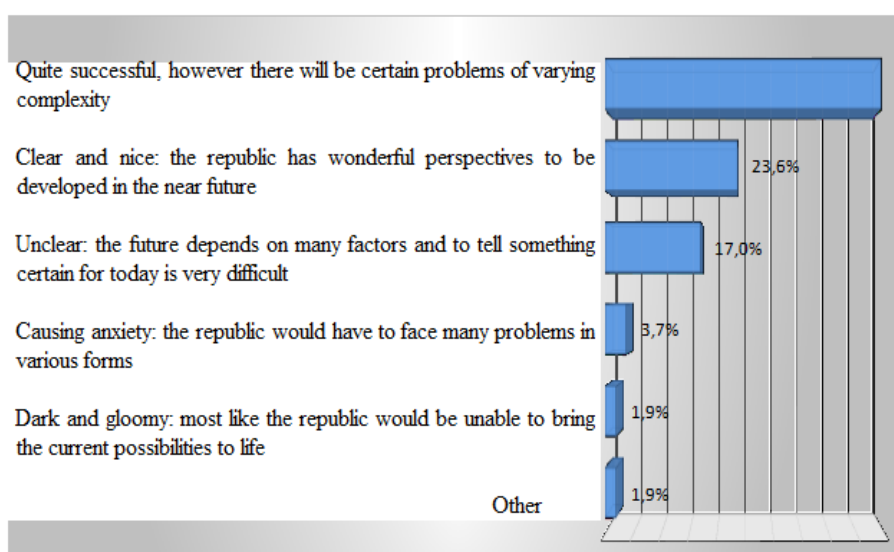
At last, we have asked a series of project nature questions concerning visions by Kazan citizens of the future and prospects of the city development. So, on a question: "With what development of an industry you connect the future of the republic?", most of Kazan citizens have noted the industry (28.1%), the tourist sphere (25.6%), IT technologies (21.4%) (see Fig. 6).

**Figure 6**  
**"WITH WHAT BRANCH DEVELOPMENT YOU CONNECT THE FUTURE OF THE REPUBLIC OF TATARSTAN?"**



Most of Kazan citizens are optimistic concerning the future of the republic, they see it "quite successful, however there will be certain problems of varying complexity" (40.5%). A little more than a quarter of respondents were at a loss with forming scenarios. This group has noted that "it seems to them foggy: the future depends on many factors and to tell something certain for today is very difficult" (see Fig. 7).

**Figure 7**  
**"WHAT DO YOU SEE AS THE FUTURE OF THE REPUBLIC OF TATARSTAN?"**



## CONCLUSIONS

Our research has shown that results of focus group research correlate with data of Kazan citizens mass poll. Participants of focus groups have noted the main categories of the associations allocated by results of mass poll in the statements: development, Tatar national culture, multinationality, personal attachment. Some similarities in associations concerning Kazan received by us from representatives of young and senior generations are observed. They consist in the appeal to a city's multinationality, elements of the Tatar national culture, figures of political elite.

According to the obtained data, in consciousness of Kazan citizens any single brand of the city was not created, it is rather possible to speak about an umbrella brand: it is both the sports capital, and the city for youth and the cultural center of Russia. Most of Kazan citizens connect the future of the city with development of the industry, tourism, IT technologies. In general Kazan citizens are optimistic concerning the future of the republic, they see it "quite successful, however there will be certain problems of varying complexity".

## SUMMARY

The world practice shows that today in forming policy of territories brands advance the vanguard role passes to the cities. World collective image of New York, San Francisco, Seattle, New Orleans is more attractive, than image of the USA in general. Image of Italy becomes nothing without Venice. Jerusalem is much more famous, than Israel and Palestine combined. By analogy, according to a number of scientists, image of many Russian cities in foreign audiences is much better, than image of Russia in general (Vizgalov, 2014).

As our research has shown for the internal image of Kazan, its inhabitants in general show loyalty to the city and give positive forecasts concerning its future development. However, some data cause concern. For example, quality of life in the city has been noted by respondents in the lowest point among all submitted characteristics. In our opinion, creating and maintaining positive internal image of the city is of high importance in a view of three main reasons. First, the inhabitants satisfied with conditions of accommodation and quality of life in the city will possibly show loyalty in its relation more that will prevent outflow of human potential. Secondly, locals are translators of the city image for tourists and guests meaning that communication with inhabitants can support or disprove general impression from the city visit. Thirdly, internal image is an indicator of local authorities work, respectively, is reflected in trust and assessment of the authorities by population.

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# ROLE OF HISTORICAL CITIES IN THE TOURIST BREEDING (CASE STUDY OF REPUBLIC OF TATARSTAN)

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## ABSTRACT

*The concepts of an image, state, region and cities turned out to be an effective instrument in the tourist industry since it handles these concepts. Tourism has an advantageous multiplier effect and serves as an accelerator of the social-economic development. As the social development is taking place within the territory and the change of the functional status of territories and cities' image is an all-around and continuous process, the evaluation of cities' role in the touristic attraction of the region is an urgent task. This article studies main functional components of a city from the viewpoint of a touristic attraction (presence of recreation resources, ease of travel to the touristic object, presence of foodservice outlets and accommodation means) and their significance in the formation of the touristic brand. Basing on the numerical score the authors calculated an integral index which shows the level of touristic-recreation sphere development of the cities in the Republic of Tatarstan. As the result of the conducted investigation the authors pointed out some problem issues which are connected with the insufficient or limited resource base, unsuccessful system of the tourist services of tourists and visitors. The capital's break-off of the other cities of the Republic according to the main indices forms the feeling of capital hegemony. An even development of the touristic infrastructure in all the cities of the Republic is necessary to create a single regional tourist-recreation field.*

**Key words** *Tourism, the Republic of Tatarstan, urbanization, touristic infrastructure*

## INTRODUCTION

Touristic-recreation sphere of the Republic of Tatarstan was formed on the basis of the two main issues: inhomogeneity, spread across the territory of the Republic of Tatarstan - natural-resource recreation and cultural-historical potentials and local inhomogeneity - social-historic-cultural centres of recreation activity (CRA). The latter are the "central places" well-known in the theory of network planning, where the recreation activity is materialized (Shabalina S. A., 2009, pp.263-271; Gabdrakhmanov N. and D. Egorov, 2013, pp. 57; Gabdrakhmanov N.K. and V.A. Rubtsov, 2014, pp.1317-1320). Recreation potential is always complex, versatile and multi-aspect. Natural factors, social-economic and historic-ethnographic factors as well as the factors of set of mind formation in the region, identification of nodal bonds of recreation activity intensity and others take place in the formation of recreation potential. (Gabdrakhmanov N. K. and V. A. Rubtsov, 2012, 145-155; Gabdrakhmanov N.K. and V.A. Rubtsov, 2014, 202-205). In this context one should speak of the geodemographic infrastructure formation in the region (Gabdrakhmanov N. K., 2012, pp.127-128). In this case CRA serve as functional centres that have some mutual relations (Lyosh A., 2007, pp. 663).

Today the city and its processes are quite complicated, contradictory and cannot be studied and explained by only one scientific approach. Being a social structure on the one hand one should use a system approach, and being an objective reality on the other hand one should use an extensional approach. As the result of a joint interpretation one can get an objective image of reality (Linch K., 1982, pp. 328).

In this case a city is an object of a possible touristic-recreation activity. Its study can be presented as a "frame-cloth" model of a city environment by A. E. Gutnov (Gutnov A. E., 1984, pp.256) and a "polar-landscape" model by B. B. Rodoman (Rodoman B. B., 1999, pp.256).

The structure of a recreation space of a city environment is overlapped and formed out of the historic nuclear, one or several radii and several local nuclei which correspond either to the administrative centres of cities or to the touristic objects. Thus, being the main element of the recreation space structure, the historic centre of a city becomes a focus having local centres of recreation infrastructure in a circumferential direction. They can differ in size, set of objects and importance for the city's recreation environment. They stand apart from the others in their significance and can serve as additional sub-centres of the main ones or can be locally significant and stay within these borders (Gabdrakhmanov N.K. and M.V. Rozhko, 2014, pp.792-795).

Now the urbanization percent of the Republic of Tatarstan is 73, consequently, most part of the people is concentrated in cities which become touristic-recreation centres. Most trips are made between cities. This turns the cities into the touristic recreation destinations of different range, fame, significance in the space.

The total of the modern inhabited localities of the Republic of Tatarstan is a frame for the reclamation of the territory, a single regional urbanized region which includes cities, settlements and villages of different size and importance (Gabdrakhmanov N. K. and V. A. Rubtsov, 2011, p.27; Litvinov A. A., V. A. Rubtsov, N. K. Gabdrakhmanov, E. Y. Isaeva, G. R. Akhunzyanova and G. N. Bulatova, 2013, pp.123-130).

## METHODS

In order to evaluate the development possibilities of recreation-touristic management in the cities of the Republic of Tatarstan we used the method of points ranging according to four indicators: 1) presence of a touristic object, 2) ease of travel to the inhabitant locality, 3) presence and class of collective means of accommodation and 4) presence and type of foodservice outlets.

**Table 1**  
**DISTRIBUTION OF RECREATION RESOURCES ACCORDING TO THE TYPES OF TOURISM IN THE CITIES OF THE REPUBLIC OF TATARSTAN**

serial number	according to the touristic objects	vehicle access	means of accommodation	foodservice	total
<b>Cities</b>					
KAZAN	174	15	60	173	422
NABEREZHNYE CHELNY	93	15	6	51	165
NIZHNEKAMSK	79	10	14	29	132
ALMETYEVSJK	61	9	8	16	94
ZELENODOLSK	113.5	10	2	10	135.5
BUGULMA	40	8	4	12	64
YELABUGA	73	11	2	9	95
LENINOGORSK	35.5	4	3	8	50.5
CHISTOPOL	45	7	2	9	63

ZAINSK	35.5	10	6	-	51.5
AZNAKAEVO	29.5	3	1	-	33.5
NURLAT	42.5	6	2	-	50.5
BAVLY	38	3	1	-	42
MENDELEEVSK	34	7	1	4	46
BUINSK	26.5	7	5	4	42.5
AGRYZ	45	5	1	-	51
MENZELINSK	34.5	5	-	3	42.5
MAMADYSH	52.5	6	2	4	64.5
TETYUSHY	47	7	-	2	56
BOLGAR	45	4	1	3	53
LAISHEVO	85.5	5	-	4	94.5

Value and accessibility of a touristic centre-city depends on its vehicle access. The analysis of the existing traffic network which takes into account motorways, railways, ways to the river routes, proximity to the airport, provides the access to the biggest inhabitant areas of the republic. The analysis of the current traffic network was carried out according to the map of the existing roads. It took into account motorways, railways, ways to the river routes, and proximity to the airport, which provide the access to the biggest inhabitant areas of the republic. Table 2 represents its numerical score with the following points:

- for every beam of road - 1 point;
- for every beam of railway - 1 point;
- for every outlet to the waterways - 3 points;
- for the airport (not far than an hour away) - 3 points.

**Table 2**  
**RANGING OF THE VEHICLE ACCESS OF THE INHABITANT AREAS OF THE REPUBLIC OF TATARSTAN**

serial number	Motorways	railways	waterways	airports	point
Kazan	5	4	3	3	15
Naberezhnye Chelny	6	3	3	3	15
Yelabuga	5	-	3	3	11
Zainsk	5	2	-	3	10
Zelenodolsk	3	4	3	-	10
Nizhnekamsk	3	1	3	3	10
Almetyevsk	6	3	-	-	9
Bugulma	6	2	-	-	8
Buinsk	5	2	-	-	7
Mendelevsk	2	2	3	-	7
Tetyushy	4	-	3	-	7
Chistopol	4	-	3	-	7
Mamadysh	3	-	3	-	6
Nurlat	4	2	-	-	6
Agryz	2	3	-	-	5
Arsk	3	2	-	-	5
Laishevo	2	-	3	-	5
Menzelinsk	2	-	3	-	5
Leninogorsk	2	2	-	-	4
Aznakaevo	3	-	-	-	3
Bavly	3	-	-	-	3

As we can see from the table the biggest cities such as Kazan, Nizhnekamsk, Naberezhnye Chelny, Zelenodolsk, Elabuga, and Zainsk have good access routes which is important for the organisation of touristic routes that demand minimum travel time. The second group of accessibility includes cities and settlements which are prospective for the touristic activity development: Almetyevsk, Bugulma, Tetyushy, Chistopol.

An important and necessary indicator of the touristic infrastructure is the existence of food services. Table 3 represents their distribution in the quantitative relations.

**Table 3**  
**DISTRIBUTION OF FOOD SERVICES IN THE CITIES OF THE REPUBLIC**

	restaurants	cafés	total	points
Kazan	118	55	173	5
Naberezhnye Chelny	26	25	51	3
Nizhnekamsk	14	15	29	2
Almetyevsk	10	6	16	2
Bugulma	6	6	12	2
Zelenodolsk	4	6	10	2
Yelabuga	2	7	9	1
Chistopol	2	7	9	1
Leninogorsk	2	6	8	1
Laishevo		4	4	1
Mamadysh		4	4	1
Buinsk	2	2	4	1
Mendeleevsk	2	2	4	1
Bulgary		3	3	1
Menzelinsk		3	3	1
Arsk	2	1	3	1
Tetyushy		2	2	1

Tourism and recreation development depends on the level of organisation of hotel industry. The best variant is the use of landmarks and buildings. This does not violate historic environment and provides the opportunity for implementation of different innovations aimed at comfortable accommodating of tourists. In the small cities a lot of attention should be paid to the creation of small hotels, such as ones in Elabuga and Bilyarsk.

**Table 4**  
**PRESENCE OF MEANS OF ACCOMMODATION IN THE CITIES OF THE REPUBLIC OF TATARSTAN**

	Hotels					no category	motel	hostels	other hotel-type organisations	total	points
	5 stars	4 stars	3 stars	2 stars	1 star						
Kazan	5	4	15	4		26	3	2	1	<b>60</b>	5
Nizhnekamsk			6			4		4		<b>14</b>	2
Almetyevsk						5	3			<b>8</b>	1
Naberezhnye Chelny						4		2		<b>6</b>	1
Zainsk						4		2		<b>6</b>	1

Buinsk					2	3			5	1
Bugulma					4				4	1
Leninogorsk					3				3	1
Chistopol					2				2	1
Nurlat					2				2	1
Mamadysh					2				2	1
Zelenodolsk					1		1		2	1
Yelabuga					2				2	1
Mendeleevsk					1				1	1
Bavly					1				1	1
Arsk					1				1	1
Aznakaevo					1				1	1
Agryz					1				1	1
Tetyushy									0	0
Menzelinsk									0	0
Laishevo									0	0

The use of the numeric score method for the analysis and definition of the level of touristic-recreation sphere development of the cities in the Republic of Tatarstan allowed us to draw the following conclusion.

**Table 5**  
**FINAL INTEGRAL INDICES OF THE CITIES OF THE REPUBLIC OF TATARSTAN**

serial number	according to the touristic objects	vehicle access	means of accommodation	foodservice	total
KAZAN	174	15	60	173	422
NABEREZHNYE CHELNY	93	15	6	51	165
ZELENODOLSK	113.5	10	2	10	135.5
NIZHNEKAMSK	79	10	14	29	132
ARSK	89	5	1	3	98
YELABUGA	73	11	2	9	95
LAISHEVO	85.5	5	-	4	94.5
ALMETYEVSJK	61	9	8	16	94
MAMADYSH	52.5	6	2	4	64.5
BUGULMA	40	8	4	12	64
CHISTOPOL	45	7	2	9	63
TETYUSHY	47	7	-	2	56
ZAINSK	35.5	10	6	-	51.5
AGRYZ	45	5	1	-	51
NURLAT	42.5	6	2	-	50.5
LENINOGORSK	35.5	4	3	8	50.5
MENDELEEVSJK	34	7	1	4	46
MENZELINSK	34.5	5	-	3	42.5
BUINSK	26.5	7	5	4	42.5
BAVLY	38	3	1	-	42
AZNAKAEVO	29.5	3	1	-	33.5

## BODY

As a rule, each city contains a lot of geographic images which are different in their genesis, content and structure. They are formed both by the social and professional groups and by the separate personalities in the process of their purposeful activity. Geographic image of a city is the system of the ordered interconnected concepts of space and space structures of some city, as well as a system of signs and symbols which most vividly represents the city.

Geographic images of cities can be simple and complex, mono-typic and poly-typic. Simple mono-typic images are characteristic for the young cities which have no long history of their development. Within the republic these are the young industrial cities in the South-East, such as Aznakaevo, Bavly, and Zainsk. The formation of a simple image of these cities is being carried out on the background of the dynamic cultural and civilization processes. Bigger formations, such as Nizhnekamsk, Almetievsk, and Leninogorsk have a bit different scheme of the image development. Here the positioning of the city within the bigger image system (in our case industrial) takes place.

There are poly-typical images in small and medium cities such as Bugulma, Elabuga, Chistopol, Mamadysh, Tetyushy, Bolgar, and Laishevo. These cities have quite stable, static images which slightly change in the course of a long time. One of the reasons for such a situation is a cultural stability within the framework of the broader image-geographic systems.

Non-developed information-advertising services are the factors which prevent the tourism development in small historic cities. Often small historic cities have no detailed guides or the existing information is very insufficient. The solving of this problem is the close collaboration with regional organisations. The local historians lay very important role in preservation and opening of new objects. They restore the historical recollection of a place, its image, form the concept of its uniqueness, determine its value and uniqueness from the position of significance for the place and do not compare it with the world values. Often local historians prepare historical objects for touristic use by developing the excursion programmes and routes, making maps etc.

Low level or absence of a specialised management in the cultural authorities of small cities, museums, open-air museums do not contribute to the increase of touristic flow [14]. One can use museum specimen in the city's interior (railway stations, hotels, theatres, restaurants, educational establishments). This will increase informational content of people and develop a careful approach to the city arrangement.

## REPORT

The most important problem of preservation of cultural and natural heritage complex of historical settlements is an uncertainty of the concept of "historical city". Today according to the law of the Russian Federation this status gives no specific rights or obligations for the historical settlements comparing to the other administrative-territorial entities. Actually, there are no specific economic and social conditions for regeneration or business management when declaring the city a historical one. One of the factors for achieving success is the involvement of the whole diversity of the heritage into the sphere of tourism, orientation not only to the foreign tourists but also to the local ones: the preservation of the access to the heritage for the general public, special attention to the children's and youth travel, development of the regional movement. Close connection of the tourism with the cultural-cognitive motives has always been a characteristic feature of Russia. An important issue on the way of cultural tourism development is the intensification of the existing touristic routes and creation of the new ones:

- historical roads on the territory of Tatarstan, which once connected this place with other countries and regions of Russia (cities of Bolgar, Elabuga, Mamadysh);

- history of local literature is also of special attention. Visiting places of events described in the literature is one of the most attractive types of tourism and excursions. Attraction of these places contributes to the building of monuments and creating of museums of literature heroes (cities of Elabuga and Laishevo).

- archaeological objects have great potential for development of the cognitive tourism which is now poorly developed. This can be explained by the passive form of presentation when one suggests only watching. One of the variants for tourists' attraction is the participation in archaeological excavations (cities of Elabuga, Bolgar, Laishevo).

- nostalgic tourism - visiting of forefathers' places (manors of the nobility, cities and villages, cemeteries, burial sites) by the representatives of different diasporas, former citizens of Russia and others (cities of Bolgar, Elabuga, Mamadysh).

- ethnographic tourism - acquaintance with the life of representatives of different ethnographic and religious groups (cities of Elabuga, Laishevo, Bolgar, Mamdysh);

Cultural and historic heritage is a specific and very important economic resource of the region, it can and it must become the basis for the branch of specialization, one of the prospective directions for the implementation of social policy and development of the local economy, an important spiritual factor. The most demonstrative and positive example is the experience of Elabuga region and the city of Elabuga.

Dynamic changing and complicating geographic images can be observed in the cities of Kazan and Naberezhnye Chelny.

*Kazan* is ahead of any other city of the region in indices of touristic industry development. Under the conditions of the modern computerisation of the society and improvement of communication the positioning on the modern stage gives to the city the features of the western culture while preserving its local eastern colouring. Vehicle accessibility, more or less developed hotel industry, attractive cultural and archaeological image of the city, positive mental ethnocultural and religious culture create a favourable image of the touristic centre of the region.

*Naberezhnye Chelny*. Here we can observe the forming touristic agglomeration. The city is surrounded by Elabuga and Nizhnekamsk. In this case the cities complement each other's functions. The function of the touristic attraction is performed by Elabuga and infrastructure touristic functions can be performed by the industrial cities of Nizhnekamsk and Naberezhnye Chelny.

## CONCLUSION

The concepts of an image, state, region and cities turned out to be an effective instrument in the tourist industry since it handles these concepts. Tourism has an advantageous multiplier effect and serves as an accelerator of the social-economic development (Mitin I. I., 2003, pp: 112-117).

The development of the society takes place within the territory. The change of the functional status of the territory and cities' image is an all-around and continuous process. The problem of tourism development in the cities of the Republic of Tatarstan is connected with the insufficient or limited resource base, unsuccessful system of the tourist services of tourists and visitors. In fact, Kazan's break-off of other cities according to the most main indices (quantity and quality of collective accommodation means, trade and traffic service, food services and others) is not a deceptive impression of the capital hegemony. An even development of the touristic infrastructure in all the cities of the Republic despite their quality requirements is necessary to create a single regional tourist-recreation field.

In order to do it it is necessary to develop local programmes of tourism development as an integral part of the complex programmes of social-economic development of not only municipal entities, but also their possible including into republic or federal programmes, which can lead to the formation of the touristic system.

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# THE ROLE OF REGULATORY FOCUS IN ONLINE & MOBILE SHOPPING: FOCUSED ON SHOPPING MOTIVATION AND INFORMATION QUALITY

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## ABSTRACT

*Nowadays, many people use mobile and online shopping channel through different devices such as smart-phones or computers. It is very important to figure out how consumer's behaviors are different from when using online or mobile shopping channels. There are two dimensions of shopping motivation, 1) hedonic motivation, 2) utilitarian motivation. These shopping motivations are related to shopping channel (online or mobile). According to shopping channel, consumers tend to have different shopping motivation. There are many differences between online and mobile shopping channel. Among others, information quality is the most important difference. Because of the unique characteristic in devices, consumers perceive information quality differently.*

*When consumers use online or mobile shopping channel, they usually have regulatory focus, such as 1) promotion or 2) prevention focus. Because of the difference of online and mobile channels, consumers will show different level of regulatory focus according to the shopping channel.*

*In this research, we investigate which shopping motivation affect regulatory focus differently. Also we figure out the effect of shopping motivation on regulatory focus when consumers use different shopping channel. And we try to investigate how information quality affect regulatory focus. Like the preceding, we also examine the effect of shopping channel on the relationship between information quality and regulatory focus.*

*According to this research, hedonic shopping motivation affects promotion focus positively and prevention focus negatively. And when consumers use mobile channel rather than online one, hedonic shopping motivation affect prevention focus more negatively. However, depending on the shopping channel, there are no significant differences in the case of the relationship between hedonic motivation and promotion focus. Also we examine information quality affect regulatory focus. Especially, when consumers use mobile channel rather than online one, information quality affect promotion and prevention focus more positively.*

*In this study, we suggest that the differences in online and mobile shopping channel could affect consumer's shopping behavior discriminately. According to the results of this research, marketing managers in online or mobile distribution should consider characteristics of channel when they build marketing strategies. Also, it is important to manage consumer's shopping motivation and information quality according to shopping channel. Through this study, we suggest shopping motivation and information quality could influence on consumer's regulatory focus and these affect to shopping attitude and intention.*

## INTRODUCTION

Nowadays, many consumers are using internet and mobile shopping channel through various devices such as a smartphone, notebook computer. Especially, mobile commerce has often been considered as the new service frontier. The rapid development of modern wireless communication technology and high penetration rate of the Internet are promoting mobile commerce (Pascoe et al. 2002). Shopping or buying through a mobile shopping channel has

become an important issue that has drawn much attention in industrial and academic area. There will be more than two billion smartphone users, or one-quarter of the global population in 2016 (eMarketer 2014). M-shopping is also expected to grow significantly. While the overall retail revenue annual growth rate is 4% until 2016, mobile commerce is expected to grow at 21-29% (Mulpuru et al. 2013). In short, the growth in M-commerce provides plenty of implication for marketers in online and mobile distribution.

Mobile commerce refers to any transactions with a monetary value, performed through a wireless telecommunication network (Ko, Kim and Lee 2009). As a development of e-commerce, m-commerce is regarded as a separate channel that can distribute ubiquitous value by providing convenience and accessibility at any time and any place (Balasubramanian, Peterson and Jarvenpaa 2002). As with 'Online' commerce, M-commerce has shown increased transactions and profits. However, there are limited understanding of the environment in online and mobile commerce. Also there are few researches about investigating the difference between online and mobile commerce in consumer behaviors. As a result, many researches argues that m-commerce is not just an extension of e-commerce. M-commerce has its own new business models and value chain and technological infrastructure, and unique value for consumers (Min, Ji and Qu 2008). Even though M-commerce is growing, firms do not yet provide separate shopping environment in online and mobile channel. They just offer same products through different services (such as internet site and mobile app) without differentiated strategy.

Because of unique characteristics of m-commerce (ex. Smartphone size, small screen, limited data processing capability, ubiquity, various types of mobile apps), there might be some differences between online and mobile commerce's consumer behavior. To gain an understanding of the mobile consumer, recent research indicated a various themes, including shopping motivation through service offerings to the consumer (Khajehzadeh, Oppewal and Tojib 2014). On the other hand, based on the matter of smartphone size, we try to figure out the effect of information quality of online and mobile channel on consumer behavior.

In this paper, we draw on the theory of regulatory focus to explain the differences between online and mobile shopping (Higgins 1997). Previous studies do not investigate the effect of shopping motivation (internal factor) and information quality (external factor) on regulatory focus through online and mobile shopping simultaneously. Consumers shop with different shopping motivations that could result in different shopping behaviors. So a theoretical and practical study will identify the underlying consumer motivations in using the online and mobile shopping channels.

Therefore, the purpose of this study is to examine how shopping motivation and perceived information quality affects consumer's regulatory focus and shopping intention. This could be a contribution for marketing managers to enhance their knowledge about differences between online and mobile channel and to understand their customers more precisely.

## **THEORETICAL BACKGROUND AND PROPOSITION**

### **Regulatory Focus**

Regulatory focus theory demonstrates two major motivation approaches which are the way of consumers to seek their goals: a promotion focus that refers to achieving hopes, aspirations and desires, and a prevention focus that refers to meet duties, obligations and responsibilities (Higgins 1997; 1998). Regulatory focus can be a chronic personality characteristic or situationally caused (Crowe and Higgins 1997).

When pursuing goals, consumers with a promotion focus are inclined to adopt an eagerness strategy (Khajehzadeh, Oppewal and Tojib 2014). In other words, to get their chances to achieve more gains, consumers try to consider more alternatives and get as many opportunities as possible (Forster and Higgins 2005; Pham and Avnet 2004). Besides, promotion focused consumers are tend to engage in exploratory behavior, attend freely to relationships among items, think more in terms of abstractions and are better able to understand and evaluate ambiguous stimuli and experiences (Semin et al. 2005). However, prevention focused consumers take a vigilance strategy. They might not search alternative options to lower the possibility of making mistakes and losses (Forster and Higgins 2005; Pham and Avnet 2004).

Arnold and Reynolds (2009) suggested that a promotion focus is related to perception of hedonic shopping motivation, while a prevention focus correlates with perceptions of utilitarian shopping motivation. Accordingly, it is possible to expect that consumer's shopping motivation has relationship with regulatory focus in similar way (Khajehzadeh et al. 2014). In other words, a consumer with hedonic shopping motivation tends to show promotion focused behavior, whereas a consumer with utilitarian shopping motivation tends to be prevention focused.

Consumers expect to satisfy their prevention-focused objectives from utilitarian product attributes and promotion-focused objectives usually from hedonic product attributes (Chernev 2004). Prior researches suggested that prevention focused consumers tend to consider their objectives as necessities and thus are less response to unrelated their objectives (Freitas and Higgins 2002; Freitas, Liberman and Higgins 2002). Also prevention-focused consumers are more likely to prefer the status quo than promotion-focused consumers (Chernev 2004).

Khajehzadeh et al. (2014) suggested that utilitarian shopping motivations are more prevention-focused. Conversely, hedonically motivated consumers more tend to be promotion-focused. Therefore a consumer with a prevention focus is more likely to be influenced by utilitarian shopping motivation and a consumer with a promotion focus easily tends to be influenced by hedonic shopping motivation.

### **Shopping Motivation in Online and Mobile Shopping**

There are various types of consumer shopping motivations according to the different retail shopping formats (Westbrook and Black 1985; Parsons 2002). Shopping motivations explain the reason that consumers prefer to buy in a particular shopping channel (Scarpi 2005). In this regard, shopping motivations have been considered importantly to develop appropriate marketing strategies for a retail industry (Westbrook and Black 1985; McGoldrick 2002).

The mobile shopping channel is different from traditional online shopping because it offers services without temporal and spatial constraints and makes it possible for consumers to shop when they are on move (Heinonen and Pura 2006). Because of the unique characteristics of mobile shopping (e.g., ubiquity, personalization, small screen etc.), consumers may reveal different shopping motivations in using the mobile shopping channel from traditional online shopping channels.

There are hedonic and utilitarian shopping motivations which are proposed in previous researches (Babin et al. 1994; Cardoso and Pinto 2010; Yang and Kim 2012). Moreover, researchers suggest that utilitarian and hedonic shopping motivations should be regarded together when they are investigating consumer shopping behaviors (Babin and Darden 1995).

Utilitarian shopping motivation is considered as shopping activity as work (Babin et al. 1994) and it is about convenience and time savings (Jarvenpaa and Todd 1997; Teo 2001). Utilitarian shopping motivation emphasizes that consumer's shopping behavior is influenced by functional features of the products/services and financial needs (Kim 2006). According to prior researches, efficiency and achievement are suggested to dimensions of utilitarian shopping motivation (Babin et al. 1994; Kim 2006). Kim (2006) said that efficiency shopping is a consumer's need to save time and other resources when a consumer do the shopping. Achievement shopping is a goal-related shopping behavior, which focus on achieving a specific product during a shopping trip (Kim 2006). When consumers find the suitable product using proper time and effort, achievement shopping motivation might be satisfied. Online shoppers tend to value for convenience of locating and saving temporal and psychological resources, thus it leads them to spend extra to save time (Grewal et al. 2003). Moreover, because of the unique characteristics of mobile channel, consumers could perceive mobile shopping environment as potentially threatening and problematic in terms of utilitarian motivation (Nepomuceno et al. 2014). With such efficiency and achievement aspects, consumers with utilitarian shopping motivation would be more likely to show prevention-focused behavior in online shopping channel than in mobile channel.

In contrast to utilitarian shopping motivation, hedonic shopping motivation draw attention to the consumer's emotions, psychological sensations and entertainment aspects of shopping (Westbrook and Black 1985; Arnold and Reynolds 2003; Kim 2002). Since the mobile shopping channel is a new shopping channel in comparison to online channel, consumers would be interested in enjoying new mobile shopping services (Yang and Kim 2012). Searching various products in mobile channel might increase consumer shopping pleasure more than in online channel. With regard to hedonic shopping motivation, consumers would get more intensive emotional satisfaction from mobile channel than from online channel.

Based on the above researches, the following hypotheses were suggested:

- H1 Hedonic motivation affects a consumer's promotion focus positively.*  
*H1-1 If a consumer use mobile channel rather than online one, hedonic motivation affects a consumer's promotion focus more positively.*
- H2 Hedonic motivation affects a consumer's prevention focus negatively.*  
*H2-1 If a consumer use mobile channel rather than online one, hedonic motivation affects a consumer's prevention focus more negatively.*
- H3 Utilitarian motivation affects a consumer's promotion focus negatively.*  
*H3-1 If a consumer use mobile channel rather than online one, utilitarian motivation affects a consumer's promotion focus more negatively.*
- H4 Utilitarian motivation affects a consumer's prevention focus positively.*  
*H4-1 If a consumer use online channel rather than mobile one, utilitarian motivation affects a consumer's prevention focus more positively.*

## **Information Quality**

Lee and Benbasat (2004) suggested that the major differences of online and mobile shopping channel are time, place and context according to consumer's shopping environment such as distinct characteristics of mobile shopping channel. In spite of the potential benefits of mobile channel, there may be difficulties that arise from limitations of mobile devices, such as small and low resolution displays, restrictive storage and data transfer difficulties (Kamba et al. 1996). Because of these limitations, consumers could not expect higher quality of information from mobile shopping channel. Instead of high quality of information,

consumers usually consider the usefulness more importantly in mobile shopping channel (Lee and Choi 2011). Because consumers who use mobile shopping channel tend to focus on enjoyment of shopping, they don't want to spend a lot of effort to find sophisticated and elaborative information. On the other hand, consumers who use online shopping channel tend to consider elaborative and proper information as important. Because they usually use online shopping channel when they need to explore more information in detail (Nerger 2008).

However, mobile shopping channel doesn't show proper information display which is distinguished with online shopping channel's display (Lee and Choi 2011). Because of limited display size and resolution of mobile devices relative to PC, mobile shopping channel provides separated information process from first page to payment page (Lee and Choi 2011). These could influence on consumer's regulatory focus in terms of information quality. According to prior researches, online channel could provide more useful information quality than mobile channel.

Based on the difference between mobile and online shopping channel, this study figures out that information quality could influence on regulatory focuses.

*H5 Information quality affects a consumer's promotion focus positively.*

*H5-1 If a consumer use online channel rather than mobile one, information quality affects a consumer's promotion focus more positively.*

*H6 Information quality affects a consumer's prevention focus positively.*

*H6-1 If a consumer use online channel rather than mobile one, information quality affects a consumer's prevention focus more positively.*

## **Shopping Intention and Attitude**

According to above prior researches, it might be reasonable that consumers with utilitarian shopping motivation are more prevention-focused, and consequently have a negative impact on shopping attitude and intention (Khajehzadeh et al. 2014). However, consumers with hedonic shopping motivation tend to be more promotion-focused, and they are more likely to be eager to buy products and to focus on maximal and optimal objectives than on minimal and passive ones (Levine et al. 2000). The regulatory focus could influence on a consumer's attitude toward a product offer (Wan, Hong and Sternthal 2009) and purchase intention (Labroo and Lee 2006; Khajehzadeh et al. 2014).

Therefore, promotion-focused consumers might be shown positive shopping attitude and intension.

*H7 Promotion focus affects a consumer's shopping attitude positively.*

*H8 Prevention focus affects a consumer's shopping attitude negatively.*

*H9 Promotion focus affects a consumer's intention to use channel positively.*

*H10 Prevention focus affects a consumer's intention to use channel negatively.*

## **METHODS**

650 samples were collected from throughout South Korea. After excluding samples containing missing data, there were left with use 635 samples. In the final sample of 635 respondents, 52.4% were female, and 61.0% were between 20 and 39 years old. Among these samples, there were 52% of online shopping channel cases and 48% of mobile shopping channel cases.

The measurement scales for this research have been made from the existing literatures with minor modifications as needed to customize the research's context. We measured shopping motivations using scales that Arnold and Reynolds (2003) and Khajehzadeh et al. (2014) are suggested. And regulatory focuses are measured by scales that Khajehzadeh et al. (2014) used. We measured usefulness of information searching using Lee and Choi (2014) used. And the measurements of purchase intention and attitude are properly selected by Summers et al. (2006) and Nysveen et al. (2005).

This study used structural equation modeling that is a multivariate statistical technique for structural theory. And comparative study is conducted by the shopping channel, such as online and mobile using the same model. Table 1 and 2 shows the confirmatory factor analysis of measurement scales of shopping motivation, usefulness of information searching, regulatory focus and shopping attitude and intention. Factor analysis uses Varimax rotation. According to the results of this factor analysis, it is proper to choose all measurements which factor loading value is greater than 0.5.

<b>Construct</b>	<b>Item</b>	<b>hedonic</b>	<b>utilitarian</b>	<b>usefulness</b>
Hedonic motivation	1. I visit the shopping channel to relieve my sense of boredom	.928		
	2. I visit the shopping channel to feel better	.939		
	3. I visit the shopping channel to amuse myself	.933		
Utilitarian motivation	1. I visit the shopping channel to purchase only the necessary items that I need in the least amount of time		.816	
	2. I visit the shopping channel to get my shopping tasks done in the most efficient way		.884	
	3. I visit the shopping channel to find what I need to buy and not to go to other shops		.805	
Information quality	1. The shopping channel provides useful information for buying items			.859
	2. In the shopping channel, to search information is efficient			.886
	3. To get proper information is easy in this shopping channel			.920

<b>Construct</b>	<b>Item</b>	<b>promotion</b>	<b>prevention</b>	<b>intention</b>	<b>attitude</b>
Promotion focus	1. All the thing I could do to enjoy myself	.964			
	2. Pursuing my ideals and desires	.709			
	3. Pursuing all the things that I want	.775			
Prevention focus	1. All the things I deed to do to act sensibly		.761		
	2. Pursuing my oughts and duties		.818		
	3. Pursuing the things that I need		.873		
	4. Avoiding making mistakes		.769		
Shopping intention	1. I will continue to use this shopping channel			.879	
	2. I will purchase other products/services through this shopping channel			.869	
Shopping Attitude	1. Shopping by this channel is a good idea				.776
	2. I am favorable toward this shopping channel				.809
	3. Shopping by this channel is a wise idea				.881
	4. I am positive about this shopping channel				.775

Table 3 shows the reliability for the scales. Reliability indices are commonly used when they are over 0.6 (Palmatier, Dant, Grewal, & Evans 2006). The internal consistency of the measurement was evaluated by Cronbach's alpha score. Cronbach's alpha was calculated to be greater than .70 in two variances in accordance with the Nunnally(1967) standard.

Scale (number of items)	Cronbach's alpha	Means	SD
Hedonic motivation (3)	.926	3.86	1.44
Utilitarian motivation (3)	.791	5.31	1.05
Information quality (3)	.874	5.11	1.21
Promotion focus (3)	.760	5.39	0.93
Prevention focus (4)	.849	5.70	0.94
Shopping intention (2)	.920	5.40	1.22
Shopping attitude (4)	.924	5.08	1.12

## RESULTS

Many goodness-of-fit-criteria can be used to assess an acceptable model fit. Among them, the comparative fit index (CFI) and the Tucker-Lewis coefficient index (TLI) are preferred measures (Bagozzi and Yi 1988; Bearden et al. 1982). We used Amos 22.0 to analyze the hypothesized model, and we adopted a two-step model-building approach. The confirmatory factor models were tested prior to testing the structural model, and then the maximum likelihood (ML) estimation method was used.

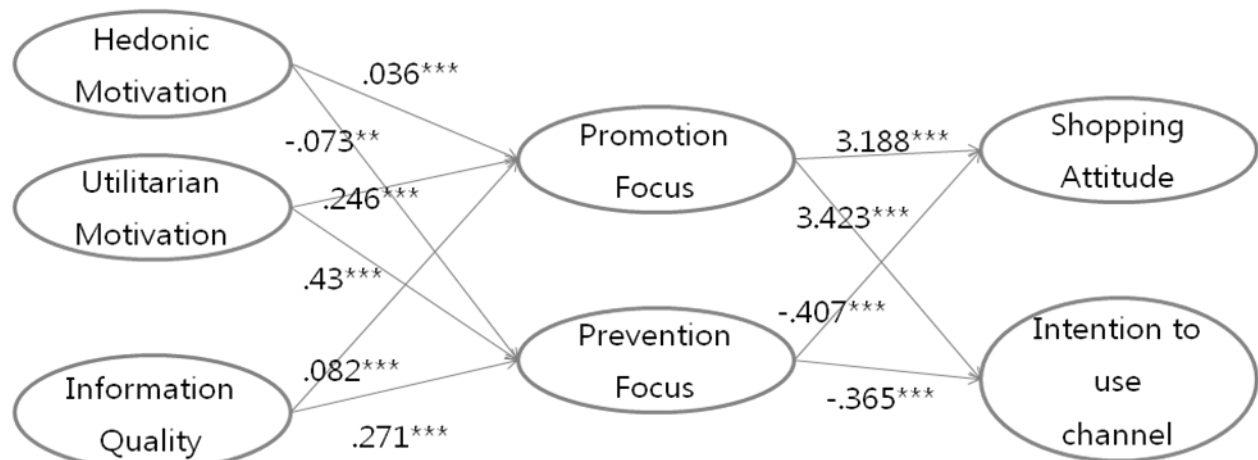
	Chi-square	df	GFI	TLI	AGFI	NFI	CFI	IFI	RMR	RMSEA
Full Model	845.863 (p=.000)	176	.893	.908	.860	.905	.923	.923	.139	.077
online model	589.977 (p=.000)	176	.853	.888	.807	.873	.907	.907	.156	.087
mobile model	489.048 (p=.000)	176	.883	.914	.847	.893	.928	.929	.134	.074

In this study, we examine model validity by using confirmatory factor analysis. Structural model results are shown in Table 4. There are several commonly used goodness of fit indices in structural equation model analysis : GFI, AGFI, RMR, and CFI. We used Amos 18.0 to examine the structural model test, and we adopted CFI, IFI, and TLI as adequate fit indices. CFI may display little standard error with regard to sample size, IFI does not consider the sample size, and TLI is related to degrees of freedom. A model is considered appropriate when its IFI, TLI, and CFI are greater than 0.9 and its RMSEA are between 0.05 and 0.08. All goodness of fit indices of the full model in this study was satisfactory :  $-\chi^2 = 845.863$  (df = 176), CFI = 0.923, IFI = 0.923, TLI = 0.908, RMSEA = 0.077. As a result, these fit indices are appropriate for any sample size.

Figure 1 shows the results of full model. After the hypothesis test, we can find that H1~H10 (except for H3) are supported. But H3 is not supported. In this study, it is expected that utilitarian motivation influence promotion focus negatively. However, it is revealed that utilitarian motivation also affect to promotion focus positively. This is because of characteristics of utilitarian shopping motivation. Utilitarian motivation helps consumers to

buy products efficiently and pragmatically. According to this result, it can affect all regulatory focus positively. Table 5 shows the results of the hypotheses tests in detail.

**Figure 1**  
**STRUCTURAL MODEL TEST RESULT: FULL MODEL**



Note: \*\*\*  $p < 0.001$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

Hypotheses	Path	Regression weight	p-value	Results of test
H1	Hedonic motivation → Promotion focus (+)	.036	.000	Supported
H2	Hedonic motivation → Prevention focus (-)	-.073	.002	Supported
H3	Utilitarian motivation → Promotion focus (-)	.246	.000	Not Supported
H4	Utilitarian motivation → Prevention focus (+)	.43	.000	Supported
H5	Information quality → Promotion focus (+)	.082	.000	Supported
H6	Information quality → Prevention focus (+)	.271	.000	Supported
H7	Promotion focus → Shopping Attitude (+)	3.188	.000	Supported
H8	Prevention focus → Shopping Attitude (-)	-.407	.000	Supported
H9	Promotion focus → Intention to use channel (+)	3.423	.000	Supported
H10	Prevention focus → Intention to use channel (-)	-.365	.000	Supported

Hypotheses	Online channel model		Mobile channel model		Result of test
	Regression weight	P-value	Regression weight	P-value	
H1-1	.043	.004	.36	.027	Supported
H2-1	-.068	.041	-.083	.014	Supported
H3-1	.182	.000	.261	.000	Not supported
H4-1	.588	.000	.386	.000	Supported
H5-1	.148	.000	.019	.350	Supported
H6-1	.196	.000	.320	.000	Supported

According to analysis, all hypotheses except for H3-1 are supported. However, H3-1 is not supported. H3 is regarded about Utilitarian motivation and promotion focus, which is not supported in full model analysis. Through full model analysis, it is revealed utilitarian motivation affect to promotion focus positively. H3-1 is that utilitarian motivation could affect promotion focus more negatively in mobile than online channel. On the other hand, based on this Table 6, utilitarian motivation affects promotion focus more positively in



mobile channel than online one. According to this result, in mobile channel, utilitarian motivation makes consumers to focus on positive side about shopping and gives positive impacts on shopping attitude and intention consequentially.

## **DISCUSSION AND FUTURE RESEARCH**

Mobile shopping channels receive much attention from many marketing researchers. Accordingly, this study examines factors that might affect to shopping attitude and intention in mobile and online channel and investigate the relationship between shopping motivation, information quality and regulatory focus. Shopping motivation is composed of hedonic and utilitarian motivation (Babin et al. 1994; Cardoso and Pinto 2010; Yang and Kim 2012). And regulatory focus is divided into promotion and prevention focus (Higgins 1997; 1998).

Arnold and Reynolds (2009) suggested that a promotion focus is related to perception of hedonic shopping motivation, while a prevention focus correlates with perceptions of utilitarian shopping motivation. Based on prior research, in this study, these relationships are examined concretely. In advance, this study figured out different effect of shopping motivation on regulatory focus regarding to mobile or online channel. Lee and Choi (2011) suggested that mobile shopping channel doesn't show proper information display which is distinguished with online shopping channel's display. There may be difficulties that arise from limitations of mobile devices (Kamba et al. 1996). Because of these, consumers could not expect higher quality of information from mobile shopping channel than online one.

According to this study, it is revealed that almost hypotheses are supported. First of all, hedonic motivation affects to promotion focus positively and to prevention focus negatively. And utilitarian motivation affects to prevention focus positively. Information quality influence on regulatory focus positively as this study expected. However it is different from expectation of this study, as the result indicates that utilitarian motivation affects to promotion focus positively.

Furthermore, through comparative analysis in this study, this study finds that there are differences between online and mobile shopping channel and these could affect to customer behaviors. Hedonic motivation influences more on regulatory focus in mobile channel than online one. However, utilitarian motivation shows differential results. Utilitarian motivation influences more on prevention focus in online channel than mobile one. But utilitarian motivation affects to promotion focus more positively in mobile channel than online one. Because, in mobile channel, consumers tend to be more promotion focused (Arnold and Reynolds 2009).

Secondly, the regulatory focus affects the shopping attitude and intention to use channel differently. Promotion focused consumers tend to show positive shopping attitude and intention. However, prevention focused consumers show negative shopping attitude and intention relatively. These results suggest that marketers should make consumers promotion focused to obtain good results.

This study suggests that shopping motivations are effective to promote regulatory focuses differently in online and mobile channel. According to the goal of online and mobile distribution channels, marketing managers should implement discriminative strategies of arousing shopping motivations and managing information quality. Also, it is important to intensify promotion focus to improve shopping attitude and intention.

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