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CONTENTS

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QUALIMETRY OF FINANCIAL RISKS IN THE SYSTEM OF ECONOMIC SECURITY OF AN ENTERPRISE

Viktoriia Hmyria
Cherkasy State Business College
Cherkasy, Ukraine
ORCID ID: 0000-0003-3070-0158

Volodymyr Kucherenko
National University of Food Technology
Kyiv, Ukraine
ORCID ID: 0000-0002-0809-430X

**Corresponding author email: viktoryagmirya@ukr.net*

Abstract. The relevance of the development of enterprises of Ukraine is characterized by the presence of a significant number of factors that negatively affect the enterprises themselves and their functioning as part of the state. These factors include: the national economy, the instability of tax and regulatory legislation, inflation, unavailability of credit, increased competition, the decrease in the level of investment activity of enterprises and regions, the slowdown of the national payment turnover, the growing number of unprofitable enterprises. The effect of these factors appears in the movement of material and financial flows and leads to significant losses, which in turn adversely affects the economic security of enterprises. The **aim** of the research is financial risk qualimetry in the system of economic security of enterprise and the development of proposals to improve economic security by minimizing the financial risks. **Methodology.** In the scientific study following methods were used – analysis (assessing indicators of financial stability and liquidity of the enterprise), synthesis (in determining the impact of components of financial risk in the overall structure of financial risk), Boolean method (in the justification of the main problems associated with the occurrence of financial risk, and its impact on economic security), generalization (in revealing the essence of economic categories “financial risk”, “economic security”). **Results.** An important step of this work is to determine advantages, disadvantages, conditions for minimizing financial risks in the system of economic security of the enterprise. **Conclusions.** In the course of the study, the financial risk assessment of Ilyich Iron and Steel Works and its impact on the economic security of the enterprise were researched. The economic boom of the metallurgical plant, industrial regions and the development of industries that coexist together or depend on the metallurgical business depend on the way the enterprise works today. **The scientific importance** of the article is the possibility to develop enterprise policy to minimize financial risks and ensure economic security. **The value of the research** lies in the fact that it is necessary to pay attention to the system of risk management in the enterprise and to provide human resources, which will conduct assessment of financial risks, as well as develop effective measures to minimize financial risks and ensure economic security in the economic environment.

Keywords: economic security, financial risks, investment, potential, method, metallurgical business.

JEL Classification: G32; D21.

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INTRODUCTION

The protection of the enterprise from various existing or possible threats forms the system of economic security, which represents the organizational and technical complex of managerial, technical, sensitive, preventive and promotional activities, aimed at high-quality implementation and protection of the interests of the enterprise from internal and external threats.

However, not all economic security risks, which are a condition of any entity, characterized by the presence of a stable income and other resources, with the aim to maintain the standard of living in the moment and in the foreseeable future, can be predicted in advance, and therefore their appearance can be a surprise (M. S. Klapkiv, 2002).

Financial risks management holds a special place in the system of economic security of the enterprise, since they are closely related to the financial relations of enterprises, more than others are exposed to the external environment, which is quite unpredictable. Considering that the financial risks of enterprises are most threatening today, necessitates of their further scientific study must be emphasized.

LITERATURE REVIEW

The study of the nature and interconnection of the concepts of “financial risk”, “danger”, “threat”, as well as their impact on business activity is the object of the research of both foreign and domestic scientists. In particular, O. Baranovsky, T. Vasyltsev, V. Kuznetsov, D. Zerkalov, M. Zubok, E. Oleynikov, M. Kurkin were engaged in studying these issues.

However, despite the many studies that have been conducted, there is no consensus on the nature and interrelation of relevant economic categories.

PAPER OBJECTIVE

The purpose of the article is to clarify the essence concepts of financial risk, threats, dangers and the identification of their relationship with the enterprise's economic security system.

RESULTS AND DISCUSSION

The risk is the action aimed at attractive goal and is associated with the element of danger, the threat of losing or failure.

Entrepreneurial risks represent the likelihood that the entrepreneur will incur losses in the form of additional costs in excess of those foreseen by the forecast, or will receive income below those on which he relied on implementing alternative solutions.

The most common types of entrepreneurial risk include:

- financial risk arising from various kinds of financial transactions;
- production risk associated with the implementation of production activities;
- commercial risk arising from the sale of goods and services;
- market risk associated with fluctuations in market interest rates of the national monetary unit.

The most common risk of economic security of the enterprise, as well as the main reason for the deviation of the actual development of the enterprise from the strategic plan is financial risk. Financial risk is unpredictable threat to the economic security of the enterprise and its sustainability functioning. Its essence and significance is determined by the structure long-term sources of financing, the higher the leverage ratio capital, the higher is the risk level (M. S. Klapkiv, 2002).

The most important essential characteristics of financial risk include:

- direct connection with the formation of enterprise profits and the occurrence of estimated economic losses;

- the presence and inevitability of the need for choice in making each financial decision;
- the uncertainty of the consequences of occurrence risk, before a situation reflects the achievement or none-achievement of a specific goal.

The main types of financial risk are presented in fig. 1:

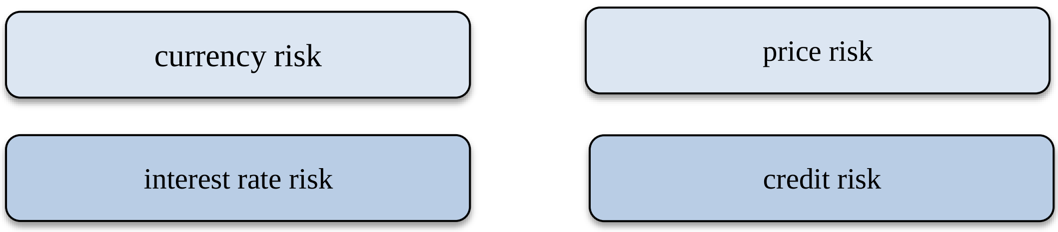

Figure1. The main types of financial risk

Source: Own compilation

Thus, the special influence of financial risks in the organization affects the formation of profitability and the threat of crash. Therefore, one of the main challenges faced by the system of ensuring the economic security of the enterprise is such risks management.

The process of financial risk management usually consists of four stages. The first stage is identification of risks enterprises, the second is analyzing and quantitative risk assessment, the third is the selection of particular risk management techniques and the fourth – their implementation in practice, and further assessment of the results achieved (fig.2):

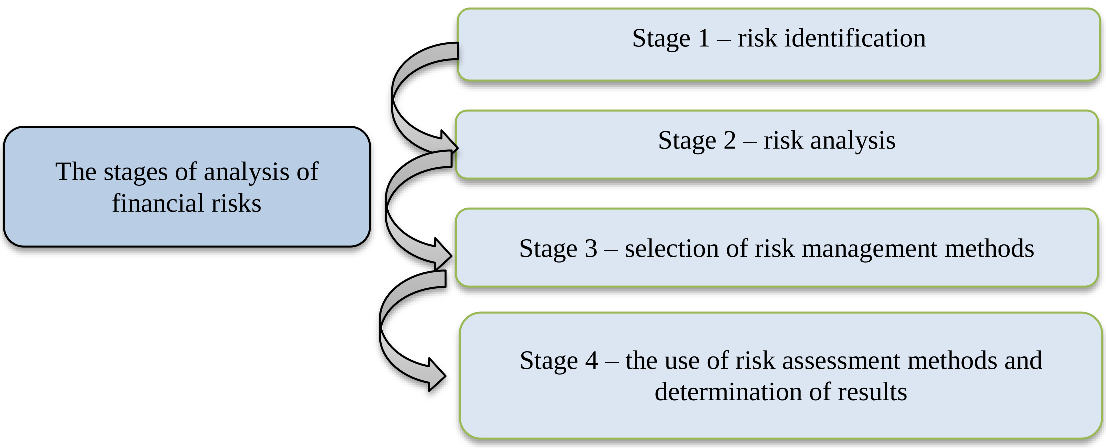

Figure 2. The stages of the process of financial risk management

Source: Own compilation

The key stage is the second one – risk analysis. It is at this point when the probability of possible damages is determined and the magnitude of the risk reveals.

The analysis is qualitative, quantitative or complex. The qualitative analysis reveals possible risk, examines the factors affecting the degree of risk. The factors are divided into external (political situation in the country, tax system, competition, ecological disaster, etc.) and internal (strategy, organization, qualifications of management, internal procedures and policies of the enterprise, etc.).

In the quantitative analysis the concrete amount of money damage of separate subspecies and financial risk in general are revealed.

Qualitative analysis can be performed by various methods, including the method of using the analogues and the method of expert evaluations (V. V. Kostets'kyj, 2012).

The method of using the analogues is the application of experience financial manager in dealing with similar issues. It is used in the case where the use of other methods for any reason is impossible. It uses a database of similar objects to identify common dependencies and transfer them on the object under study.

The method of expert estimates is the use of complex logical and mathematical-statistical methods and procedures for processing survey results of the expert group, the results of the survey are the only source of information. In this case there is the possibility of using intuition, life and professional experience of survey participants. Method is used when a deficiency or complete lack of information does not allow the use of other features.

A quantitative analysis of financial risks is carried out using mathematical and statistical methods:

- statistical;
- minimize losses;
- mathematical;
- modeling of the “decision tree”;
- assessing the likelihood of expected damage;
- analysis of the financial condition of the enterprise.

The statistical method is to determine the probability of occurrence of losses and profits in the enterprise on the basis of statistical data of the previous periods and the establishment of region (zone) of risk, risk ratio, frequency of obtaining a certain result, etc.

Minimizing losses is based on the calculation of possible losses in the choice of a particular solution. There are two types of losses:

- losses caused by inaccuracy of the studied model (object), or the so-called risk of studying. Financial manager for a reason lack of deep knowledge about the object does not have the ability to manage it effectively;
- losses caused by inaccuracy and inefficiency of management, or the risk of action.

This risk is associated with the possibility of making incorrect decisions and the occurrence of losses during the execution of these decisions (O. Yaryshko, 2011).

The mathematical method consists of using the mathematical expectation criterion, the Laplace criterion and the Hurwitz criterion for risk assessment. The main one is the expectation criterion.

The simulation method of “decision tree” is based on the graphic construction of solutions. It is used in phased solutions or in the case of occurring of changes in probabilities when moving from one solution to another.

Decision tree is a way to represent classification rules in a hierarchical and sequential structure.

A method of estimating the probability of expected loss is based on the fact that the risk is defined as the product of the expected loss on the probability that this damage will occur. The best is the solution with a minimum size of the calculated indicator.

Risk assessment based on the analysis of the financial condition is one of the most common and reliable methods for the company and for its partners. Financial condition of the enterprise is characterized by a set of interrelated criteria. The most objective result can be obtained on the basis of use of both absolute and relative evaluation criteria in the analysis.

The analysis of the value of the absolute figures may not show the actual financial condition of the company. For its objective assessment, absolute indicators should be measured in dynamics over several years, which is not always possible in modern conditions – such as in the case of absence of equivalent data for comparison, reduced to a single denominator for past periods.

To assess the level of financial risk the system of relative indicators or financial ratios calculation based on data from the financial statements of the company is of special interest.

The value of the specific factor itself on its own gives little information for analysis. It is necessary to conduct spatial-temporal comparison of these coefficients with the regulations of their importance, as well as similar indicators for the related companies, examine their dynamics over a period.

The most important for the analysis of the financial condition of the enterprise and the prevention of bankruptcy risk are the following financial indicators:

- solvency and liquidity of the enterprise;
- financial stability;
- profitability;
- business activity.

The third stage of the process of financial risk management is the selection of specific methods of management. The main challenge when choosing a method of risk management at this stage is the decrease in the degree of risk to the lowest possible level. In the system of methods of management of financial risks of enterprise, the main role belongs to internal mechanisms of their neutralization. Internal mechanisms to neutralize financial risks represent a system of methods to minimize their negative consequences, selected and implemented within the enterprise (S. M. Neskorodiev, and O. O. Hrachova, 2014).

The system of internal control mechanisms and/or neutralization of financial risks involves the use of a number of methods.

Risk avoidance method. This method represents the complete neutralization of risks by a complete refusal by any event that is associated with the risk, and is thus the most radical among all the methods of financial risk management in the enterprise. Highly efficient, this method is limited due to the fact that many financial transactions are associated with the implementation of the main production and business enterprises to ensure regular receipt of incomes and formation of its profit.

The method of limiting concentration risk. The limitation is no limit, i.e. the limit of the amounts of costs, sales, credits, etc. Limiting is an important method of reducing the degree of risk and is used in enterprises when selling goods on credit, providing loans, determining the amount of capital investment, etc. In this strategy risk is defined by the strategy of the organization. The more aggressive the strategy, the higher may be scheduled the loss limit. It is believed that the limit of losses in an aggressive policy is the capital of the organization, and in a conservative policy – its profit.

Hedging method. Hedging is the conclusion of transactions in the derivatives financial markets in order to insure price risks, presented in the form of options purchase, conclusion of futures contracts and other transactions.

Hedging of financial risks through the corresponding operations with derivative securities is a very effective tool to minimize possible financial losses in case of risk case.

A method of diversification. The mechanism of risk diversification is primarily used to neutralize the negative financial consequences of nonsystematic (specific) risk. At the same time, it allows to minimize a certain extent certain types of systematic (specific) risks – currency, interest and some others. The principle of operation of this method is based on a different combination of risks by diversifying the financial object of the risks (O. Y. Polyakova and L. A. Goltyaeva, 2013).

Describing the diversification mechanism as a whole, it should be noted that this method has both positive and negative sides – on the one hand, an undoubted effect is provided in neutralizing the complex, portfolio financial risks of an unsystematic (specific) group, and on the other hand, it does not have an effect in neutralizing the overwhelming part of systematic risks (inflation, tax, etc.).

Method of transfer (distribution) of risks. This method of financial risk management is based on transferring part of the risk volume to partners for individual financial transactions. At the same time, risks are distributed in such a way that each partner is transferred that part of the financial risks of the enterprise, according to which they have great opportunities to neutralize their negative consequences and have more effective ways of internal insurance protection.

The advantage of this method is the possibility of completely transferring most of the risks to partners, but the reverse side when this is due to the fact that many suppliers either refuse to accept these risks or impose large costs on the company in the form of re-billing from insurance organizations of suppliers.

Self-insurance method (internal insurance). The essence of this method is to divert internal funds to the enterprise in the form of reservation of a part of financial resources that can be used when risk events occur at the enterprise and are aimed at neutralizing negative consequences.

The most difficult and dangerous as to the financial consequences are the risks that cannot be neutralized due to internal mechanisms that are subject to insurance.

The method of insurance of financial risks represents the protection of the property interests of the enterprise upon the occurrence of an insured event by special insurance companies (insurers) at the expense of monetary funds formed by them by receiving insurance premiums from insurers.

This method of financial risk management is one of the most reliable in the world and can be used for any type of financial risk. But the disadvantage is that this method is the most expensive among all the methods of financial risk management.

Financial risk management allows to ensure the economic security of the enterprise.

The original concept of financial risk management is the concept of economic security. Under the economic security the qualitative characteristics of economic system that determines its ability to support normal conditions health system, development within the goals set for the system, and in the event of various threats (external and internal), a system that is able to withstand them and restore their performance is understood (O. I. Baranovs'kyj, 2004).

Enterprise economic security is the state of efficient use of resources and existing market opportunities that allows the company to avoid internal and external threats, ensures its long-term survival and sustainable development in accordance with the selected mission (O. I. Baranovs'kyj, 2004).

The main goals of economic security include:

- providing high financial efficiency, financial stability and independence of the company;
- studying partners, clients, competitors, candidates for employment;
- the prevention of penetration of competitors’ economic intelligence structures and individuals with unlawful intents;
- detection, prevention and suppression of illegal and other negative activities of employees to the detriment of safety;
- effective organization of personnel security of the enterprise, its capital and property, as well as commercial interests:
- preservation of information constituting commercial secrets of the company;
- the search for the necessary information to make optimal management decisions:
- the formation of a positive opinion of the company among the population and business partners, contributing to the implementation of the core strategy and objectives of the enterprise;
- indemnification of material and moral damages caused by misconduct of organizations and individuals.

To insure economic security, constant analyze of the internal and external environment to identify risks and threats that affect the economic security is needed.

Risks to economic security are classified according to various criteria: according to the source (external and internal threats); the possibility of neutralizing (those which are partially neutralized and those that are not amenable to neutralization); the effect on the components of economic security of enterprise (those that affect all of its components, several components and one component); the time of occurrence (actual and potential); the sphere of origin (legal; economic;

political; environmental; social; scientific and technological; demographic); the nature of events (natural and accidental) (O. V. Orlyk, 2015).

Issues of assessing financial risks of business entities and finding ways to manage them in order to minimize or neutralize and ensure economic security are presented on the example of Ilyich Iron and Steel Works.

The risk of decrease of financial stability (risk of losing financial stability), which occurs for unsatisfactory capital structure of the company, entails significant future cash flows of the company during periods of repayment and payment of interest.

As an example of such an unsatisfactory capital structure, a structure of Ilyich Iron and Steel Works can be given (table 1):

Table 1

Dynamics of indicators of financial stability of Ilyich Iron and Steel Works

Indicator	Standard	2010	2015	2018	deviation from the norm		
					2010	2015	2018
Autonomy indicator	>0,5	0,63	0,53	0,35	+0,13	+0,03	-0,15
Financial stability ratio	>1	1,73	1,13	0,54	+0,73	+0,13	-0,46
Permanent capital ratio	>0,5	0,64	0,65	0,43	+0,14	+0,15	-0,04
Ratio of capital structure	<1	1,84	0,88	0,46	+0,84	-0,12	-0,56

Source: Calculated by authors based on enterprise data (Ilyich Iron and Steel Works. Metinvest Official Website, 2020)

After calculations, we can draw the following conclusions: 1) at the end of 2018, the coefficient of autonomy of Ilyich Iron and Steel Works has a low value, below the standard; values of the indicators of financial dependence and autonomy indicate that the company has a high level of dependence on borrowed sources of financing; 2) the financial stability indicator is within the regulatory limits at the end of 2010 and 2015, therefore, they are satisfactory and at the end of 2018 the indicator was low; 3) the rate of permanent capital at the end of 2010, 2015 is within the standard value, and the value of the indicator decreased by the end of 2018, which indicates a high proportion of current liabilities, namely satisfactory structure of borrowed capital of Ilyich Iron and Steel Works; 4) the ratio of capital structure in 2010 was within the normative value, and at the end of 2015, 2018 decreased, indicating a low level of equity capital at the end of the respective years. Values of indicators of financial stability show a low financial sustainability of the enterprise during the analyzed period.

It is advisable to consider multi-level scheme of a covering of stocks and costs in order to determine the absolute indicators of financial stability. The availability of sources for their formation will be determined by the extent of coverage and cost.

The presence of working capital (WC) is determined by the formula:

$$WC = E + NA \quad (1)$$

where:
E – equity;
NA – non-current assets.

Indicator of own and long-term borrowings (OLTB) is determined by the formula:

$$OLTB = WC + LTL – NA \tag{2}$$

where:
LTL – long-term liabilities.

The total size of main sources of formation of inventories and costs is determined by the formula (MS):

$$MS = WC + LTL + BSTL - NA \tag{3}$$

where:
BSTL – borrowings and short-term loans.

Each of the above variables of sources of formation of inventories and costs must be reduced for the amount of immobilization of current assets within other current assets and debtors.

Three indicators of the availability of sources of formation of inventories and costs correspond to the three indicators of coverage of their formation.

Shortage (-) or surplus (+) of working capital:

$$\pm\Delta\ WC = WC – IE \tag{4}$$

where:
IE – inventtories and expenses.

Lack (-) or surplus (+) of long-term sources of formation of inventories and own working capital (LTSRWC):

$$\pm\Delta\ LTSRWC = LTSRWC – IE \tag{5}$$

Shortage (-) or surplus (+) of total amount of the main sources of formation of inventories and costs (MSFIC):

$$\pm\Delta\ MSFIC = MSFIC – IE \tag{6}$$

Using indicators of security of stocks and expenses by sources of their formation determine the financial situation on the degree of stability (table 2):

Table 2

Assessment of financial stability of Ilyich Iron and Steel Works

Indicator	2010	2015	2018	deviation	
				2018/2010	2015/2010
1	2	3	4	5	6
Equity	16955797	23207851	26976303	10020506	6252054
Non-current assets	14041177	28459285	32369428	18328251	14418108
Working capital (line 1 – line 2)	2914620	-5251434	-5393125	-8307745	-8166054
Long-term liabilities	1528588	5570401	6715005	4041813	5186417
Availability of own and long-term sources of coverage of reserves (line 3 + line 4)	4443208	318967	1321880	-3121328	-4124241

Table 2 continuation on the next page

Table 2 continuation

1	2	3	4	5	6
Short-term loans and borrowings	2579848	13864626	42454916	11284778	39875068
The total size of basic sources to cover the reserves (line 5 + line 6)	7023056	14183593	43776796	36753740	7160537
Fund	1952281	3069796	9568444	1117515	7616163
The surplus (+) or shortage (-) of own current assets (line 3- line 8)	962339	-8321230	-14961569	-15923908	-9283569
The surplus (+) or shortage (-) of own funds and long-term loans and loans (line 5 - line 8)	2490927	-2750829	-8246564	-10737491	-5241756
The surplus (+) or shortage (-) key sources of covering the stocks (line 7-line 8)	5070775	11113797	34208352	29137577	6043022
Stability of financial condition, days (рядок11·360/all sources)	86,66219528	91,53101681	160,7112959	74,04910065	4,868821535
The surplus (+) or shortage (-) key sources of coverage for 1 UAH. reserves (line 11/line 8)	2,597359192	3,620369888	3,575121723	0,977762531	1,023010696
The indicators of financial sustainability					
The type of financial stability	Normal financial stability	The unstable financial state	The unstable financial state	-	-

Source: Calculated by authors based on enterprise data (Ilyich Iron and Steel Works. Metinvest Official Website, 2020)

Based on the performed calculations above, it was found that acute lack of working capital throughout the study period, determined that of Ilyich Iron and Steel Works, as well as lack of long-term funding sources as of 2015, 2018.

Over the period of analysis of financial stability of Ilyich Iron and Steel Works it deteriorated from normal to the end of 2015 to unstable financial condition at the end of 2015, and 2018.

The risk of insolvency (risk of unbalanced liquidity) occurs together with a decrease in the liquidity of current assets, which also causes the imbalance of incoming and outgoing cash flows (table 3):

Table 3

Dynamics of liquidity indicators of Ilyich Iron and Steel Works

Indicator	Standard	2010	2015	2018	deviation from the norm		
					2010	2015	2018
Absolute liquidity ratio	0,2	0,06	0,03	0,03	-0,17	-0,07	-0,14
Intermediate liquidity ratio	>1	0,91	0,81	0,8	-0,09	-0,19	-0,2
The total coverage ratio	2	1,26	1,02	1,03	+0,14	+0,15	-0,04

Source: Calculated by authors based on enterprise data (Ilyich Iron and Steel Works. Metinvest Official Website, 2020)

Table 3 lists the liquidity indicators, which indicate that the company has no absolute, intermediate and current liquidity. Therefore, this type of risk that is presented in the enterprise is critical.

For formation of effective system of financial risk management, the company must first identify and assess quality. The portfolio of financial risks of Ilyich Iron and Steel Works that can occur for the main types of its activities are shown in table 4:

Table 4

Distribution of portfolio financial risks of Ilyich Iron and Steel Works by types of economic activity

Types of financial risks	Activities and financial transactions							there is a risk for Ilyich Iron and Steel Works
	production activities	commercial activities	financial activity					
			investment activity	credit activity	currency transactions	tax transactions	settlement operations	
External risks								
Inflation	+	+	+	+	+	+	+	significant
Deposit	+	+				+		not significant
Tax	+					+		significant
Interest			+	+				significant
Currency	+	+	+	+	+	+	+	significant
Internal risks								
The risk of decrease of financial stability	+	+	+	+	+	+	+	significant
Investment	+	+	+		+	+	+	significant
Credit				+				not significant
The risk of loss of profits	+	+	+	+	+	+	+	significant

Source: Own compilation

Thus, the most profound types of risk for Ilyich Iron and Steel Works are defined – they are the risk of replace point and the risk of decrease of financial stability. The results of the analysis of financial risks shown in tables 1-4 revealed that the company has enough low values of the coefficient of autonomy and other indicators of financial stability, as well as a significant reduction in the liquidity of the company (N. A. Pimenov, 2014).

So, to the zone of catastrophic risk at Ilyich Iron and Steel Works got two kinds of risk: financial stability and liquidity. It must be stated that the company should focus on them when developing the relevant activities in the context of a strategy to further avoid these types of risk.

To improve the system, manage stated risks, a number of activities should be undertaken, including optimization of capital structure, optimization of structure of assets and liabilities, optimization of structure of receivables, implementation of the system of forecasting of market environment.

Equally important is the formation of the structure of assets and liabilities, which will improve the liquidity of the enterprise, and, accordingly, minimize the risk of insolvency.

In the structure of liabilities it is necessary to reduce the share of the most urgent and current liabilities. To cover a large amount of non-current assets, which are necessary for the efficient functioning and further development, Ilyich Iron and Steel Works should greatly increase the proportion of fixed liabilities. The proposed structure will ensure the stability of the company in the long term.

Measures should be taken to minimize or neutralize financial risks in the future. These include avoidance, diversification, limitation, domestic and foreign insurance. Each risk requires individual solution depending on the objective and subjective circumstances.

CONCLUSION

Summarizing, we can conclude that the diversity of financial operations and financial risks, to which they are exposed, determine the need for their effective management advice. We can confidently say that there are no common methods of financial risk management for enterprises of different economic activities in the world. There is a set that has been used by various companies and is based on historical experience and mistakes of risk managers in modern conditions, taking into account their personal professionalism in making decisions to form the most effective mechanism of risk management consultation, which in turn guarantees the enterprise the implementation of its strategy and expected profit. Great importance must be attended to the enterprise’s type of economic activity, the size of its business qualifications and financial apparatus.

The analysis of risk factors of Ilyich Iron and Steel Works assess the efficiency of financial risk management of the enterprise. The major measure to improve the situation is to enhance the values of sustainability indicators and liquidity by optimizing the structure of assets (in particular, property and receivables) and liabilities (to reduce the volume of loans), etc. Thus, the process of minimizing risk reduces the likelihood of negative financial consequences for the company and ensures the stability of its functioning. The novelty of this work is to study the structure of assets and liabilities of Ilyich Iron and Steel Works and the provision of reasoned recommendations for their optimization for further risk avoidance. The proposed measures can be considered by the administration of the enterprise, that is in a crisis state and the results of the study can be the basis for further scientific research.

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КВАЛІМЕТРІЯ ФІНАНСОВИХ РИЗИКІВ В СИСТЕМІ ЕКОНОМІЧНОЇ БЕЗПЕКИ ПІДПРИЄМСТВА

Гмиря Вікторія Петрівна
Черкаський державний бізнес коледж
м. Черкаси, Україна

Кучеренко Володимир Михайлович
Національний університет харчових технологій
м. Київ, Україна

Актуальність розвитку підприємств України характеризується наявністю значної кількості чинників, які негативно впливають на функціонування їх функціонування як з боку держави, так самих підприємств. До таких чинників відносяться: національна економіка, нестабільність податкового і регуляторного законодавства, інфляційні процеси, недоступність кредитних ресурсів, посилення конкуренції, зниження рівня інвестиційної активності як підприємств, так і регіонів, уповільнення національного платіжного обороту, зростання числа збиткових підприємств. Дія цих чинників виникає в русі матеріальних і фінансових потоків та призводить до значних збитків і втрат, що в свою чергу негативно впливає на економічну безпеку підприємств. З огляду на це актуальним напрямком сталого функціонування вітчизняних підприємств є формування системи управління економічною безпекою підприємства.

Метою наукового дослідження є кваліметрія фінансових ризиків в системі економічної безпеки підприємства та розробка пропозицій щодо підвищення економічної безпеки шляхом мінімізації фінансових ризиків.

Матеріали та методи. В науковому дослідженні використані наступні методи – аналіз (при оцінці показників фінансової стійкості і ліквідності підприємства), синтез (при визначенні впливу складових фінансового ризику в загальній структурі фінансового ризику), логічний метод (при обґрунтуванні основних проблем, які пов'язані з виникненням фінансового ризику, та його впливом на економічну безпеку), узагальнення (при з'ясуванні сутності економічних категорій «фінансовий ризик», «економічна безпека»).

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Результати. Важливим етапом роботи було визначення переваг, недоліків, умов для мінімізації фінансового ризику в системі економічної безпеки підприємства.

Висновки. В ході дослідження проведено оцінку фінансового ризику ММК ім.Ілліча та його вплив на економічну безпеку підприємства. Від того, яким шляхом сьогодні буде працювати підприємство, залежить економічний підйом металургійного комбінату, промислових регіонів, та розвиток галузей, які співіснують разом або залежать від металургійного бізнесу.

Наукова значущість роботи полягає в тому, що на основі проведених досліджень можливо вдосконалювати політику підприємства стосовно мінімізації фінансових ризиків та забезпечення економічної безпеки.

Цінність проведеного дослідження полягає в тому, що все більше необхідно приділяти уваги системі ризик-менеджменту на підприємстві, забезпечувати кадровий потенціал, який буде проводити своєчасну оцінку фінансових ризиків, а також розробляти ефективні заходи щодо мінімізації фінансових ризиків та забезпечення економічної безпеки в умовах господарювання.

Ключові слова: економічна безпека, фінансові ризики, інвестування, потенціал, метод, металургійний бізнес.

КВАЛИМЕТРИЯ ФИНАНСОВЫХ РИСКОВ В СИСТЕМЕ ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ ПРЕДПРИЯТИЯ

Гмыря Виктория Петровна
Черкасский государственный бизнес колледж
г. Черкассы, Украина

Кучеренко Владимир Михайлович,
Национальный университет пищевых технологий, г. Киев, Украина

Актуальность развития предприятий Украины характеризуется наличием значительного количества факторов, которые негативно влияют на функционирование их функционирования как со стороны государства, так и самих предприятий. К таким факторам относятся: национальная экономика, нестабильность налогового и регуляторного законодательства, инфляционные процессы, недоступность кредитных ресурсов, усиление конкуренции, снижение уровня инвестиционной активности как предприятий, так и регионов, замедление национального платежного оборота, рост числа убыточных предприятий. Действие этих факторов возникает в движении материальных и финансовых потоков и приводит к значительным убыткам и потерям, что в свою очередь негативно влияет на экономическую безопасность предприятий. Учитывая это, актуальным направлением устойчивого функционирования отечественных предприятий является формирование системы управления экономической безопасностью предприятия на основе минимизации финансовых рисков.

Целью научного исследования является квалиметрия финансовых рисков в системе экономической безопасности предприятия и разработка предложений по повышению экономической безопасности путем минимизации финансовых рисков.

Материалы и методы. В научном исследовании использованы следующие методы – анализ (при оценке показателей финансовой устойчивости и ликвидности предприятия), синтез (при определении влияния составляющих финансового риска в общей структуре финансового риска), логический метод (при обосновании основных проблем, связанных с возникновением финансового риска, и его влиянием на экономическую безопасность), обобщение (при выяснении сущности экономических категорий «финансовый риск», «экономическая безопасность»).

Результаты. Важным этапом работы было определение преимуществ, недостатков, условий для минимизации финансового риска в системе экономической безопасности предприятия.

Выводы. В ходе исследования проведена оценка финансового риска ММК им. Ильича и его влияние на экономическую безопасность предприятия. От того, каким путем сегодня будет работать предприятие, зависит экономический подъем металлургического комбината, промышленных регионов, и развитие отраслей, которые сосуществуют вместе или зависят от металлургического бизнеса. Научная значимость работы заключается в том, что на основе проведенных исследований возможно совершенствовать политику предприятия по минимизации финансовых рисков и обеспечения экономической безопасности.

Ценность проведенного исследования заключается в том, что все больше необходимо уделять внимание системе риск-менеджмента на предприятии, обеспечивать кадровый потенциал, который будет проводить своевременную оценку финансовых рисков, а также разрабатывать эффективные меры по минимизации финансовых рисков и обеспечения экономической безопасности в условиях хозяйствования.

Ключевые слова: экономическая безопасность, финансовые риски, инвестирование, потенциал, метод, металлургический бизнес.

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JUSTIFICATION OF UKRAINE'S TOURIST SERVICES DEVELOPMENT STRATEGY

Tetiana But
National University "Zaporizhzhia Polytechnic"
Zaporizhzhia, Ukraine
ORCID: 0000-0001-9403-4698

Tetiana Pulina
National University "Zaporizhzhia Polytechnic"
Zaporizhzhia, Ukraine
ORCID: 0000-0002-2672-8281

Valentyna Zaytseva
National University "Zaporizhzhia Polytechnic"
Zaporizhzhia, Ukraine
ORCID: 0000-0003-1526-2292

**Corresponding author email: tatyanabut1979@ukr.net*

Abstract. The article **aims** to research problems and prospects of development of the tourist services market of Ukraine. According to the **method** of developing the environmental profile, the factors of external and internal environment that have impact on the development of Ukraine's tourism industry have been determined. It is defined that the most influential factors of the microenvironment are the high degree of customer commitment to the services of tourist enterprises, the provision of payment forms and terms of receiving services favorable to tourist enterprises, the low level of consumer awareness about the tourist enterprises' services, the mismatch of the range (quality) of services to customer requirements, buyers' high sensitivity to the price. It is established that the tourism industry enterprises are most influenced by the following macroenvironmental factors: economic, political, ecological, scientific and technological. According to the research **results**, the paper determines the strategic goal of Ukraine's tourist services market development – to make Ukraine a country of clean and attractive environment, as well as of culture, tourism and recreation. Coefficients of influence of micro-, macro- and internal environmental factors on Ukraine's tourist services market development are calculated and their influence on Ukraine's tourist industry development is investigated. According to the SWOT analysis results, the strategy of the tourist services market development is substantiated. This is a reference strategy of development – the strategy of concentrated growth implemented in the same direction as the market development. The implementation of this strategy requires considerable marketing efforts on the part of tourism enterprises. It is proved that the effectiveness of the strategy depends on organizing the process of its implementation and control over the implementation. The priority directions of implementing the strategy of Ukriane's tourist services market development are defined: to increase regions' competitiveness and strengthen their resource potential, to ensure human resources development and interregional cooperation.

Keywords: strategy, tourist services market, competitiveness, microenvironment, macroenvironment.

JEL Classification: R58.

INTRODUCTION

For the tourism industry, it is important to determine a strategy for Ukraine's tourist services market development, which is an instrument of external and internal promotion that defines the prospects for Ukraine's tourist services market development.

The rationale for choosing a strategy should take into account, as far as possible, the regional specificity of tourist business entities' development, the existing tourism potential of the territory, and compliance with the strategic perspectives of other (related to tourism) economic activities' development.

Despite the significant potential for developing the tourism industry, as well as its social and economic importance, the tourism services market in Ukraine is underdeveloped, and its growth is constrained by a number of unsolved issues that need to be supported by executive authorities and local self-government, in order to define a development strategy. Therefore, the chosen research topic is relevant.

LITERATURE REVIEW

Among domestic and foreign scientists who devoted their research to the tourism industry development, we distinguish the works of V.O. Koshel (2017), O. V. Khrystenko (2015), V. V. Podstavka (2014), O. V Korotunova, G. S. Klimush (2014), A.P. Bezkhlibna and S.V. Nikonenko (2018), S. V. Hres-Yevreinova (2018), N. A. Semenov and O.S. Bohma (2006), P. V. Gudz (2001), V. N. Vasilenko (2006), O.V. Shpyrnya (2018), J. Kelleher (2003) and others.

Most experts point out that the development of the tourist services market in Ukraine will help to strengthen the country's image in the global tourist services market, replenish the state budget and create a strong tourist base, but insufficient attention is paid to determining a strategy for Ukraine's tourist services market development.

PAPER OBJECTIVE

The purpose of the article is to study the problems and prospects of Ukraine's tourist services market development, determine the external and internal environmental factors' influence on Ukraine's tourist services market development, substantiate the strategy of developing the tourist services market of Ukraine.

METHODOLOGY

According to the method of developing the environmental profile, the external and internal environmental factors that have an impact on the development of Ukraine's tourist industry are determined and the coefficients of these factors' influence on the development of Ukraine's tourist services market are calculated. According to the methodology of SWOT-analysis the strategy of the tourist services market development is substantiated.

RESULT AND DISCUSSION

The theoretical basis for developing a strategy for Ukraine's tourist services market development is a comprehensive theoretical and methodological research based on official statistics and qualitatively conducted sociological studies of the tourism business.

The development of the tourism and recreational sphere in recent years has been characterized by an increase in the main indicators of the industry development and the volume of services provided and consumed. Budgets of all levels in 2017 received payments totaling UAH 11.4 mln., the volume of services provided reached UAH 91.9 mln., having increased by 4 and 5.2 times respectively since 2015.

Ukraine has favorable climatic conditions, access to the shores of the Azov and Black Seas, the availability of significant mineral water and therapeutic mud reserves, which contribute to forming a powerful recreational complex consisting of a resort household, tourism and recreation.

But at the present stage of tourism development, the lack of state support has led to predominantly commercial forms and types of tourism. In these circumstances, the share of social tourism has decreased significantly. Constantly increasing tariffs for tourist services, as well as the termination of subsidies for tourist establishments and their underfunding by various agencies and foundations, result in the number of potential tourists reducing. The state does not pay proper attention to social tourism as a factor of social development. As a result, people's needs in recreation are least met, thus causing other problems associated with maintaining health and preventing illnesses, meeting educational and cultural demands, reducing life activity in people, using rationally leisure time and weakening interpersonal contacts (V.O. Koshel, 2017).

While determining the strategy of Ukraine's tourist services market development, it is essential to consider:

- the correspondence to European and world parameters of services quality and prices on the basis of systematic measures that standardize the level of services quality and stimulate enterprises economically to increase them;
- the fastest possible adaptation of the legal and legislative acts of recreation and tourism industry to the standards adopted in the European Community;
- attraction of external investments in order to implement the regional development program, individual projects that are part of it, in particular the development of infrastructure for maintaining recreational flows – transport, trade, communication, goods production for use in the resort and recreational activities and services;
- creation of the region's attractive tourist image and promotion of regional tourist product in the national and international tourist market;
- development of the inventory base and infrastructure of sports and recreational types of tourism (modernization with elevating the inventory base of the existing sanatorium and health resort establishments and sites of the tourist industry to the world standards);
- putting newly built recreational facilities into operation as a result of developing an economic mechanism for stimulating investment activity in this field;
- a comprehensive approach to improving the quality of tourist reception and service;
- elevating hotel classification and certification of other receiving structures to the norms and international standards;
- elevating the organization of the restaurant business and its service to the international level;
- expanding the number and quality of tourist services provided;
- participating in the work of regional and European salons and fairs;
- organizing tours, which allows getting acquainted with the offered products and evaluating the quality of reception;
- implementing system marketing of the tourist services market;
- creating favorable conditions for investment, tax and customs regulation of the region's development;
- ensuring the rational use and protection of tourist resources of the region, creating programs and planning further prospects for the development of the tourist region.

The natural environment of Ukraine with favorable climate, steppe landscapes, reserves and parks, healing mineral waters contributes to the development of Ukraine's tourist and recreation industry.

The strategic goal is to make Ukraine a country of clean and attractive environment, culture, tourism and recreation, which includes:

- improving the quality of the country's environment, ensuring its ecological stability and attractiveness of landscapes;
- supporting contemporary and traditional art of Ukraine, its cultural potential and multinational traditions;
- using Ukraine's historical and cultural potential of Ukraine;
- developing tourist infrastructure;
- developing and promoting Ukraine's recreational potential.

By comparing statistics on Ukraine's travel agencies performance, we will calculate their rating on the scale of Ukraine (Table 1).

Table 1

The main indicators of the tourism industry firms In Ukraine

Indicators	Years			Deviation 2017/2015
	2015	2016	2017	
Number of travel agencies that actually provided services	3885	3182	4157	272
Number of tourists served, (persons)	1814827	2250107	2403987	589160
Foreign (inbound) tourists served, (persons)	14550	33784	38563	24013
Ukrainian tourists served while traveling abroad, (persons)	1498412	1841232	1972028	473616
Domestic tourists served, (persons)	1800277	375091	393396	-1406881
Number of tourist trips sold	129249	181607	294872	165623
Cost of tourist vouchers sold to the population (thousand UAH)	1780985	2802235	451302	-1329683
Income from tourist services	4797732	413161	18502975	13705243
Average number of employees	1502	1867	8190	6688

** Excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol, and the temporarily occupied territories in Donetsk and Luhansk regions.*

Source: Khrystenko, O. V. and Pulina, T. V., 2015

The data analysis in Table 1 shows a number of contradictions in the development of the tourism industry in Ukraine, namely:
- for the researched 2015-2017, there is a positive dynamics in the number of domestic tourists served and the increase in the value of tourist trips made by the population;
- there is an increase in the number of tourism firms and staff in the tourism sector;
- there is an increase in outbound tourism, income from the tourist services provision, which contributes to the regional and national development of the country.

In order to better understand the prerequisites for the dynamic development of the tourism business in Ukraine and to track its negative processes, it is necessary to analyze the situation in the tourist services market in more detail (Table 2):

Table 2

Dynamics of foreign citizens entering Ukraine due to countries of their origin and Ukrainian citizens traveling to other countries within 2015-2017

Country	Number of foreign citizens entering Ukraine, in total					Number of Ukrainian citizens traveling abroad, in total				
	2015	2016	2017	Deviation 2017/2015	%	2015	2016	2017	Deviation 2017/2015	%
Bulgaria	32181	37821	41738	9447	0,6	43860	54162	58597	14737	3
Belarus	1891518	1822261	2727645	836127	54	1325546	1114457	1186466	-1139080	-241
Canada	22055	30281	30775	8720	0,6	2060	21	1	-2059	-0,4
China	12966	19599	29561	16595	1,1	8693	20480	23107	14414	3
France	45867	54152	61000	15133	0,9	98353	92733	106697	8344	1,8
Georgia	37772	48432	49205	11433	0,7	81601	104517	111981	30380	6
Germany	154498	17118	209447	54949	3,6	294797	275987	344150	49353	10
India	10748	14047	23173	12425	0,8	2522	55	208	-2314	-0,5
Israel	149386	216638	261486	112100	7	129311	146379	155074	25763	5,5
Italy	63258	77787	84638	21380	1,4	113373	122294	173573	60200	13
Moldova	4393528	4296409	4435664	42136	2,7	1727308	1655775	1680353	-46955	-9,9
Turkey	140691	199618	270695	130004	8,5	510537	930657	1185051	674514	143
RF	1231035	1473633	1464764	233729	15	4080414	3859820	4376423	296009	63
Poland	1156011	1195163	1144249	-11762	-0,8	9505713	10111086	9990978	485265	103
USA	108288	138006	153778	45490	3	28995	36040	32660	3665	0,8
In total:	9449802	9640965	10987818	1537906	100	17953083	18524463	19425319	472236	100

Source: Khrystenko, O. V. and Pulina, T. V., 2015

The analysis of the tourist flows dynamics makes it possible to confirm that in the period from 2015 to 2017 in Ukraine there was an increase in the number of all categories of tourists.

2017 saw a sharp decrease in the number of Ukrainian citizens who traveled abroad to countries such as Belarus, Moldova, Canada, India.

The positive importance of outbound flows of Ukrainian tourists during the crisis period is due to the fact that the Ukrainian citizens preferred to travel to neighboring countries, which did not require significant material costs – Turkey, Poland, the Russian Federation. Significant tourist flows of Ukrainians to Poland were primarily in accordance with labor migration.

As it is known, the majority of Ukrainian citizens who go abroad for work (up to 85%) do not go on the basis of a work visa, but with the help of tourist, guest visas, vouchers or invitations (Turkey, Poland as an example). As you know, after such a visa expiring, employees do not announce their presence in a foreign country, because they move to an illegal position. It is not possible to provide accurate figures and numbers of labor migration in a particular country, as migrants do not always work in the country where they planned to go or even went. Thus, the departure of Ukrainians to Poland does not necessarily mean that this is their final destination. After officially entering the Schengen area, a migrant may become illegal in any other country that is a party to this treaty.

In other words, Poland, in many cases, plays the role of a stopover point from where people go on to travel to Italy, Spain, Portugal and Austria.

At the same time, the aggravation of the situation on the world financial market, in fact, did not affect the number of foreign citizens who came to Ukraine. For example, in 2017, Ukraine was visited by the largest number of foreigners from such surveyed countries as: Belarus (54%), the USA (42%), the Russian Federation and Turkey (15% and 9%). There is a decrease in the number of foreigners who came to Ukraine from Poland (- 0.8%).

According to the results of the analysis, 2015-2017 saw slight, but albeit positive dynamics of inbound tourist flows.

This indicates Ukraine's competitiveness increase in the international arena.

But there is a slowdown in the development of outbound tourism from Ukraine to Belarus, Moldova, Canada, India.

In recent years, the development of the tourism and recreational sphere has been characterized by an increase in the main indicators of the industry development and the volume of services provided and consumed.

In 2017, 205,500 people used the services of tourist organizations, which is 2.3 times more than in 2015. Almost one quarter of tourists are children, teenagers and young people.

More than one in two people went to the region for recreation and leisure, nearly overy third went on business trips, business tours, and training.

The number of foreigners served increased by 1.3 times and reached 29,700 people, the number of domestic tourists by 2.7 times amounting to 162,100 people. The number of sightseers increased by 12% compared to 2017 and amounted to 62,700 people, while compared to 2015 – decreased by 15%.

In addition, it is worth noting that the tourism industry is significantly influenced by macro- and microenvironmental factors (Fig. 1).

From the point of view of microenvironment, particular attention is paid to researching the labor market which is a provider of labor resources, banking institutions that are suppliers of financial resources, the actions of competitors and changes in the requests of enterprises-tourist services consumers.

It is known that the financial results of the tourism industry enterprises are significantly influenced by the economic, political and technological components of the macroenvironment.

That is why, in order to determine the environmental factors’ impact on the tourism industry development, it is proposed to quantify their impact on tourism enterprises.

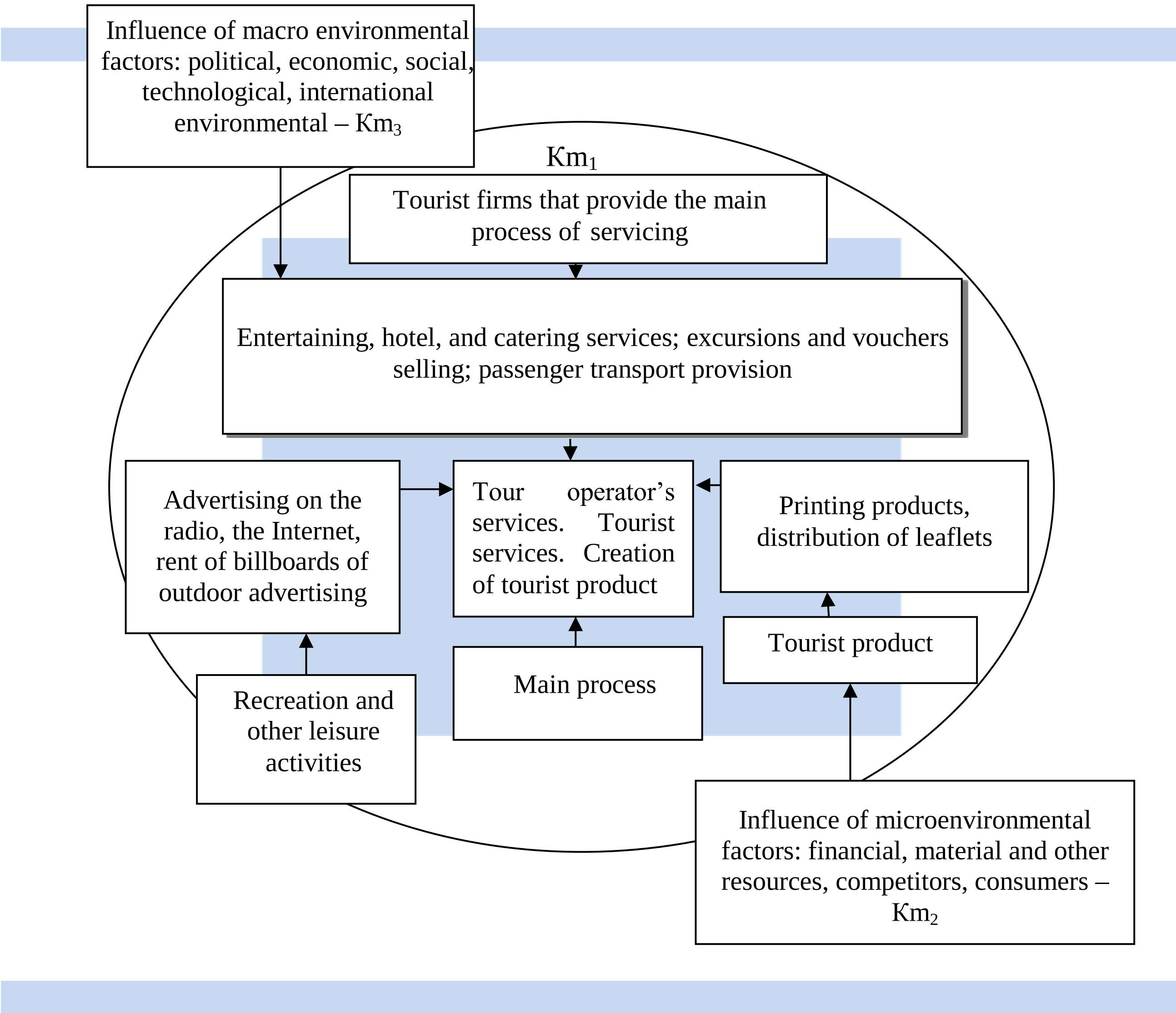

Figure 1. Relationships between the main elements of tourism industry

Source: Own compilation

To conduct factor analysis of the internal and external environmental factors' impact on the tourism industry development, it is proposed to use generalized indicators, which are the coefficients of the internal, macro and microenvironmental factors' impact on the activities of the tourism industry enterprises (Table 3).

Table 3

Coefficients of internal, macro and microenvironmental factors' impact

Environment		
Indirect impact (macroenvironment), K_{m_1}	Direct impact (microenvironment), K_{m_2}	Internal (condition of tourist industry), K_{m_3}
$K_{m_1} = \frac{\sum_{i=1}^{n}\left(B_{m_1 i} C_{m_1 i}\right)}{n};$	$K_{m_2} = \frac{\sum_{i=1}^{n}\left(B_{m_2 i} C_{m_2 i}\right)}{n};$	$K_{m_3} = \frac{\sum_{i=1}^{n}\left(B_{m_3 i} C_{m_3 i}\right)}{n};$

Table 3 continuation on the next page

Table 3 continuation

where: $К_{m_{1,2,3}}$ – coefficient of internal, macro and microenvironmental factors' impact on the tourism industry enterprises functioning; $В_{m_{1,2,3_i}}$ – expert evaluation of each factor's importance; $С_{m_{1,2,3_i}}$ – expert evaluation of each factor's weight.	
It is proposed to determine the coefficients of internal, macro and microenvironmental factors' impact on the tourism industry enterprises functioning on the following scale of values.	
If the value of the impact factor is positive: 0 to 0.25 – small impact, from 0.25 to 0.50 – moderate impact; from 0.50 to 0.75 – significant impact; from 0.75 to 1.00 – very significant impact.	If the value of the impact factor is negative: 0 to 0.25 – negative impact; from 0 to 0.50 – critical impact; from 0.50 to 0.75 – threatening impact; from 0.75 to 1.00 – destructive effect.

Source: Own compilation

The priority of the impact factors was determined by the expert evaluation method.

The respondents included the management of the tourism industry enterprises of Zaporizhzhya region (5-6 people from each enterprise), which made it possible to evaluate the proposed indicators from the point of view of different professional functions' representation.

The management of the surveyed tourism industry enterprises was given a questionnaire listing the impact factors and proposed to select them by importance in order to conduct factor analysis of the impact of the internal and external environmental components on the tourism industry development.

The estimation of the impact factors of the tourism enterprises' internal environment on the tourism industry development is given in Table 4.

Table 4

Evaluation of the impact components of the tourism enterprises' internal environment on Ukraine's tourism industry development

Components	Components of the internal environment	Factor evaluation, M ± (1-3)	Factor weight, P ±(1-3)	Influence evaluation, $M \times P$
1	2	3	4	5
Finances	Financial situation	2	2	4
	Cost Management	– 2	2	– 4
	Financial management	2	2	4
	Insufficient funding for development	– 3	2	– 6
	Investments in fixed assets	1	3	3
	Profit growth	– 2	2	– 4

Table 4 continuation on the next page

Table 4 continuation

1	2	3	4	5
Personnel	Personnel policy	3	3	9
	Personnel variability and discipline	2	2	4
	Ratio of executive and managerial staff	2	2	4
	Working conditions	– 1	2	– 2
	Motivation	2	2	4
	Ensuring social protection for employees	-1	2	-2
	Wage growth	2	2	4
CC	Bureaucratic type of corporate culture	– 1	2	– 2
	Level of influence on the tourist industry	– 2	2	– 4
Service technology	Image of tourism industry enterprise	2	2	4
	Range of tourist services	2	3	6
	Responding to changes in consumer demand	2	3	6
	Saving and expanding markets	2	3	6
	Increase in export of travel services	2	3	6
	Marketing research	2	2	4
	Use of modern consumer incentives	1	2	2
	Availability of marketing departments at the tourism industry enterprises	-1	2	-2
	Pricing policy	2	2	4
	Sales activities	2	2	4
	Communication activities	2	2	4
	Technology of providing tourist services	– 3	2	– 4
	R & D	2	2	4
	Significant costs for developing tourist services	– 2	2	– 4
	Improving the quality of tourist services	1	3	3
Total by the internal environmental factors				53

Source: Own calculations

It is established that the factor of the internal environmental impact is 0.19. This indicates its small influence on the tourism industry functioning.

In order to analyze the the microenvironmental impact on Ukraine's tourism industry functioning, the influence of consumers, competitors and suppliers on the tourist services market development is considered. The analysis of the microenvironmental impact on the tourist services market in Ukraine contains the identification of opportunities and the degree of factors' influence on the tourist services industry enterprises, helps to identify the possibility and the degree of dominant factors' influence, possible options for the appropriate reactions of the tourist services industry enterprises, helps to build a profile of the immediate environment of the tourist services enterprises.

The evaluation of the microenvironmental impact on Ukraine's tourism industry enterprises functioning is given in Table 5.

Table 5

Evaluation of the microenvironmental impact on Ukraine's tourism market functioning

Components	Microenvironment components	Factor evaluation, $M \pm$ (1-3)	Factor weight, $P\pm$ (1-3)	Impact evaluation, $M \times P$
Consumers	Significant number of consumers abroad	3	3	9
	Reduced number of trips to CIS countries	– 2	2	– 4
	Demographic structure of consumers	2	2	4
	Geographical location of consumers	2	2	4
	Reduced domestic demand	– 1	2	– 2
Suppliers	Availability of vertical integrarion ahead	2	2	4
	Energy prices increase	– 2	2	– 4
	Geographical location	2	2	4
	Infrastructure services prices increase	– 2	2	– 4
	Quality of hotel services	2	2	4
	Transportation conditions	2	2	4
	Limited number of suppliers	– 2	2	– 4
Competitors	Significant number of domestic and foreign competitors	– 2	2	– 4
	Availability of modern technologies among competitors	– 2	2	– 4
	Entry barrier for new competitors	1	2	2
	Possibility of new competitors	– 1	1	– 1
	Competitive struggle increase in domestic and foreign markets	– 1	1	– 1
	Decrease in the number of competitors	1	1	1
Total due to microenvironmental factors				10

Source: Own calculations

It is established that the coefficient of microenvironmental factors' impact is 0.06. This indicates their small impact on the tourism industry functioning and the fact that the microenvironment uses opportunities at a low level.

Analyzing the data in Table 3, we can conclude that the most influential microenvironmental factors are the high degree of customer commitment to the services of tourist enterprises, the provision of payment forms and terms of service favorable to tourist enterprises, low level of consumer awareness of tourist enterprises' services, mismatch of customer service assortment (quality), buyers' high sensitivity to price.

The impact of the macroenvironment on tourism enterprises functioning is shown in Table 6.

According to Table 6, it is found that the following macroenvironmental factors mostly influence the tourism industry: economic, political, environmental, scientific and technological.

The analysis of the data (Fig. 2) showed that the value of the macroenvironmental factor impact is 0.1, so the macroenvironmental factors affect the tourism industry moderately.

Table 6

Evaluation of the macroenvironmental impact on the tourism industry enterprises functioning

Components	Macroenvironment components	Factor evaluation, $M\pm$ (1-3)	Factor weight, $P\pm$ (1-3)	Impact evaluation, $M \times P$
Economic	Inflation rate	– 3	3	– 9
	Unemployment rate	– 1	2	– 2
	Interest rate	– 1	2	– 2
	Productivity	2	2	4
	Taxation norms	– 1	2	– 2
	Level of economic development	2	2	4
	Availability of natural resources	3	3	9
	Investment climate	– 1	2	– 2
	Production rate decrease	– 1	2	– 2
	GDP size	2	2	4
Political	Political stability	– 1	2	– 2
	Legislation features	– 1	2	– 2
	Legal regulation	2	2	4
	Lobbying groups' influence	1	1	1
	State program of tourism industry development	1	3	3
	Transition to an innovative development model	1	3	3
	Consequences of financial and economic crisis	– 1	2	– 2
	EU accession	3	3	9
Social	Demographic structure of society	– 1	2	– 2
	Population growth	– 1	2	– 2
	Level of the workforce education	1	2	2
	Workforce availability	2	2	4
	Significant fertility rate decrease	– 1	2	– 2
	Significant population mobility	– 1	2	– 2
Technological	Technological innovations	1	2	2
	Implementation and creation of transport technologies	1	2	2
	Considerable innovation in the hotel and restaurant	1	2	2
Ecoligical	Natural conditions	– 1	2	– 2
	Flora and fauna functioning	– 1	2	– 2
	Air pollution by transport	– 1	2	– 2
Total due to macroenvironmental factors				27

Source: Own calculations

It is established that the coefficient of macroenvironmental factors' impact is 0.1. This indicates their small impact on the tourism industry functioning.

To comprehensively evaluate the external and internal environmental impact on Ukraine's tourism industry, we used SWOT analysis by applying the coefficients of the matrix SWOT-analysis fields' impact on the industry.

		External environment			
		Macroenvironment, mac		Microenvironment, mic	
		Opportunities, O	Threats, T	Opportunities, O	Threats, T
Tourist industry condition	Strengths, S	$K_{so_{mac}} = \frac{\sum_{i=1}^{m} B_{m1_i} C_{m1_i} + B_{m3_i} C_{m3_i}}{l_1}$	$K_{ST_{mac}} = \frac{\sum_{i=1}^{m} B_{m1_i} C_{m1_i} + B_{m3_i} C_{m3_i}}{l_2}$	$K_{SO_{mic}} = \frac{\sum_{i=1}^{m} B_{m1_i} C_{m1_i} + B_{m2_i} C_{m2_i}}{l_5}$	$K_{ST_{mic}} = \frac{\sum_{i=1}^{m} B_{m1_i} C_{m1_i} + B_{m2_i} C_{m2_i}}{l_6}$
	Weaknesses, W	$K_{sw_{mac}} = \frac{\sum_{i=1}^{m} B_{m1_i} C_{m1_i} + B_{m3_i} C_{m3_i}}{l_3}$	$K_{WT_{mac}} = \frac{\sum_{i=1}^{m} B_{m1_i} C_{m1_i} + B_{m3_i} C_{m3_i}}{l_4}$	$K_{WO_{mic}} = \frac{\sum_{i=1}^{m} B_{m1_i} C_{m1_i} + B_{m2_i} C_{m2_i}}{l_7}$	$K_{WT_{mic}} = \frac{\sum_{i=1}^{m} B_{m1_i} C_{m1_i} + B_{m2_i} C_{m2_i}}{l_8}$

$K_{so_{mac}}$ – the factor of the SO field impact on the tourism industry formed by the strengths and opportunities of the macroenvironment
$K_{ST_{mac}}$ – the factor of the ST field impact on the tourism industry formed by the strengths and opportunities of the macroenvironment
$K_{SW_{mac}}$ – the factor of the SW field impact on the tourism industry formed by the weaknesses and opportunities of the macroenvironment
$K_{WT_{mac}}$ – the factor of the WT field impact on the tourism industry formed by the weaknesses and opportunities of the macroenvironment
$K_{SO_{mic}}$ – the factor of the SO field impact on the tourism industry formed by the strengths and threats of the microenvironment
$K_{ST_{mic}}$ – the factor of the ST field impact on the tourism industry formed by the strengths and threats of the microenvironment
$K_{WO_{mic}}$ – the factor of the WO field impact on the tourism industry formed by the strengths and threats of the microenvironment
$K_{WT_{mic}}$ – the factor of the WT field impact on the tourism industry formed by the strengths and threats of the microenvironment
l_i – number of cells in one field of the SWOT matrix of the tourism industry

If the value of the impact factor is positive: 0 to 0.25 – small impact, from 0.25 to 0.50 – moderate impact; from 0.50 to 0.75 – significant impact; from 0.75 to 1.00 – very significant impact.	If the value of the impact factor is negative: 0 to 0.25 – negative impact; from 0 to 0.50 – critical impact; from 0.50 to 0.75 – threatening impact; from 0.75 to 1.00 – destructive effect.

Figure 2. Evaluation of coefficients of the matrix SWOT-analysis fields' impact on the tourist industry

Source: Own compilation

The coefficients of the SWOT analysis results are shown in Table 7.

Table 7

Coefficients of the SWOT analysis results

	Macroenvironment, mac		Microenvironment, mic	
	Opportunities, O	Threats, T	Opportunities, O	Threats, T
Strengths	0.43	0.1	0.47	0.074
Weaknesses	0.0016	-0.34	0.02	-0.37

Source: Own calculations

The analysis showed that the impact of the microenvironment SO field of the tourism enterprises' SWOT matrix on Ukraine's tourist market development is 0.47. This indicates the average level of this quadrant's impact on Ukraine's tourist market development. The impact of the ST field of the tourism enterprises' SWOT-analysis matrix on Ukraine's tourist market development is 0.074, which indicates the insignificant level of this quadrant's impact on Ukraine's tourist market development. The impact of the WO field of the tourism enterprises' SWOT-analysis matrix on Ukraine's tourist market development is 0.02, which confirms the insignificant level of this quadrant's impact on Ukraine's tourist market development. However, the impact of the WT field (-0.37) of tourism enterprises is negative and indicates this quadrant's threatening impact on Ukraine's tourist market development.

According to the SWOT analysis results, the strategy of the tourist services market development has been determined. This is a reference strategy of development – the strategy of concentrated growth in the same direction as the market development. The effectiveness of the strategy depends on the way the process of its implementation and control over its implementation are organized. The implementation of this strategy requires considerable marketing efforts from tourism enterprises.

The priority directions of implementing the strategy of Ukraine's tourist services market development are to increase the regions' competitiveness and strengthen their resource potential, ensure the development of human resources and interregional cooperation.

It is necessary to constantly seek and strengthen each region's benefits, to understand what functions of the industry can and should develop, which hinders the tourism product promotion, and how to remove obstacles.

CONCLUSION

The main indicators of Ukraine's travel agencies's activities are investigated and their rating is calculated on the scale of Ukraine. Positive and negative processes of tourism business development are revealed.

According to the results of the research, the strategic goal of Ukraine's tourist services market development is determined – to make Ukraine a country of clean and attractive environment, of culture, tourism and recreation, on the basis of which the directions of its implementation are grounded.

According to the method of developing the environmental profile, the factors of external and internal environment that influence Ukraine's tourist services market development are determined. Coefficients of micro-, macro- and internal environmental factors' impact on Ukraine's tourist services market development are calculated, and their impact on Ukraine's tourist services market development is investigated. According to the SWOT analysis results, the strategy of the tourist services market development is substantiated. This is a reference strategy of development – a strategy of concentrated growth, which is implemented in the same direction as the market development. The implementation of this strategy requires considerable marketing efforts from tourism enterprises.

The factors of external and internal environment that influence Ukraine's tourist services market development have been determined. Coefficients of micro-, macro- and internal environmental factors' impact on Ukraine's tourist services market development are calculated and their influence on Ukraine's tourist services market development investigated. The strategy of the tourist services market development, namely the strategy of concentrated market growth, is substantiated. The implementation of this strategy requires considerable marketing efforts from tourism enterprises.

The developed strategy of Ukraine's tourist services market development and the proposed directions of its implementation will increase the competitiveness of the tourism industry and will help to strengthen the country's positive image.

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ОБҐРУНТУВАННЯ СТРАТЕГІЇ РОЗВИТКУ РИНКУ ТУРИСТИЧНИХ ПОСЛУГ УКРАЇНИ

Бут Тетяна Вікторівна
Національний університет «Запорізька політехніка» м. Запоріжжя, Україна

Пуліна Тетяна Веніамінівна
Національний університет «Запорізька політехніка» м. Запоріжжя, Україна

Зайцева Валентина Миколаївна
Національний університет «Запорізька політехніка» м. Запоріжжя, Україна

Досліджено проблеми та перспективи розвитку ринку туристичних послуг України. За методом розробки профілю середовища визначено фактори зовнішнього та внутрішнього середовищ, які мають вплив на розвиток туристичної галузі України. Розраховано коефіцієнти впливу факторів мікро-, макро- та внутрішнього середовища на розвиток ринку туристичних послуг України та досліджено їх вплив на розвиток туристичної галузі України. За результатами SWOT-аналізу обґрунтовано стратегію розвитку ринку туристичних послуг. Це еталонна стратегія розвитку – стратегія концентрованого зростання, яка реалізується за напрямом розвитку ринку. Реалізація цієї стратегії вимагає значних маркетингових зусиль з боку туристичних підприємств. Доведено, що ефективність стратегії залежить від організації процесу її реалізації та контролю за виконанням.

Визначено пріоритетні напрямами реалізації стратегії розвитку ринку туристичних послуг України це: підвищення конкурентоспроможності регіонів та зміцнення їх ресурсного потенціалу; забезпечення розвитку людських ресурсів; та розвиток міжрегіонального співробітництва.

Ключові слова: стратегія, ринок туристичних послуг, конкурентоспроможність, мікросередовище, макросередовище.

ОБОСНОВАНИЕ СТРАТЕГИИ РАЗВИТИЯ РЫНКА ТУРИСТИЧЕСКИХ УСЛУГ УКРАИНЫ

Бут Татьяна Викторовна
Национальный университет «Запорожская политехника» г. Запорожье, Украина

Пулина Татьяна Вениаминовна
Национальный университет «Запорожская политехника» г. Запорожье, Украина

Зайцева Валентина Николаевна
Национальный университет «Запорожская политехника» г. Запорожье, Украина

Исследованы проблемы и перспективы развития рынка туристических услуг Украины. По методу разработки профиля среды определены факторы внешней и внутренней среды, которые влияют на развитие туристической отрасли Украины. Определено, что наиболее влиятельными факторами микросреды является высокая степень приверженности покупателей к услугам туристических предприятий, предоставление посредниками выгодных для туристических предприятий форм оплаты и условий получения услуг, низкий уровень информированности потребителей об услугах туристических предприятий, несоответствие ассортимента (качества) услуг требованиям покупателей, высокая чувствительность покупателей к цене.

Установлено, что на предприятия туристической отрасли больше всего влияют такие факторы макроокружения: экономические, политические, экологические и научно-технического прогресса.

По результатам исследования определена стратегическая цель развития рынка туристических услуг Украины – сделать Украину страной чистой и привлекательной в окружающей среде, культуре, туризма и рекреации.

Рассчитаны коэффициенты влияния факторов микро-, макро- и внутренней среды на развитие рынка туристических услуг Украины и исследованы их влияние на развитие туристической отрасли Украины. По результатам SWOT-анализа разработана стратегия развития рынка туристических услуг. Это эталонная стратегия развития – стратегия концентрированного роста, которая реализуется по направлению развития рынка. Реализация этой стратегии требует значительных маркетинговых усилий со стороны туристических компаний.

Доказано, что эффективность стратегии зависит от организации процесса реализации и контроля за выполнением.

Определены приоритетные направления реализации стратегии развития рынка туристических услуг Украины это: повышение конкурентоспособности регионов и укрепление их ресурсного потенциала, обеспечение развития человеческих ресурсов и межрегионального сотрудничества.

Ключевые слова: стратегия, рынок туристических услуг, конкурентоспособность, микросреда, макросреда.

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NEW CHALLENGES OF MODERNITY FOR UKRAINIAN TOURIST INDUSTRY (COMPLIANCE PROGRAM WITHIN THE FRAMEWORK OF LOGISTICS MANAGEMENT IN THE CONDITIONS OF CRISIS)

Sergii Garmash
National Technical University
"Kharkiv Polytechnic Institute"
Kharkiv, Ukraine
ORCID ID: 0000-0002-5471-379X

Petro Pererva
National Technical University
"Kharkiv Polytechnic Institute"
Kharkiv, Ukraine
ORCID ID: 0000-0002-6256-9329

**Corresponding author email: sv_garmash@ukr.net*

Abstract. It should be noted that the global financial crisis of 2008, which affected all spheres of people's livelihoods, pushed the development of the tourist industry. Governments in many countries have begun to pay more attention to this market segment, as it is this segment that is able to restore its position and profit in a relatively short time. Another situation is with the COVID-19 pandemic. When "deferred opportunities" turn into "lost opportunities". **The aim** of the research is summarizing the experience of travel companies in overcoming the negative consequences of crisis situations; tracking the typical trends of the behavior of travel companies in the market for the provision of travel services in such situations and development of practical recommendations for the possible use of a compliance program at a travel company as a part of logistics management. **Methodology:** while working at the article, the following methods of scientific knowledge were used: the method of unity of analysis and synthesis, method of expert assessments, comparative analysis and systemic approach. **Scientific novelty:** the implementation of a compliance program at a travel company organically fits into the logistics management system. **Practical value:** the effects of the global economic crisis due to COVID-19 pandemic and the quarantine have yet to be understood. Many domestic travel companies, referring to force majeure, impose penalties on their customers. In order to prevent corruption in such crisis conditions, it is necessary to introduce compliance programs within the travel industry in the framework of logistics management. This will help to meet the needs of the client as well as the development of the travel company even in times of crisis.

Key words: logistics management, compliance program, travel companies, force majeure, systemic crisis.
JEL Classification: E20, L83, M21.

INTRODUCTION

Throughout its existence, humanity is constantly faced with challenges of a different nature. Different social and economic formations in different historical conditions have their own distinctive features and ways of overcoming crisis situations. Crisis is a solution; turning point –

"...a coup, a transitional state, a turning point, a state in which existing means of achieving goals become inadequate, resulting in unpredictable situations" (N. D. Tvorogova, 2007; O. G. Danil'jan, 2013).

The situation that has developed in Ukraine during its independence can be described as a systemic crisis.

The systemic crisis, which has become a peculiar phenomenon in all spheres of life of Ukrainian society since the declaration of independence, did not arise by itself, it was preceded by certain processes (S. V. Garmash, 2014, p. 317), namely:

1) systemic problems of social development of Ukraine (social and political contradictions, loss of social legitimacy by the institutions of power, systematic ignoring of the humanitarian component in state policy and dehumanization of Ukrainian society, unformed nationwide humanitarian space, destructive external influences on the humanitarian space of Ukraine, vulnerability of the information sphere, modern features of the public consciousness);

2) the problems of ensuring national security and defense (critical weakening of the security sector, crisis situation of the state defense sector, crisis of the law enforcement system);

3) economic and social contradictions (sharp exacerbation of the institutional crisis, deformation of economic policy, exacerbation of contradictions of public finances, destruction of business climate and investment attractiveness, chronically low level of energy security, social policy incapacity, contradictions between the Center and regions);

4) the problems of the foreign policy sphere (crisis of the international security system, growing global and regional threats) (Ya. A. Zhalilo et al., 2014).

PAPER OBJECTIVE

The aim of the research is summarizing the experience of travel agencies in overcoming the negative consequences of crisis situations; tracking the typical trends of the behavior of travel companies in the market for the provision of travel services in such situations and development of practical recommendations for the possible use of a compliance program at a travel company as a part of logistics management.

METHODOLODY

While working at the article, the following methods of scientific knowledge were used: the method of unity of analysis and synthesis, method of expert assessments, comparative analysis and systemic approach.

LITERATURE REVIEW

In order to survive in the system of modern market relations and to increase the competitive advantages for domestic enterprises, it is necessary not only to optimize the use of own resources, limited by the situation of the systemic crisis in the country, but also to introduce a logistic approach in the enterprise management system. The issues of logistic management of the enterprise as a whole, its separate subsystems are given great attention by modern domestic and foreign scientists and practitioners (S. V. Garmash, 2018, p. 103-104).

The works of Krykavs'kyi E. V. (2005), Aucklander M. A. (1997), Frolova L. V. (2011), Sergeev V. I. (2010), Kobeleva T. O. (2019), Pererva P. G. (2019), Stok D. (1998) and other researchers are considered different approaches to interpreting the term "logistics management".

Nowadays the first publications only begin to appear based on the analysis of statistics and expert opinions regarding the current situation due to the coronavirus pandemic: Anatoly Amelin (2020), Yana Lavrik (2020), Daniil Monin (2020), Maria Brovinskaya (2020).

RESULTS AND DISCUSSION

Experts of the Ukrainian Institute of the Future have made preliminary estimates of losses of the Ukrainian economy and citizens from the crisis and quarantine. The global economy, and with it the economy of Ukraine, have losses from the pandemic and quarantine, freezing of international economic relations, as well as from the critical decline in business activity. Ukraine is a country dependent on raw materials export and shocks in foreign markets. It is characterized by low labor productivity and high cost of credit for business and citizens. Small and medium-sized businesses are in a non-competitive conditions compared to large companies, and most citizens do not have a financial airbag and live from paycheck to paycheck (A. Amelin, Ya. Lavrik and D. Monin, 2020).

For the domestic travel business, the experience of work of Russian travel companies in crisis situations is interesting, for example, in the conditions of default of 1998 and in the conditions of the global financial crisis of 2008. Representatives of different travel companies shared their experiences during the correspondence seminar “Survival School or How to Survive a Crisis?” (S. Dementiev, 2008).

Based on the analysis of the experience of these companies, we can draw the following conclusions of practical interest to Ukrainian representatives of the travel industry:

1. The causes of the crisis in the activities of the travel company (internal and external):

a) internal: difficult financial situation due to the unsatisfactory value of a number of indicators (coefficients) of the company's activities: solvency, profitability, turnover, financial stability, etc.;

b) external: external factors affecting the travel business are quite diverse: this is the global financial crisis, “bird flu”, natural disasters, terrorist attacks, and the epidemiological situation in resorts; weather and natural disasters, political instability, oil prices and, accordingly, fuel for aircraft, technical and administrative capabilities of airlines for flights from certain cities, technical condition and diversity of their fleet, paying capacity of the population and much more. Such factors often lead to problems and sometimes crises in the whole directions.

The crisis related to external causes is more dangerous. The cause of crisis phenomena within the company is nothing but management problem. Therefore, with sufficiently perfect management, crisis risks can be either reduced to zero or minimized without bringing the situation to crisis. Quite different is the influence of external factors. Of course, many of them can be predicted, but mostly the external factors look like force majeure. Terrorist attacks, high-profile political statements, military conflicts, financial and banking crises, etc. This is something that cannot be influenced and that can literally paralyze a travel company. In some cases, protection against the crisis can serve as a multidisciplinary company.

2. Hints for travel companies:

a) if we talk about a stable reputation as a serious capital, then it can be increased, fulfilling all its obligations in any, including crisis, conditions. Companies should be more attentive to their clients and critically analyze the offers of low-cost operators; carefully study the target audience of your company, paying special attention to those categories of customers who are least likely to suffer from crisis phenomena (the pharmaceutical business, for example, the crisis is unlikely to threaten).

b) not to panic; optimize costs, value staff, regular clients and agencies; free time should be used to enhance skills and accumulate knowledge.

c) to maintain your socially oriented mission.

3. In a crisis, the following should first and foremost:

a) to keep common sense, to act on the basis of analysis of information, not rumors, to remain primarily professionals. Be optimists;

b) strengthen the moral climate in the team;

c) to keep the good name of the travel company, the main backbone of the team (S. Dementiev, 2008).

However, if in 2008 it was a matter of "deferred opportunities", then in 2020 it is already a question of "lost opportunities".

According to the *Mind.UA* (2020), by the end of March 2020, 14% of Ukrainians lost their jobs due to a pandemic, 60% felt lost, and 16% of Ukrainians lost their jobs completely because of a coronavirus.

"According to the All-Ukrainian poll of Info Sapiens research agency, conducted on March 25-29, 60% of Ukrainians named at least one type of financial losses, in particular 38% of Ukrainians reported a decrease in regular family income due to the epidemic, 16% – a complete loss of income, 14% – a loss of employment , 10% – financial losses (non-refundable tickets, etc.). This is stated in a report published by the agency (Mind.UA, 2020). The survey sample is 809 respondents. It was conducted by CATI (computer-assisted telephone interviews) based on a random sampling of mobile telephone numbers".

In this regard, it is of interest to forecast two scenarios for the development of the quarantine situation made by experts of the Ukrainian Institute of the Future (UIF).

Preliminary estimates of the losses of the Ukrainian economy and citizens from the crisis and quarantine (assumptions of UIF experts):

"Scenario No. 1 (basic), quarantine: April – May.

1. The global economy in 2020E is declining. The fall is 1-1.5% year-on-year, according to Goldman Sachs and McKinsey (a negative scenario).
2. The peak incidence in Ukraine occurs at the end of April – beginning of May 2020.
3. Quarantine is extended until the end of May (in May – a more free regime).
4. The quarantine exit period is a month (following the example of Wuhan).
5. Sowing takes place according to the plan, on time.
6. A state of emergency is not introduced in Ukraine.
7. The expected reduction in employment in the second quarter of 2020 in the travel industry is 28%.

Scenario No. 2 (moderately pessimistic), quarantine: April – May, July – August.

1. The global economy is declining in 2020. The fall is 1.5% year-on-year, – estimates Goldman Sachs and McKinsey (a negative scenario).
2. There will be a second wave of morbidity, quarantine will not work (we will not pass the peak), mass diseases will occur in June-July.
3. The quarantine exit period is more than a month.
4. Sowing takes place according to the plan, on time.
5. A state of emergency is not introduced in Ukraine.
6. The expected reduction in employment in the second quarter of 2020 in the travel industry is 28%.

Evaluation results for both scenarios:

Scenario No. 1 (basic):

1. The fall in employment (official) for the second quarter of 2020E:
- 860 thousand people – in just a quarter;
- 14 thousand people – per quarantine day (in terms of the quarantine duration of 60 days).

2. The fall in the real GDP:
- 14.6% – for the second quarter of 2020 (to the quarter of the previous year);
- 6.4% – according to the results of 2020.

3. Losses of the economy during the quarantine in the second quarter of 2020E:
- 2.5 billion UAH per day (lost value added).

4. Budget losses, based on the fall in employment, are estimated at a single social contribution and personal income tax in April at the level of 1.5-2 billion UAH. Instead of 23-24

billion UAH. per month, fees are expected to be at the level of 21.5-22 billion. Losses in May during the extension of the quarantine will amount to 3-4 billion UAH.

Scenario No. 2 (moderately pessimistic)

The fall in employment (official).

In the second quarter of 2020:

- 862 thousand people – in just a quarter;
- 14 thousand people – per day of the quarantine.

In the third quarter of 2020:

- 845 thousand people – just for the quarter;
- 14 thousand people – per day of the quarantine.

Thus, over two quarters, 1.7 million people will be left without a source of income. For comparison: in the crisis year of 2008, 1.1 million Ukrainians lost their jobs.

2. The fall in the real GDP:

- 14.6% – for the second quarter of 2020 (to the quarter of the previous year);
- 23.5% – for the third quarter of 2020;
- 10.3% – according to the results of 2020.

3. Losses of the economy during the quarantine:

- 2.5 billion UAH per day in the second quarter of 2020 (lost value added);
- 4.7 billion UAH per day in the third quarter of 2020.

4. Losses of the budget for the second wave of the quarantine, based on the fall in employment, are estimated in July-August at the level of 5-7 billion UAH. per month" (A. Amelin, Ya. Lavrik and D. Monin, 2020).

Coronavirus continues to cause damage to the global economy. One of the main victims is tourism. Bloomberg estimates that the global travel industry will lose $ 1.7 trillion in 2020. Airlines are already being predicted bankruptcy. Ukraine is no an exception. Since March 17, Ukraine has canceled all international passenger services. Tourists are massively trying to refuse tickets and abandon tours, hoteliers go into forced downtime (M. Brovinskaya, 2020).

Based on forecasts of economic losses in the country, we consider the current situation in the travel industry in Ukraine and the behavior of the main players in the travel industry in force majeure. Many travel companies have widely announced the return of their tourists from foreign resorts, but many tourists had to buy tickets at their own expense at inflated prices. By any possible means, Ukrainian travel companies are trying to avoid bankruptcy by refusing to return money to the tourists for the refused tours, making reference to so-called penalties and force majeure. For example, the company "Join Up".

"The tour operator is ready to return 100% of the cost of tours to its clients who bought tours on quarantine dates. At least that is how the company writes on its website. Besides, Join UP offered tourists a new type of insurance – from coronavirus, which allows returning money for the tour if it is impossible to fly to the country where the epidemic is declared, as well as if the tourist himself has coronavirus. Refunds are also available for early booking tours.

This option is valid for almost all tours available for booking if tourists apply at least 30 days before the departure date. If the booking is made at an irreversible rate or during the May holidays, then in case of cancellation, a refund is not possible," – noted *LIGA.net* press service (M. Brovinskaya, 2020).

The question arises of the legality of some decisions, for example, regarding the refusal to return money for tours on May holidays at the request of tourists a month before the start of the tour.

In order to avoid dishonest behavior of travel companies in relation to their customers in this situation, it is offered to implement compliance programs at tourist enterprises (travel companies).

Improvement of compliance of actions of the travel company and its employees with the legal norms in modern conditions has a great influence on the development of the tourist enterprise and its systems, which results in a positive image of the firm, qualitatively implemented innovative projects, whose main purpose is to improve the efficiency of the tourist enterprise (travel company) as a whole.

In order to solve this problem in recent years, an effective tool for preventing negative manifestations in the company is recommended - a compliance program.

With regard to the practice of the tourist enterprise (a travel company) in the field of intellectual-innovation activity, the goals of the compliance program can be combined to the following items:

- to control, enforce laws, regulations, professional standards and internal rules, expectations and expected negative consequences of the innovative activity of this tourist enterprise, as well as to solve problems arising from it;
- ensuring transparency of operations, efficient use of resources and consumption of the results of innovation activities of the tourist enterprise;
- creation of conditions for ethical corporate operations, prevention of corruption risks in all directions of tourist enterprise (T. O., Kobeleva, O. O. Nosyrev, and S. V. Garmash, 2019, p. 66).

The implementation of a compliance program at a travel company organically fits into the logistics management system, because its main principles are:

"… 1) systematicity; 2) complexity; 3) coordination of actions of all sections of the logistic system; 4) integration communication; 5) introduction of an effective information base (modern information technologies); 6) adaptability (the ability of the system to adapt to changes in the changing environment)" (S. V. Garmash, 2018, p. 105).

CONCLUSION

It should be noted that the global financial crisis of 2008, which affected all spheres of human life, has pushed the development of the travel industry. Governments of many countries have begun to pay more attention to this segment of the market, as it is this segment that is able to restore its position and profit in a relatively short time (S. V. Garmash, 2019, p. 425). Another thing with the COVID-19 pandemic that the effects of the global economic crisis due to the quarantine have yet to be understood. Many domestic travel companies, referring to force majeure, impose penalties on their customers. In order to prevent corruption in such a crisis conditions, it is necessary to introduce compliance programs within the travel industry in the framework of logistics management.

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НОВІ ВИКЛИКИ СУЧАСНОСТІ ДЛЯ УКРАЇНСЬКОЇ ІНДУСТРІЇ ТУРИЗМУ (КОМПЛАЄНС-ПРОГРАМА В РАМКАХ ЛОГІСТИЧНОГО МЕНЕДЖМЕНТУ В УМОВАХ КРИЗИ)

Гармаш Сергій Володимирович
Національний технічний університет «Харківський політехнічний інститут» м. Харків, Україна

Перерва Петро Григорович
Національний технічний університет «Харківський політехнічний інститут» м. Харків, Україна

Слід зазначити, що світова фінансова криза 2008 року, яка торкнулася усіх сфер життєдіяльності людей, підштовхнула розвиток туристичної галузі. Уряди багатьох країн почали приділяти більше уваги цьому сегменту ринку, оскільки саме цей сегмент здатний за відносно короткий час відновити свої позиції та приносити прибуток. Інша ситуація склалася з пандемією COVID-19, коли «відкладені можливості» перетворюються на «втрачені можливості». Ціллю цього дослідження є узагальнення досвіду туристичних фірм у подоланні негативних наслідків у кризових ситуаціях; простежування тенденцій у поведінці туроператорів на ринку надання туристичних послуг у таких ситуаціях та розробка практичних рекомендацій можливого використання комплаєнс-програми на туристичному підприємстві у рамках логістичного менеджменту для запобігання корупції і несумлінного відношення до клієнтів у кризовій ситуації. Методологія: під час роботи над статтею було використано наступні методи наукового пізнання: метод єдності аналізу та синтезу, метод експертних оцінок, порівняльний аналіз та системний підхід. Наукова новизна: впровадження комплаєнс-програми на туристичному підприємстві органічно вписується у систему логістичного менеджменту. Практичне значення: наслідки економічної світової кризи внаслідок пандемії COVID-19 та карантину ще слід буде осягти. Багато вітчизняних туристичних компаній, посилаючись на форс-мажор, вводять штрафні санкції для своїх клієнтів. Для запобігання корупції в таких кризових умовах на підприємствах туристичної індустрії слід запровадити комплаєнс-програми у рамках логістичного менеджменту. Це сприятиме як задоволенню потреб самого клієнта, так і розвитку діяльності туристичної компанії навіть у кризові часи.

Ключові слова: логістичний менеджмент, комплаєнс-програма, туристичні компанії, форс-мажор, системна криза.

НОВЫЕ ВЫЗОВЫ СОВРЕМЕННОСТИ ДЛЯ УКРАИНСКОЙ ИНДУСТРИИ ТУРИЗМА (КОМПЛАЕНС-ПРОГРАММА В РАМКАХ ЛОГИСТИЧЕСКОГО МЕНЕДЖМЕНТА В УСЛОВИЯХ КРИЗИСА)

Гармаш Сергей Владимирович
Национальный технический университет «Харьковский политехнический университет»
г. Харьков, Украина

Перерва Пётр Григорьевич
Национальный технический университет «Харьковский политехнический университет»
г. Харьков, Украина

Следует отметить, что мировой финансовый кризис 2008 года, который коснулся всех сфер жизнедеятельности людей, подтолкнул развитие туристической отрасли. Правительства многих стран начали уделять больше внимания этому сегменту рынка, поскольку именно этот сегмент способен за относительно короткое время восстановить свои позиции и приносить прибыль. Другая ситуация складывается с пандемией COVID-19, когда «отложенные возможности» превращаются в «потерянные возможности». Целью этого исследования является обобщение опыта туристических фирм в преодолении негативных последствий в кризисных ситуациях; прослеживание характерных тенденций поведения туроператоров на рынке предоставления туристических услуг в таких ситуациях и представление практических рекомендаций возможного использования комплаенс-программы на туристическом предприятии в рамках логистического менеджмента для предотвращения коррупции и недобросовестного отношения к клиентам в кризисной ситуации. Методология: во время работы над статьёй были использованы следующие методы научного познания: метод единства анализа и синтеза, метод экспертных оценок, сравнительный анализ и системный подход. Научная новизна: внедрение комплаенс-программы на туристическом предприятии органически вписывается в систему логистического менеджмента. Практическое значение: последствия экономического мирового кризиса из-за пандемии COVID-19 и карантина ещё следует осмыслить. Много отечественных туристических компаний, ссылаясь на форс-мажор, вводят штрафные санкции своим клиентам. Для предотвращения коррупции в таких кризисных условиях на предприятиях туристической индустрии следует внедрять комплаенс-программы в рамках логистического менеджмента. Это будет способствовать как удовлетворению потребностей самого клиента, так и для развития деятельности туристической компании даже во времена кризиса.

Ключевые слова: логистический менеджмент, комплаенс-программа, туристические компании, форс-мажор, системный кризис.

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CUSTOMER RELATIONSHIP MANAGEMENT IN MEDIATING IMPACT OF CUSTOMER VALUE ON CUSTOMER RETENTION IN THE VILLAGE CREDIT INSTITUTION OF DENPASAR INDONESIA

A. A. Ngurah Gede Sadiartha
University Hindu Indonesia
Denpasar, Indonesia
ORCID ID: 0000-0002-1497-1735
sadiartha.unhi@gmail.com

Abstract. Nowadays, business competition is very intense, which is true in the case of financial services business, including banks, Village Credit Institution and other financial service business which must always try to meet customer satisfaction. The **aim** of the study is to prove the need for ensuring customer satisfaction, considering its direct link with such concepts as customer retention and customer value. From empirical test **result**, conducted due to the research, it is obtained that customer value has a significant impact on customer retention in Village Credit Institution and that significance level of customer value significantly influences Customer Relationship Management in Village Credit Institution. In the same way, the results obtained intended that Customer Relationship Management has a significant impact on customer retention in Village Credit Institution and it can mediate the relationship between customer value and customer retention. Taking into account the fact that Village Credit Institution is of strategic role in the well-being of the region, serving micro small enterprises (MSEs) and citizens of Denpasar through services that are carried out in accordance with customer needs, it must be managed with efficient management pattern in all fields including services.

Keywords: Customer Relationship Management, customer value, customer retention, marketing services.
JEL Classification: M19, M21, M30, M31.

INTRODUCTION

In globalization era, which is characterized by corporate and other competition, the prosses of moving products or services must be able to adjust the needs and desires of consumers or customers to meet expectations, so as to provide satisfaction to consumers or customers. Companies that can compete in the market are those that can provide good quality products or services. This is so that the goods and services offered will get a good place in the perspective of the community as a customer, prospective customer and later customers can assess the extent of the services provided by the company.

Currently, the goods and service industry sector is growing. So competition is increasingly tight. This can be seen that so many business people invest more in services. Therefore, to be able to compete, business people must have a specific strategy to be at the forefront. Business competition is very tight at this time, such in the financial services business, including banks, Village Credit Institution (LPD) and other institutions, which must always try to meet customer satisfaction. The customer or consumer must be served well, because if the consumers are satisfied with the services provided, customer retention will arise. With the retention of customers, the company will be more advanced in the future. Customer retention will make the company more difficult to forget by customers and will increase sales in accordance with marketing objectives namely to increase the number of customers, both in terms of quantity and quality.

Therefore, the definition of customer retention can be given – it is all forms of activities that are directed or carried out by producers or companies to maintain good and ongoing interactions with customers. In its development, customer retention is not only a measure of customer satisfaction and loyalty, but the way to place customers as ambassadors / company representatives who will be able to bring new customers to purchase the product. Because customer retention is a key factor in business that reflects the company's ability to provide customers not only in form of product purchases, but along with the pattern of relationships in the time period (Esti et al., in Natalia, Erlika 2017).

So all of that will affect the business / company existence in the future. If the customer is loyal – the customer is satisfied with goods and services provided by the company. Satisfaction can be seen in the increasing number of customers or consumers of the company. Company's quality is determined by the satisfaction of the customers, if the company provides good service, then consumers will be satisfied with the services provided.

Consumer satisfaction is a level where the needs, desires and expectations of customers can be met which will result in repeat purchases or continued loyalty. A consumer, if satisfied with the value provided by a product or service, is likely to be a consumer for a long time. Satisfaction felt by consumers will have a positive impact on the company (institution), and the company's reputation will increasingly better in the prespective of society in general and consumers in particular. The creation of customer or consumer satisfaction can make the relationship between services providers and customers more harmonious, means that customers can provide an assessment for the company on goods and services which customers or consumers can get.

Customer value is the value received by customers in choosing a product / service in a company. Choosing a product / service, the customer always strives to maximize the perceived customer value. Customer value is determined by customer satisfaction desired by the customer, so customer satisfaction is a top priority, if customer satisfaction is provided by the company then the value given by the customer will be good for the company. The offer of producer that meet customer value expectations affect customer satisfaction and the possibility of customers repurchasing (Mardikawati, 2012). It can grow and develop long-term satisfaction and encourage customers to remain.

Based on the results of the research conducted by Pratiwi and Seminary (2015), the customer value has a positive and significant impact on customer satisfaction so the hypothesis was accepted. According to Win, et al (2013) the result of simple linear regression between variables showed a positive regression coefficient value, this means that the higher the customer value and satisfaction, the higher the customer retention. The results of Kurniawati and Krismawintari's research (2018), found that consumer satisfaction and rational marketing consists of trust, commitment, communication and complaint handling, partially only variable trust does not affect customer retention.

Previous research was conducted by Kadir and Ramdani (2017), it suggested that customer value variables have a positive and significant impact on customer satisfaction variables. The influence was included in the moderate category, but still has a significant influence in practice.

According to Edwin (2018), it was found that customer satisfaction did not strengthen the relationship between the independent variable which was logistic quality services to the dependent variable which was customer retention.

In conditions of intense competition, Village Credit Institution in Denpasar implemented CRM strategy for ensuring customer satisfaction. Customer relationship management implemented by each Village Credit Institution is an effort to establish communication between the company and its customers, where the task is implemented by the customer service department (Customer Relations). Each Village Credit Institution has an important role in maintaining good relations with customers and is ready to solve various questions about products and services, to provide information to every customer of Village Credit Institution of Denpasar, regarding service, promotion of new products and events related to the company.

In addition, the after sales service found in Village Credit Institution of Denpasar also has an influence on creating customer satisfaction. This after-sales service also has an important role in achieving customer satisfaction when a product purchased by a customer is damaged or decreased, so the company needs to give a guarantee to the customer. The Village Credit Institution of Denpasar owned after-sales service facility namely partnership service where customer partners can perform personal services, so customer partners will get a number of benefits, including: determining the time of arrival and free queuing.

The Village Credit Institution of Denpasar has a service system called Inter-Customer Services (AJAN) integrated with banking application as one of the sophisticated services. The Village Credit Institution of Denpasar always strives to provide good services in order to increase its customers.

The customer is the biggest asset in determining whether the company is developing or not. In this case, the customer is not only a buyer but a partner for the company. Customers can also be the main key in the sustainability of the company. Therefore, companies take many steps to pay attention to the existing level of customer satisfaction and attract new customers with the aim of further sustainable development.

CRM and after sales service are closely related to each other because they have a great influence on the company in order to maintain the good name of the company and is a strategy that must be observed by the company in achieving customer satisfaction. Customer satisfaction can be achieved, if the company understand the needs and expectations of customers, maintaine relationships with customers and provide good after-sales service (Suryadi, 2016).

But the direct relationship between the independent variable to the dependent variable is stronger. Prasetyo, et al (2011) stated that the building of the marketing that is not supported by good relationship quality through providing good quality service, good customer value and good customer satisfaction will not cause retention to customers. Because there are many types of financial institutions today that causes the strict competition, therefore customers have the choice to determine which financial institution provide higher satisfaction.

The presence of Village Credit Institution in rural areas can reach groups in improving the community's standard of living. Village Credit Institutions must also pay attention to Customer Relationship Management issues in conducting their activities. Service is the main key to establish the relationship with customers. The experience received by the customer can be a pleasant or unpleasant one and will affect Customer Relationship Management. Because with satisfaction, customer retention will be even better in the future and will affect the assessment of customers or consumers.

Village Credit Institution has strategic role, serving micro small enterprises (MSEs) and citizens in the Indonesia of Denpasar Bali through services that are carried out in accordance with customer needs. Village Credit Institution must be managed with efficient management pattern in all fields including services. If the Village Credit Institution is not managed properly, it will affect Customer Relationship Management and customer retention, which is of great importance even in the case of ensuring village welfare, otherwise villagers can switch to borrow or save to other places as they are less satisfied with Village Credit Institution's services. Therefore, Village Credit Institution must be able to foster its clients' trust in saving money in different forms, such as: savings, deposits or credits. It must be provided by implementing good administrative and financial management. The implementation of impactive Village Credit Institution management is an absolute thing and is a vehicle of organization's further successful activity in managing business for the benefit of customers and it will create retention from customers in the end. Retention is one of the ways to maintain good relation with customers so Village Credit Institution in Denpasar Indonesia can compete with other financial institutions to avoid bankruptcy.

The total assets of Village Credit Institution in Denpasar Indonesia reached more than IDR 2.2 trillion in 2018, with a profit of more than 72 billion IDR. Whereas there are 35 units of Village Credit Institution in total namely: North Denpasar District (10 units), East Denpasar District (12 units), South Denpasar District (11 units) and West Denpasar District (2 units). Meanwhile, many customers complain that service of Village Credit Institution is not satisfactory. The staff is not friendly when serving customers, staff skills are not enough and they mistake in calculating numbers, so customers feel uncomfortable. The process of borrowing credit is much more difficult than saving or depositing money, the credit availability is longer and the interest is too high. So a lot of customers move to another financial institution, resulting to the customer data fluctuating. There is an increase and decrease in each month and can affect customer assessments that allegedly can affect customer retention.

Based on the background that has been described, the research analyzes the role of Customer Relationship Management in mediating the impact of customer value toward customer retention in Village Credit Institution of Denpasar.

LITERATURE REVIEW

Customer Relationship Management (CRM)

According to Kotler and Keller (2012) Customer Relationship Management (CRM) is an activity undertaken to manage detailed information about individual customers and customer touch points to maximize loyalty. Customer touch points are customers facing brands and products, from actual to personal experience or from mass communication to casual observation. CRM provides fully satisfying services for customers by using impactive information about customers. Anton and Petouhoff (2002) in Mulyaningsih (2013) describes Customer Relationship Management (CRM) as a business activity and strategy that involves all resources to build, manage and maintain relationships with existing customers, to find out the needs and desires of customers. CRM is an effort or strategy in building and maintaining relationships with customers to stay loyal to the company. The Customer Relationship Management (CRM) indicator, according to Sheth, Parvatiyar and Shainesh (2001) in Sirait (2018) states that there are three customer relationship management (CRM) programs: Sustainable Marketing Program, Head-to-Head Marketing Program, Partnership Program. This program can create relationships with customers. It can also grow and maintain relationships with customers in the long run, and create customer loyalty (Wina, 2017).

Customer Value

Customer value is a product characteristic in mind and is explained by the customer. Boonlertvanich (Lia, 2018) states that customer value is defined as the difference between the total value of the customer and the customer received from the product or service and the total cost of the customer arising from the assessment, acceptance, use and rejection of the product. or service. The customer value indicators according to Kotler (2005) are as follows: Product Value, Service Value, and Image Value.

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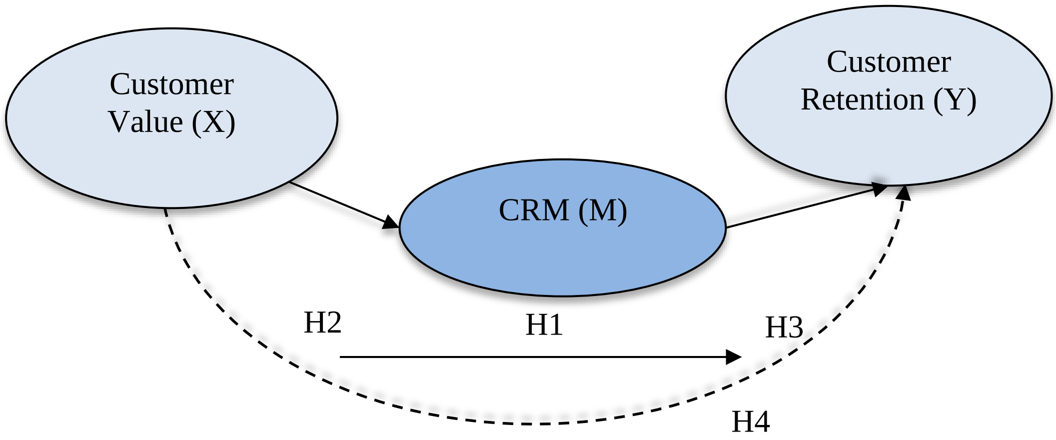
Customer Retention

According to Hasan (in Nio, 2018), customer retention is an important target and indicator in increasing purchases repeated and recommend that has a positive impact on the company. Consumer retention can also be defined as a condition where the customer continues to establish positive relationships with service providers. According to Zulkifi (2012) and Wahyu, et. al., (2016) there are indicators used to measure consumer retention, namely: efforts to increase loyalty, efforts to improve relationships with customers, and efforts to retain customers.

METHODOLOGY

Based on the theoretical study that has been described, the variables used are as follows: customer value, customer retention and customer relationship management. So the framework can be described in the following figure:



Information:
Customer Retention:
Mediation impact:

Figure 1. Theoritical Framework of the role of customer relationship management in mediating the impact of customer value toward customer retention in Village Credit Institution of Denpasar Indonesia

Source: Own compilation

Based on the theoretical framework above, explaning influence of each relationship between variables it can be explained that the customer value variable (X) has a positive and significant impact on patient satisfaction (M) in Village Credit Institution of Denpasar. The Customer Relationship Management (M) variable has a positive and significant impact on retention customer (Y) in Village Credit Institution of Denpasar. Customer value variable (X) has a positive and significant impact on customer retention (Y) in Village Credit Institution of Denpasar and through Customer Relationship Management (M) variable. Customer value (X) has positive and significant impact on retention customer (Y) in Village Credit Institution of Denpasar.

Location of Research

This research was conducted in the 35 Village Credit Institutions of Denpasar, Bali.

Definition of Variable Operation

In this study, the operational definition of variable is as follows:

1. Customer Value (X)

Customer value indicators include: Product value, Service value, Image value.

2. Customer Relationship Management (M)

The variable indicators of Customer Relationship Management are as follows: Sustainable Marketing Program, Head-to-Head Marketing Program, Partnership Program.

3. Customer Retention (Y)

Customer retention (Y) is the maintenance of on going relationship with Village Credit Institution customers in long term. Indicators of consumer retention include: Efforts to increase loyalty, Efforts to improve relationship with customers, Efforts to maintain customers.

Population and Sample

The population in this study is all customers in 2018 as the Village Credit Institution customer population is unknown in number. The formula is needed to determine the number of samples by using the Lemeshow formula (Riduwan and Akdon, 2010), namely: if the degree of trust is 95% and the sampling error is 10% and the number of samples is 1.96 : n = $Z2\ 4d2$

n = (1,96)2 4(0,1)2

n = 3,8416 4(0,1)2

n = 96,04 = 100

Then the minimum number of samples needed in this study of 96 respondents was obtained. Based on the above calculation, the sample of respondents in this study was adjusted to 100 respondents, this was done to obtain data processing and for better testing result.

The Technique of Sampling

The method used in this study is the technique of sampling by accidental sampling, namely how to obtain a sample based on the customers who happened to be encountered when conducting the research. The customer was taken from the study area and its outside.

Technique of Analyzing Data

1. Validity Test
2. Reliability Test
3. Descriptive Statistics
4. Path Analysis

RESULTS AND DISCUSSION

Validity Test Result

The recapitulation of the result of the validity test in this study can be seen in the following table:

Table 1

The Recapitulation of Validity Test Result of Research Instrument

No	Variable	Information
1	Customer Value (X)	Valid
2	Customer Relationship Management (M)	Valid
3	Customer Retention (Y)	Valid

Source: Own calculation

Based on table 1 above, all variables have correlation coefficient value above 0.3, thus all of these instruments are valid, so they are worthy of being used as research instrument.

Reliability Test

The result of the reliability of the research instrument with the help of SPSS Version 22.0 for Windows can be explained as follows:

Table 2

The Recapitulation of Reliability Test Result of Research Instrument

No	Variable	Alpha Cronbach	Information
1	Customer Value (X)	0,813	Reliable
2	Customer Relationship Management (M)	0,805	Reliable
3	Customer Retention (Y)	0,814	Reliable

Source: Own calculation

Based on table 2 above, all variables have Cronbach Alpha coefficient above 0.6, so all of these instruments are reliable, so they are worthy of being used as research instrument.

The Description of Research Variable

Descriptive statistical result can be seen in Table 3:

Table 3

Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X	100	7	20	15.37	2.553
M	100	7	20	15.53	2.552
Y	100	7	20	15.58	2.396
Valid N (listwise)	100				

Source: own calculation

Based on table 3, it can be seen the minimum value that can be achieved on the variable customer value was 7 and the maximum value was 20. The mean for customer value was 15.37. The standard deviation was 2,553, this mean that there was a deviation in the value of the customer to the average value of 2.533. For Customer Relationship Management variable, the minimum value was 7 and the maximum value was 20. The mean Customer Relationship Management variable was 15.53. The standard deviation was 2.552, this mean that there was a deviation of Customer Relationship Management to an average value of 5.552. The minimumcustomer retention variable was 7 and the maximum value was 20. The mean customer retention variable was 15.58. The standard deviation of 2.339, this means that there was a deviation of customer retention of an average value of 2,396.

Path Analysis

Theoretically, the relationship between variable can be modeled in form of a path diagram, as follows.

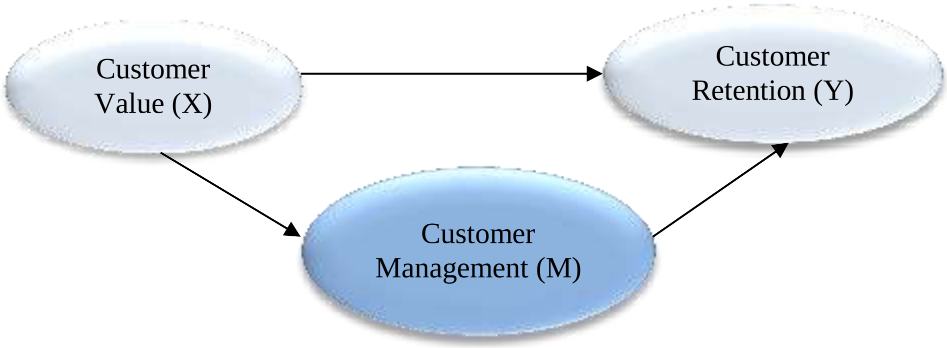


Figure 2. Customer Value Relationship Pathway Model, Customer Relationship Management and Customer Retention

Source: Own compilation

For the estimation of the parameter carried out by regression analysis through SPSS 23.0, the following results were obtained:

Substructure 1: $M = \beta_1 X + e$

Table 4

Substructure Coefficient 1 (Model 1)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.279	1.172		4.505	.000
	X	.667	.075	.667	8.866	.000
a. Dependent Variable: M						

Substructure 2: $Y = \beta_1 X + \beta_2 M + e$

Source: From the result on test data.

Table 5

Substructure Coefficient 2 (Model 2)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.389	1.325		4.067	.000
	X	.428	.096	.453	4.459	.000
	M	.231	.100	.235	2.314	.023
a. Dependent Variable: Y						

Source: From the result on test data.

From the result on substructures 1 and 2, it can be seen the magnitude of direct influence, indirect impact and the total impact between variables. The result of impact between variables is as follows:

Table 6

Direct Influence, Indirect Influence and Total Influence of Customer Value Variable, Customer Relationship Management, and Customer Retention

Variable		Direct Influence	Indirect influence through Customer Relationship Management	Total Influence
Customer Value	Customer Relationship Management	0,667		0,667
Customer Relationship Management	Customer Retention	0,231		0,231
Customer Value	Customer Retention	0,428	0,154	0,582

Source: Own calculation

The structural equation of this research is:

Substructure 1:
$M = \beta_1 X + e_1$
$M = 0,667\ X + 0,75$
Impact of error (Pei) = $\sqrt{1\text{-}R^2}$
Pei = $\sqrt{1\text{-}0,445}$ = 0,75
Substructure 2:
$Y = \beta_1 X + \beta_2 M + e_2$
$Y = 0,428\ X + 0,231\ M + 0,78$
Impact of error (Pei) = $\sqrt{1\text{-}R^2}$
Pei = $\sqrt{1\text{-}0,395}$ = 0, 78

Model validation check

Total coefficient of determination results is
$R^2m = 1 - (1-0,445)(1-0,395)$
$R^2m = 1- 0.336$
$R^2m = 0.664$

The pattern of data by the model is 66.4 percent or the information generated in the data is 66.4 percent and can be explained by the model, and the remaining 33.6 percent is explained by other variables (not contained in the model) and errors.

Trimming Theory

The validation test on each path for direct impact is the same as the regression, the p value of the t test, which tests the regression coefficient of the partial variable with the customer value (X) on Customer Relationship Management (M) is 8.866 sig. 0,000, customer value (X) for customer retention (Y) is 4,459 with sig 0,000, Customer Relationship Management (M) variable with customer retention (Y) is 2,314 with sig 0,023.

Mediation Analysis of Variable Regression with the Sobel Test Method

To assess mediation variables that relate between dependent and independent variables, the following steps are taken: Indirect impact of customer value on customer retention through customer relationship management:

a = 0.667,sa = 0.075,b = 0.231,sb = 0.100

1) Calculating Value of S_{ab}

Sab = $\sqrt{b^2sa^2 + a^2sb^2 + sa^2sb^2}$

Sab = $\sqrt{(0,053*0,006) + (0,445*0,010) + (0,006*0,010)}$

Sab = 0,005

2) Calculating Value of ab

ab = 0,667 x 0,231

ab = 0,154

3) Calculating Value of Z

Z = $\frac{ab}{Sab}$

Z = $\frac{0,154}{0,005}$

Z = 30,8

4) Determining Z table with a significance level of 0.05, namely 1,96

5) Comparing Z count (30.8) with Z table (1.96)

6) the conclusion that customer relationship management can mediate the relationship between customer value and customer retention

Model Interpretation

1. The Impact of customer value on customer retention.

The result obtained indicate that the significance level of research for customer value variable significantly influenced customer retention of 0,000 <0.05, so H0 was rejected and H1 was accepted, in other words the first hypothesis, customer value has a positive and significant impact on customer retention in Village Credit Institution and it can be received.

2. The Impact of customer value on Customer Relationship Management

The result obtained indicate that the significance level of research for customer value variable on Customer Relationship Management of 0,000 <0.05, so H0 was rejected and H2 was accepted, in other word the second hypothesis, customer value has a positive and significant impact on Customer Relationship Management in Village Credit Institution was accepted.

3. The Impact of Customer Relationship Management on customer retention

The result obtained indicate that the significance level of research for Customer Relationship Management variable on customer retention of 0.023 < 0.05, so H0 was rejected and H3 was accepted, in other word the third hypothesis, Customer Relationship Management has a positive and significant impact on customer retention in Village Credit Institution and it can be received.

4. The Impact of customer value on customer retention through Mediation Customer Relationship Management

If Z count > Z table, then H0 is rejected and H4 is accepted. Based on the calculation result, it is obtained that Z_{count} (30.8)> Z_{table} (1.96) so Customer Relationship Management could mediate the relationship between customer value and customer retention.

CONCLUSION

The conclusions that can be drawn, in this study are as follows:

1. Based on the empirical test result, it is obtained that the significance level of research for customer value variable significantly influenced customer retention of 0,000 <0.05, so H1 is accepted, in other word customer value has a significant impact on customer retention of Village Credit Institution of Denpasar.
2. Based on the empirical test result, it is obtained that the level of significance of the study for customer value variable to Customer Relationship Management of 0,000 <0.05, so H2 is accepted, in other word the customer value has a significant impact on Customer Relationship Management of Village Credit Institution of Denpasar.
3. Based on the empirical test result, it is obtained that significance level of research for Customer Relationship Management variable on customer retention of 0.023 <0.05, so H3 is accepted, in other word Customer Relationship Management has a significant impact on customer retention of Village Credit Institution of Denpasar.
4. Based on the empirical test result, it is obtained that Z count (30.8) > Z table (1.96) so Customer Relationship Management could mediate the relationship between customer value and customer retention. So H4 is accepted.

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ОСОБЛИВОСТІ УПРАВЛІННЯ ВІДНОСИНАМИ З КЛІЄНТАМИ З МЕТОЮ ЇХ УТРИМАННЯ В УМОВАХ ПОСЕРЕДНИЦТВА СІЛЬСЬКОЇ КРЕДИТНОЇ УСТАНОВИ У ДЕНПАСАРІ (LEMBAGA PERKREDITAN DESA / LPD)

A. A. Ngurah Gede Sadiartha
Індуїстський університет
Денпасар, Індонезія

На сьогоднішній день конкуренція в бізнесі є дуже напруженою, це стосується зокрема бізнесу з фінансових послуг, включаючи банки, кредитні установи та інший фінансовий бізнес, які завжди повинні намагатися задовольнити клієнтів. Метою дослідження є доведення необхідності забезпечення задоволеності клієнтів, враховуючи його прямий зв'язок з такими поняттями, як утримання клієнтів та цінність клієнта. З результатів емпіричного тестування, проведеного в ході дослідження, випливає, що цінність клієнта має значний вплив на утримання клієнтів у сільській кредитній установі, і що рівень значущості цінності клієнта суттєво впливає на управління взаємовідносинами з клієнтами. Таким же чином, отримані результати передбачають, що управління взаємовідносинами з клієнтами має значний вплив на утримання клієнтів у сільській кредитній установі, і це може опосередковувати взаємозв'язок між цінністю клієнта та утриманням клієнтів. Беручи до уваги той факт, що сільська кредитна організація відіграє стратегічну роль у добробуті регіону, обслуговуючи мікропідприємства (МСП) та громадян Денпасара за допомогою послуг, які здійснюються відповідно до потреб клієнтів, установою повинні бути запроваджені ефективні системи управління у всіх сферах, включаючи послуги.

Ключові слова: управління взаємовідносинами з клієнтами, утримання клієнтів, маркетингові послуги.

ОСОБЕННОСТИ УПРАВЛЕНИЯ ОТНОШЕНИЯМИ С КЛИЕНТАМИ С ЦЕЛЬЮ ИХ УДЕРЖАНИЯ В УСЛОВИЯХ ПОСРЕДНИЧЕСТВА СЕЛЬСКОГО КРЕДИТНОГО УЧРЕЖДЕНИЯ (LEMBAGA PERKREDITAN DESA / LPD) В ДЕНПАСАРЕ

A. A. Ngurah Gede Sadiartha
Индуистский университет
Денпасар, Индонезия

На сегодняшний день конкуренция в бизнесе является очень напряженной, это касается, в том числе, бизнеса по финансовым услугам, включая банки, кредитные учреждения и другой финансовый бизнес, которые всегда должны стараться удовлетворить клиентов. Целью исследования является обоснование необходимости обеспечения удовлетворенности клиентов, учитывая его прямую связь с такими понятиями, как удержание клиентов и ценность клиента. Из результатов эмпирического тестирования, проведенного в ходе исследования, следует, что ценность клиента может влиять на удержание клиентов в сельском кредитном учреждении, и уровень значимости ценности клиента существенно влияет на управление взаимоотношениями с клиентами. Таким же образом, полученные результаты предполагают, что управление взаимоотношениями с клиентами имеет значительное влияние на удержание клиентов в сельской кредитном учреждении и это может опосредовать взаимосвязь между ценностью клиента и удержанием клиентов. Принимая во внимание тот факт, что сельская кредитная организация играет стратегическую роль в благосостоянии региона, обслуживая микропредприятия (МСП) и граждан Денпасара с помощью услуг, которые осуществляются в соответствии с потребностями клиентов, учреждением должны быть введены эффективные системы управления во всех сферах, включая услуги.

Ключевые слова: управление взаимоотношениями с клиентами, удержание клиентов, маркетинговые услуги.

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VERTICAL LEADERSHIP DEVELOPMENT: PROBLEMS OF CONCEPTUALIZATION AND IMPLEMENTATION

Iryna Shavkun
Zaporizhzhia National University
Zaporizhzhia, Ukraine
ORCID: 0000-0003-2227-9754

Yana Dybchinska
Zaporizhzhia National University
Zaporizhzhia, Ukraine
ORCID: 0000-0002-0992-7326

**Corresponding author email: shavkun@znu.edu.ua*

Abstract. The environment in which modern business operates is immeasurably more complex, mobile and unpredictable than it was a decade ago. Changes in the world associated with globalization, digital opportunities, social media make people reconsider their experience and beliefs. Society has to meet many economic, social and environmental challenges and expects business to participate in the process effectively. Companies that strive for success increasingly need leaders who not only manage the current model of the organization well, but also transform its mission, culture, and standards in conditions of increasing complexity, ambiguity, and fragility of events. This requires unprecedented abilities and willingness for full commitment and puts forward new requirements for the leader's formation. **The purpose** of this article is to systematize knowledge on the vertical leadership development in the new business environment that is typified by an increased level of complexity and interconnectedness. General scientific **methods** are used to substantiate the theoretical positions and reasoning of the conclusions. The system method allows to consider the organization leadership development as an open, integrated, dynamic, contradictory process in which all its structural elements are closely interrelated and interact. It is also used a descriptive method with the elements of comparison and graphical visualization of factual information. This paper shares **findings** from the research studies designed to explore the problems of leadership development in the environment that places fundamentally new demands on the managers mindset to develop ability to think comprehensively. A systemic view of the world helps the leader to consider his corporation as not a separate organism for making money, but part of the "life support system" of society. **Research limitations / implications.** The research focuses on conceptual aspects of leadership development in terms of capacity that is sufficient to meet future leadership requirements. The critical gauge of the current leadership results in the assumption that failures are caused by the mismatch of leader's mindset to the level that the company needs for its development. It is the model of vertical leadership development that describes the most important processes of understanding, through which people learn and interpret the experience they receive, and then structure the knowledge into more or less complete pictures of the world and characteristic ways of behavior. **Originality / value.** This study is of an overview nature. There are substantiated the criteria of the VUCA world as far as business environment is concerned; the competencies that will be most valuable to the future leader in managing complex and unpredictable environments are reflected; the methods of horizontal and vertical development are attributed in terms of their key distinction for the collective leadership formation; the action logics of managers in the context of corporate leadership are considered.

Keywords: manager, leader, leadership, vertical development, VUCA world, action logic, Leadership Development Framework.

JEL Classification: L 14, L 29, M 12.

INTRODUCTION

Success in today's world of continuous change is becoming dependent not only on the established and approbated ways of doing business in the past, but also to a large extent on the dynamic capabilities of companies that allow them to transform existing ways of getting results in accordance with the changing situation. “We’ve never experienced a more demanding, fast-paced and complex leadership environment. To thrive as an organization in the 21st-century marketplace – and execute on the vision of Conscious Capitalism – requires unprecedented leadership capacity and delivery. Most leaders are in over their heads in the face of today’s challenges, unable to adapt and evolve quickly enough. Many are failing as a result” (B. Brown, 2013).

Leadership is one of the most important factors of group integration, contributing to the achievement of group goals with the greatest effect.

The New Oxford Dictionary of English defines leadership as: ‘the action of leading a group of people or an organization'; ‘the state or position of being a leader' (The New Oxford Dictionary of English, 2001). Merriam-Webster Dictionary defines leadership as ‘the office or position of a leader, the capacity to lead, and the act or instance of leading' (Merriam-Webster's Dictionary and Thesaurus, 2007).

The multifaceted nature of the phenomenon accounts for a variety of approaches to the conceptualization of leadership. In the endeavor to interpret its essence some proceed from the assumption that true leadership is an inborn capacity and people inherit certain qualities and traits that make them better suited to leadership. Others assert that leadership is the result of acquiring certain competences in the process of continuous and comprehensive development and people can become leaders through the process of teaching, learning and observation (B. Hyacinth, 2015). Tackling the problem in terms of teambuilding the best way for a leader to understand team players is to have been in their footsteps and remember “To be a good leader is to be a good follower” (A. Zaleznik, 2004).

The literature review on the problems of leadership allows to assume the following:

1) there is a general shift from outstanding individuals to collective leadership;

2) leadership is no longer associated with individuals at the top of the hierarchy, but rather becomes more distributed among all managers, including line managers;

3) a critical requirement for effective leadership is associated with the formation of an intense collective intelligence as well as with the development of a caring and supportive organization culture;

4) the form of leadership should be adapted and depend on the type of activity and the problem being solved, i.e. it should be more situationally dependent;

5) leadership becomes more dependent on the characteristics and expectations of the interacting subjects;

6) new leadership involves a direct connection of minds, i.e. the mental connection between the leader and the team is a critical factor;

7) a new category of leadership is emerging — transitional leadership within collective leadership (T. Y. Liang, 2007).

The author of the famous aphorism "Managers do things right. Leaders do the right thing", the guru in the field of leadership theory and development of organizations Warren Bennis, together with Bert Nanus, in 1985 wrote the bestseller "Leaders: the strategies for taking charge" (W. Bennis and B. Nanus, 1986), which brought them worldwide recognition.

Proceeding from their basic belief that "Leadership is the capacity to translate vision into reality" the researchers describe the new context in which modern leaders are to work and identify several criteria that make it particularly difficult to manage complex environments. As a result they substantiate four necessary traits, or "competencies," of a leader – the ability to manage attention, trust, the significance of the task in a team as well as self-management skills.

Modern business environment is immeasurably more complex, mobile and unpredictable than the situation of a decade ago. Global economic, social and environmental challenges are becoming common to businesses, governments and society at large. Successful management in such an environment is possible only if it is perceived by the system. Changes in the environment cause transformation of the set of competencies that are most valuable for future leaders. Among such skills, abilities and qualities, respondents most often indicated: adaptability, self-awareness, building collaborative relationships, "network" thinking.

Thus, at the moment there is a shift in emphasis from the development of behavioral features to changing the leader's mindset itself. It is important to get answers to the following questions: what demands the growing complexity of the ambiguous environment makes on organizations leaders to be equipped to cope with it; what makes the vertical type of development meaningful for the leader to perform more effectively in complex, volatile, and unpredictable environments; what competencies are critical to the success of leaders in the future.

LITERATURE REVIEW

Researchers identify several criteria that make complex environments especially difficult to manage. They contain a large number of interacting elements. Information in the system is highly ambiguous, incomplete, or indecipherable. Interactions among system elements are non-linear and tightly-coupled such that small changes can produce disproportionately large effects. Solutions emerge from the dynamics within the system and cannot be imposed from outside with predictable results. Hindsight does not lead to foresight since the elements and conditions of the system can be in continual flux (F. Laloux, 2015; N. Petrie, 2011).

Most relevantly the modern social and economic environment is characterized by the concept of the "VUCA world" This is an abbreviation of the English words: volatility (variability – rapid and large-scale changes), uncertainty (inability to accurately predict the future), complexity (multi-factor and multicausal challenges), ambiguity (inability to unambiguously interpret events and their potential impact) (B. Baran, 2017).

It was introduced into scientific discourse to describe the state of countries after the Cold War as opposed to a stable, simple and predictable period of time - the SPOD world that was put an end to with an impetuous development of technology and an active expansion of the information field. Consequently SPOD is an abbreviation of English adjectives: steady, predictable, ordinary, definite.

In the early 2000s, the term VUCA was picked up by business community and strategic consultants in their endeavor to explain why it was no longer possible to plan, predict and maintain the former stability in the corporate world.

Now the concept gains increasing popularity especially in the field of technology, consumer and financial markets. The ideology of communications as it is has changed. The communicator is no longer just the mouthpiece of the company and the facilitator of the interaction with stakeholders (the media included). Neither is he the barrier between the internal and external business environment. It is a person (or structure) that obtains signals from both the external and inner environment, initiates and manages changes in business processes.

The idea of the VUCA world as far as business environment is concerned implies the following peculiarities (B. Baran, 2017; N. Petrie, 2011).

Variability. For example, a trader tries to fundamentally change the game plan to adapt to the market that has been in balance for a long time. His commitment to trading according to trends is radically violated by the idea of variability because all balanced markets come to an end sooner or later. And the trader might happen to adapt to the market with a big delay – just on the eve of a major breakthrough. Being a "late majority" in the market is not profitable. Thus to accept the idea of variability implies either a faster reaction, or, on the contrary, stubborn adherence to your own plan. In our case the latter is more preferable, since leaving your familiar niche for another is fraught with numerous mistakes.

Uncertainty. For example a person, in search of the perfect decision, used to constantly add new indicators to optimize the entry rules. Thus he is highly likely to resist any uncertainty. It is not obligatory to be a success in 70% of transactions, and moreover, it is impossible to say what result the next transaction will give. Only a series of deals enables to state if the chosen approach is a success.

Complexity. The following belief is ascribed to Einstein: everything should be done as simple as possible but not easier, because too simple is becoming simplistic. The pursuit to simplify some analysis or approach is inherent in very many people. One day fatigue from consuming excessive information, reading analytical reports, forecasts etc. make a person give up and resort to time-tested and well-proven tools. This approach is hardly prolific due to the fact that some understanding of the market, or at least comprehending your actions is of crucial importance to avoid random results.

Ambiguity. To accept the idea of ambiguity means to admit versions that either unfit or contradict to your analysis. Provided any information on the market can be deceit and provocative it is important to keep your finger on the pulse and admit possible distortion of reality. In the VUCA world it is of vital importance to acquire a new everyday habit to "push" yourself out of the comfort zone. In fact the sense of security emanating from the transaction can be an alarming indicator while the feeling of explicit anxiety may precede success.

It is quite natural that the VUCA world challenge gave rise to the VUCA response strategy based on the idea of replacement or matching. Notwithstanding the match of the both abbreviations the latter implies different notions (B. Johansen, 2012).

Vision: communication to constantly convey the meaning of the goal (people must understand where and why they are going to); faith (in oneself and others) that is based on facts and evidence; focus to provide a situation in which all team efforts are coordinated and concentrated on the right thing.

Understanding: curiosity as the awareness that daily change is the status quo in your organization provides open mind for a constant exploration of new ideas, opportunities, reflection and search for constructive criticism; empathy as understanding of people's hopes, expectations, fears and desires.

Clarity: simplification as the elimination of all superfluous elements to see the essence; intuition as the use of the gift of knowledge without reasoning, instinct trust to experience available; system thinking as the consideration of problems from a global point of view (a dynamic system, a system of interactions and interdependent parts).

Agility: decisiveness as quick adaptation to changing consequences and making decisions with confidence; innovation or death as learning from mistakes and constant looking for new ways to help you become better at what you do. It is important to understand that delegating authority, empowering in cooperation is of a greater value than control;

The above mentioned means that the level of complexity of the tasks solved by managers in modern business requires an entirely different action logic and thinking. Almost all methods in the field of personnel management and its recruitment were introduced in predictable times, and therefore do not work in today's chaotic environment. The former methods of the leadership development are sure to consider insufficient to meet the totality of challenges that organizations (and society as a whole) will face in the future (J. Hardy, 2019; S. R. Cook-Greuter, 2013).

Human resources managers, organizational development theorists, consultants and training companies are unlikely to influence many of the events taking place in the organization. Yet they may seriously affect how leadership is understood and how its potential develops.

A strategically focused leadership system provides the potential for sustainable company development. Conducted by the Center for Creative Leadership (CCL – Center for Creative Leadership) a global leadership competency study reveals that there is a fairly large gap between competences and leadership skills critical to success in the present and future. The study was conducted in three countries and was attended by 2,239 managers at different levels from 24 organizations (J. B. Leslie, 2009).

By comparing the competencies required for the future success of managers and the degree of development of competences in the present, four main groups of leadership competences were identified.

Table 1

The Future Leadership Gap

Over-investments: competencies that are strengths but not considered important	On Track: competencies that are strengths and important.
respect for differences *composure* *culturally adaptable* *compassion & sensitivity* *putting people at ease*	*being a quick learner* *building collaborative relationships* *taking initiative* *participative management* *strategic perspective*
Reserves: competencies that are not strengths and not considered important	Key Gaps: competencies that are not strengths but are important.
confronting problem employees *career management* *balancing personal life & work* *decisiveness*	*inspiring commitment* *leading employees* *strategic planning* *change management* *employee development* *self-awareness*

Source: Adapted from J. B. Leslie, 2009

Modern competitive environment puts forward new challenges for management of a group (business or political) to ensure effective leadership. The main changes in the modern leadership model result from increasing complexity of new tasks, innovation management, the art of virtual leadership and maintaining the authenticity of the leader himself within the multi-role concept of organizational leadership (J. Mackey and R. Sisodia, 2013).

The challenges can be referred to as technical and adaptive. The former envisage skills, processes, and tools, such as CRM implementing (Customer Relationship Management) or quality control formalizing. The latter require, first of all, mental changes. It is impossible to "install" creativity in the work of your team, or "implement" the ability to innovate. Adaptive challenges of a leader are challenges of his thinking and awareness. It is the internal resistance to changes even if they are vital, desired, leading to a more meaningful and rich in colors life.

Metaphorically it may be described as “immunity to change”. It is just the notion that was first put forward by Robert Keegan and Lisa Laskou Leichi (Harvard Business School). After a long-term study of hundreds of executives and employees the researchers outline critical steps for overcoming emotional pitfalls and arriving at true transformations. They proceed from the assumption that the development of adults does not stop by the age of 25-30 as it was once believed. Mental efficiency continues to be developed throughout life and the only thing that can sometimes stop it in its development is the resistance to change. Thus the “immunity to change” serves as a kind of protective mechanism to save our deep-rooted views (R. Kegan and L. Lahey, 2017).

It is noteworthy that modern manager’s development is not always focused on the direction that ensures success in the future. Hence the core of the problem lies in the discrepancy between the increasing complexity of the world and willingness to respond to the complexity by top managers mindset: 80% of adults, regardless of their position keep remaining in the early stages of development (R. Kegan and L. Lahey, 2001).

Thus, at the moment there is a shift in emphasis from the development of behavioral features to changing the leader's mindset itself. The concept of the “adult development” implies the “horizontal and vertical development”.

PAPER OBJECTIVE

The purpose of this article is to systematize knowledge on the vertical leadership development in the new business environment that is typified by an increased level of complexity and interconnectedness. The specific paper objectives are to substantiate the criteria of the VUCA world as far as business environment is concerned; to reflect the competencies that will be most valuable to the future leader in managing complex and unpredictable environments; to compare the methods of horizontal and vertical development in terms of their key distinction for the collective leadership formation; to consider the action logics of managers in the context of corporate leadership by the following criteria: the sources of their actions, their preferred behaviors and forms of corporate management, as well as the quality of their results in relation to the overall performance of the organization.

RESULT AND DISCUSSION

The horizontal development traditionally sees the goal of learning in developing new skills, abilities and behavioral patterns. The main thing is to give people more information and practical approaches by developing new skills and competencies in addition to those that they already have; the application of relevant knowledge in new areas. In this case, new information is supposed to be used while solving problems at the corresponding level of complexity.

Thus, the horizontal development is apt in case when the problem is clearly defined and there are known techniques to solve it. Developing in their current way of thinking people become more experienced, productive and inventive, effectively using their full potential and choosing the most appropriate behaviour.

Among the habitual actions through which the horizontal development is implemented there are: university education, advanced training, professional retraining, degree seeking, lifelong learning, attending seminars, trainings, master classes. To sum it up the horizontal development is aimed at accumulating knowledge, functional skills, competence, expertise and experience.

Meanwhile the vertical development is much less common. It is targeted on changing mindset and transforming the attitudes that motivate the leader’s behavior and decisions. One of its main advantages is that it allows to see from the outside our actions and enhances the ability to think systematically and comprehensively (J. B. McGuire, 2018).

"Vertical learning is the transformation of how a leader thinks, feels, and makes sense of the world. It includes the development of both mental complexity and emotional intelligence. Increasing numbers of leaders and researchers have found that how we know is at least if not more important than what we know. This statement is especially true when managing complex changes" (B. Brown, 2013).

Leadership development contributes to job satisfaction for most employees, especially those at a higher hierarchical level. Consequently it may significantly reduce staff turnover, especially among talented and promising employees who are more in demand on the labor market. This fact is very important for the public sector, in which it is difficult not only to attract talented employees, but also to retain them.

Vertical learning cultivates a more complex mindset that makes leaders considerably more effective than their counterparts. Robert Kegan sees the essence of the process in "… a quantum shift in mental complexity, a transformation of the underlying operating system itself that shapes our thinking, feeling, and social relating. As it evolves in a leader, the new mental, emotional, and relational capacities that arise are the very abilities needed to address complex challenges" (R. Kegan and L. Lahey, 2001). An obvious correlation is proved to be between higher levels of vertical development and effectiveness. Therefore, people with well-developed intellect and abilities work better in more complex environments.

The vertical development as a three-step process:

1. Awakening. A person understands that there is a different approach to understanding the world, and that one can behave differently.

2. Refusal of acquired skills and awareness of differences. The old paradigm is analyzed and changed. New approaches are being tested, a person is experimenting with them as with new opportunities for everyday work and life.

3. Promotion. It occurs when a new idea, after some refinement and application of appropriate efforts, is strengthened and begins to dominate the previous ones. A new level of development (the logic of leadership) becomes more expedient than the previous one (J. B. McGuire, G. Rhodes and C. J. Palus, 2008).

With the vertical development, leaders perform better across a host of mission: think strategically; think systemically; think contextually; decision-making; lead transformational change; inspire vision; build relationships; collaborate; create innovative solutions (R. Kegan and L. Lahey, 2001; D. Rooke and W. R. Torbert, 2005).

The need for the vertical development in the business environment will only increase proportionally to the growing complexity of systems and the rate of change. The interdependence between people and events will increase at different levels. Today, managers are to keep in mind many perspectives as well as comprehend interactions in global systems, cultural differences and preferences, the work of their own psyche and their patterns of behavior. All this becomes the hallmarks of a mature personality (B. Torbert, S. R. Cook-Greuter et al., 2015).

The Leadership Development Framework provides a way of understanding how a leader or manager is likely to interpret situations and thus how they may act. The basic assumption is that leaders are distinguished not so much by their leadership philosophy, their personality or their management style, but by their internal "action logic" that implies "how individuals interpret their surroundings and react when their power or safety is challenged" (D. Rooke and W. R. Torbert, 2005).

Though the concept of action logic has its roots in ancient cultures it was adapted as an instrument for professionals in management. The framework describes the most important processes of understanding, with the help of which people give meaning and perceive life, transform their thoughts, feelings or ideas into concrete actions. Such leadership styles cover seven general categories based on the action logic theory: Opportunist, Diplomat, Expert, Achiever, Individualist, Strategist, and Alchemist.

Table 2

Overview of the key Action Logics of the Leadership Development Framework

Action Logic	Key Characteristics	Leadership style associated with each Action Logic	Statistics*
1	2	3	4
Opportunist	Wins any way possible. Self-oriented; manipulative; "might makes right".	Short term horizon; focus on concrete things; deceptive; rejects feedback; externalizes blame; distrustful; fragile self-control; possibly hostile humor or "happy-go-lucky"; views luck as central; views rules as loss of freedom; punishes according to "eye for eye" ethic; treats what they can get away with as legitimate. Seeks personal advantage: takes an opportunity when it arises.	4%
Diplomat	Avoids overt conflict. Wants to belong; obeys group norm; rarely rocks the boat.	Observes protocol; avoids inner and outer conflict; works to group standard; speaks in cliches and platitudes; conforms; feels shame if they violate norm; avoids hurting others; seeks membership and status; face-saving essential; loyalty is to immediate group, not distant organization or principles. Attends to social affairs of group and individuals. Provides supportive social glue.	11%
Expert	Rules by logic and expertise. Searches for improvement and rational efficiency.	Is immersed in the self referential logic of their own belief system, regarding it as the only valid way of thinking. Interested in problem solving; critical of self and others based on their belief system; chooses efficiency over effectiveness; perfectionist; accepts feedback only from "objective" experts in their own field; dogmatic; values decisions based on the incontrovertible facts; wants to stand out and be unique as an expert; sense of obligation to wider, internally consistent moral order. Consistent in pursuit of improvement. Strong individual contributor.	37%
Achiever	Meets strategic goals. Delivery of results by most effective means. Success focused.	Effectiveness and results oriented; long-term goals; future is vivid, inspiring; welcomes behavioral feedback; feels like initiator, not pawn; begins to appreciate complexity and systems; seeks increasing mutuality in relationships; feels guilt if does not meet own standards; blind to own shadow, to the subjectivity behind objectivity; seeks to find ways around problems in order to deliver, may be unorthodox. Adopts rather than creates goals.	30%
Individualist	Innovates processes. Relativistic position with fewer fixed truths. Self, relationships and interaction with the system.	Focus on self and less on goals; increased understanding of complexity, systems operating and working through relationships; deepening personal relationships; takes on different role in different situations; increasingly questions own assumptions (part of rise in self absorption) and assumptions of others; attracted by change and difference more than by stability and similarity; increasingly aware of own shadow.	11%

Table 2 continuation on the next page

Table 2 continuation

1	2	3	4
Strategist	Creates personal and organizational transformations. Links between principles, contracts, theories and judgment.	Recognizes importance of principle, contract, theory and judgment - not just rules and customs; creative at conflict resolution; process oriented as well as goal oriented; aware of paradox and contradiction; aware that what one sees depends upon one's world view; high value on individuality, unique market niches, particular historical movements; enjoys playing a variety of roles; witty, existential humor (as contrasted to prefabricated jokes); aware of dark side of power and may be tempted by it – may misuse their own abilities and manipulate others. Post conventional.	5%
Alchemist	Generates social transformations. Interplay of awareness, thought, action and effect. Transforming self and others.	Seeks participation in historical / spiritual transformations; creator of events which become mythical and reframe situations; anchoring in inclusive present, seeing the light and dark in situations; works with order and chaos; blends opposites, creating "positive-sum" games; exercises own attention continually; researches interplay of institution, thought, action and effects on outside world; treats time and events as symbolic, analogical, metaphorical (not merely linear, digital, literal), involved in spiritual quest, often helps others in their life quests.	2%

** of people in a mixed sample of 4510 people*

Source: Adapted from the Origins of the Leadership Development Framework, Cleveland Consulting Group

People may be in transition from one action logic to another or rooted firmly in one central logic. With the transition to each new action logic, the leader gains greater freedom of action, flexibility, opportunities for transformation, and additional methods for coordinating actions with core values. In the course from early to late stages of development the mindset evolves from simple to complex, from static to dynamic and from ego-centric to sociocentric and further to world-centric and cosmocentric.

Each stage is a map of reality, reflecting a certain mindset with its inherent values, insights and behaviors. In this sequence each stage reflects an ever-increasing ability to skillfully treat thoughts, feelings, relationships and cope with the challenges of modern life.

Ultimately, leaders who in their development reach the last stages acquire well-developed mental, emotional and social abilities that other leaders do not have. They do not just see and feel the situation and people differently – they see and feel more than other leaders. They see more interconnections, perceive more subtleties, perspectives and opportunities. This allows more effectively to respond to complex and uncertain leadership changes in the VUCA world of the 21st century.

CONCLUSION

Thus, summarizing the theoretical and empirical material, we can conclude the following.

Ensuring the sustainable development of companies in conditions of rapid changes and chaotic external environment is only possible for those leaders whose leadership mindset level of development allows to see system connections. Hence strategic and system thinking, collaboration need to feel comfortable with ambiguity in the coming era will increasingly expect managers to take on challenges that require them to engage in such competencies as: inspiring commitment; leading employees; strategic planning; change management; employee development; self-awareness.

Though it is believed that no ideal leader exists, still among the attributes of true leadership there is integrity of character, a high level of emotional intelligence, the ability to adapt and learn, critical and strategic thinking, creativity, capacity to attract and manage talented employees.

The prerequisite for successful leadership is a correctly built team that effectively functions in the atmosphere of respect and trust and combines all the elements into a single dynamically developing, learning organism, striving to live long and successfully.

Today the importance of the vertical leadership development is widely recognized for self understanding as well as comprehending others and different various systems within which we live and work. Leadership development programs not only concentrate on mastering skills, competencies and building effective relationships with different types of personality. They also focus on the development of emotional intelligence, self-awareness and the ability to try on different points of view and see a wider picture of reality.

While the horizontal leadership development is aimed at obtaining new knowledge and developing functional skills by working at the same cognitive, emotional and social level, the vertical leadership development expands the world picture and constantly increases the level of awareness, so that the leader can become more attentive and wise. It involves the transformation of the mindset, perception and giving meaning to everything that happens in the world. It promotes the development of both mental abilities and emotional intelligence.

The vertical leadership development is associated with the transformation of mindset – that is, how a person thinks, feels, what meanings and values determine his life. It includes the development of cognitive abilities and emotional intelligence. Vertical growth tools transform the way we look at the world and solve problems, and increase the ability to think systematically and holistically, covering the whole picture.

The model of the vertical leadership development is based on the management, change and transformation of complex dynamic systems – modern companies. The leadership formula becomes much more complex, multi-dimensional, and is based on different factors: the leader, the system, stakeholders, the external environment, behavior, and actions. The leader's task is to create metasystems, manage contexts and turbulent environments, innovations, and strategic alliances.

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ВЕРТИКАЛЬНИЙ РОЗВИТОК ЛІДЕРСТВА: ПРОБЛЕМИ КОНЦЕПТУАЛІЗАЦІЇ ТА РЕАЛІЗАЦІЇ

Шавкун Ірина Григорівна
Запорізький національний університет
м. Запоріжжя, Україна

Дибчинська Яна Станіславівна
Запорізький національний університет
м. Запоріжжя, Україна

Компанії, які прагнуть успіху, все більше потребують лідерів, що не тільки добре керують поточною моделлю організації, але і трансформують її місію, культуру і стандарти в умовах зростаючої складності, неоднозначності і стрімко мінливих подій. Це вимагає безпрецедентно виняткових здібностей, готовності до повної самовіддачі і висуває нові вимоги до формування лідера.

Метою даної статті є систематизація знань про вертикальний розвиток лідерства в новому бізнес-середовищі, що характеризується підвищеним рівнем складності і взаємопов'язаності.

Для обґрунтування теоретичних положень і висновків використовуються загальнонаукові методи. Системний метод дозволяє розглядати розвиток лідерства організації як відкритий, цілісний, динамічний, суперечливий процес, у якому всі його структурні елементи тісно взаємопов'язані і взаємодіють. Також використовується описовий метод з елементами порівняння та графічної візуалізації фактичної інформації.

Основна увага в дослідженні приділяється концептуальним аспектам формування лідерства з точки зору розвитку здатності до комплексного мислення з метою подолання невідповідності мислення лідера рівню, необхідного для розвитку компанії. Саме вертикальна модель розвитку лідерства забезпечує найважливіші процеси розуміння, за допомогою яких засвоюється і інтерпретується отриманий досвід, а потім структуруються отримані знання в більш-менш повні картини світу і характерні способи поведінки.

Модель вертикального розвитку лідерства заснована на управлінні змінами і трансформації складних динамічних систем, якими є сучасні компанії. Формула лідерства значно ускладнюється, стає багатовимірною і ґрунтується на різних параметрах: лідер, система, стейкхолдери, зовнішнє середовище, поведінка і дії. Завдання лідера – створення метасистем, управління контекстами і турбулентними середовищами, інноваціями і стратегічними альянсами.

Обґрунтовано критерії VUCA-світу щодо бізнес-практики; окреслено найбільш цінні компетенції лідера для управління складними і непередбачуваними середовищами; проаналізвано методи горизонтального і вертикального розвитку на предмет спільного і відмінного при формуванні колективного лідерства; розглянуто логіку дій менеджерів у контексті корпоративного лідерства.

Ключові слова: менеджер, лідер, лідерство, вертикальний розвиток, VUCA-світ, логіка дій, структура розвитку лідерства.

ВЕРТИКАЛЬНОЕ РАЗВИТИЕ ЛИДЕРСТВА: ПРОБЛЕМЫ КОНЦЕПТУАЛИЗАЦИИ И РЕАЛИЗАЦИИ

Шавкун Ирина Григорьевна
Запорожский национальный университет
г. Запорожье, Украина

Дыбчинская Яна Станиславовна
Запорожский национальный университет
г. Запорожье, Украина

Компании, стремящиеся к успеху, все больше нуждаются в лидерах, которые не только хорошо управляют текущей моделью организации, но и трансформируют ее миссию, культуру и стандарты в условиях возрастающей сложности, неоднозначности и стремительно меняющихся событий. Это требует беспрецедентно исключительных способностей, готовности к полной самоотдаче и выдвигает новые требования к формированию лидера.

Целью данной статьи является систематизация знаний о вертикальном развитии лидерства в новой бизнес-среде, характеризующейся повышенным уровнем сложности и взаимосвязанности.

Для обоснования теоретических положений и выводов используются общенаучные методы. Системный метод позволяет рассматривать развитие лидерства организации как открытый, целостный, динамичный, противоречивый процесс, в котором все его структурные элементы тесно взаимосвязаны и взаимодействуют. Также используется описательный метод с элементами сравнения и графической визуализации фактической информации.

Основное внимание в исследовании уделяется концептуальным аспектам формирования лидерства с точки зрения развития способности к комплексному мышлению с целью преодоления несоответствия мышления лидера уровню, который необходим компании для ее развития. Именно вертикальная модель развития лидерства обеспечивает важнейшие процессы понимания, посредством которых усваивается и интерпретируется полученный опыт, а затем структурируются полученные знания в более или менее полные картины мира и характерные способы поведения.

Модель вертикального развития лидерства основана на управлении изменениями и трансформации сложных динамических систем, какими являются современные компании. Формула лидерства значительно усложняется, становится многомерной, основывается на разных параметрах: лидер, система, стейкхолдеры, внешняя среда, поведение и действия. Задача лидера — создание метасистем, управление контекстами и турбулентными средами, инновациями и стратегическими альянсами.

Обоснованы критерии VUCA-мира применительно к бизнес-практике; очерчены наиболее ценные компетенции лидера для управления сложными и непредсказуемыми средами; проанализированы методы горизонтального и вертикального развития на предмет общего и отличного при формировании коллективного лидерства; рассмотрена логика действий менеджеров в контексте корпоративного лидерства.

Ключевые слова: менеджер, лидер, лидерство, вертикальное развитие, VUCA-мир, логика действий, структура развития лидерства.

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MANAGEMENT OF EDUCATIONAL ASSESSMENT IN HIGH SCHOOL: TRANSCENDENTAL FACTORS

Moh. Zamili
Universitas Diponegoro
Semarang, Central Java, Indonesia
ORCID ID: 0000-0002-6987-8220

Ida Hayu Dwimawanti
Universitas Diponegoro
Semarang, Central Java, Indonesia
ORCID ID: 0000-0002-5869-5429

Sri Suwitri
Universitas Tidar
Magelang, Central Java, Indonesia
ORCID ID: 0000-0001-8840-2837

Kismartini
Universitas Diponegoro
Semarang, Central Java, Indonesia
ORCID ID: 0000-0003-3512-3679

**Corresponding author email: fine.zam@gmail.com*

Abstract. The **purpose** of this study is to examine the management of educational assessment taking into account several transcendental factors. Identification of transcendental factors arises from the context of the study based on the framework of public management and educational management. The research is focused on the weaknesses and strengths of data on the achievement of the educational standards, namely the educational assessment standard. **Methodology:** Concurrent triangulation design is used to examine the phenomenon of research. The Education Quality Assurance Institute contributed to this study in the form of secondary data on the report quality of education. Measures concerning eight National Education Standards are based on indicators in school self-evaluation instruments. Quality report card grades on the assessment standards are analyzed to obtain a frequency distribution consisting of standard deviations and average scores. The focuse group was set up to confirm satisfaction with the educational assessment services. The Miles-Huberman model is used as a qualitative data analysis procedure and processed using the ATLAS.ti software version 8. The research **findings** show that the factors of educational leadership, public service motivation, goal clarity, and commitment to values greatly influence the management of assessment in high schools in Central Java.

Keywords: management, educational assessment, senior high school, province.
JEL Classification: A21, I28.

INTRODUCTION

The return of authority on managing high school education from the district/city to the provincial government was realized in 2017. Since then, the task of the Provincial Education and Culture Office is not merely to carry out socialization and coordination on the implementation of educational programs. As the leading sector in the field of education, it should have strategic steps in solving educational problems, especially those that are rooted and unresolved from 2003 to 2019, namely the practice of educational assessment which has so far been oriented to academic justification. The Indonesian education world has undergone a fundamental change in the education system up to the assessment standards that began in 2003, since the advent of law number 20 of 2003 concerning the national education system. Since then, the curriculum issues have changed, national education standards have been changed to implement the 2013 curriculum, especially the centralized education assessment standards from 2003 to 2012, then fifty-fifty management between the central and regional governments in 2013-2016 and again decentralized since 2017 until now. This phenomenon shows that it is as if Indonesia repeats the history of the decentralization of valuation management that occurred between 1980 and 2002 (Puspendik.kemdikbud, 2019). This repetition of history is closely related to the Indonesian government's uncertainty over a standard format in printing the future of the nation's children.

Management of educational appraisal plays a large role in determining educational success (Popham, 2001; Wyatt-Smith and Cumming, 2009). On the other hand, educational appraisal without management appraisal is no different than a captain without a compass. Since the issue of educational assessment has been returned to the provincial government in the spirit that assessment is not justification for academic achievement, each province should have the characteristics of assessment governance that are appropriate to the characteristics of their respective regions. In this case, the Office of Education and Culture of Central Java Province was chosen to be a research site based on the highest teacher qualification level compared to East Java and West Java. In 2017 it was 97.39 and 98.1 in 2018. The qualifications of the teacher left East Java in 2017 at 96.86 and 97.65 in 2018. While West Java was at 95.59 in 2017 and 96.64 in 2018 (Ministry of Education and Culture, 2019). In fact, until now high teacher competency has not influenced the improvement of education assessment so that it requires an appropriate model in managing educational assessment. Given, Central Java has more districts/cities, namely 34 districts/cities compared to East Java which consists of 29 districts/cities, and West Java consists of 18 districts/cities. When mapped, increasing teacher qualifications from 2016 to 2018 is not accompanied by the management of educational assessments as shown in the following table:

Table 1

Teacher Qualifications and Assessment Management Design

Teacher Qualifications		Assessment Management Design
Year	Achievements	
2017	97.39	(x) empty
2018	98.1	(x) empty
2019	98.18	(x) empty

Source: Regional Education Balance Sheet, Ministry of Education and Culture, 2020

In addition to the qualifications and design of assessment management, teacher qualifications also influence curriculum implementation (Darling-Hammond, 2004; Hodgson and Spours, 2002; D. Thompson et al., 2013). Curriculum development is a necessity while implementing curriculum design requires resource readiness, culture set, and mindset. The facts that occur in Indonesian education show that since the 2006 curriculum titled Education Unit Level Curriculum (KTSP) to the latest curriculum, namely the 2013 curriculum, the central government and even the provincial government does not guarantee the presence of a curriculum format that fits regional characteristics.

Whereas KTSP aims for each school to develop its curriculum, but the fact is that not many schools can achieve that goal (Raihani, 2007). Not yet finished with the issue of school unpreparedness in applying the curriculum, in 2013 the ministry of education and culture instructed the implementation of the 2013 curriculum. Unfortunately, teachers were not accustomed to curriculum changes so that in practice, many schools still used KTSP because of unprepared human resources and in several provinces who became a pilot began implementing the 2013 curriculum but were limited. Further development, from 2017 until now, every school has implemented the 2013 curriculum which is considered a holistic curriculum. Regrettably, the scientific approach leaves a new problem, namely that each school has not been able to touch the needs of taxonomic aspects of students to the analysis and application stages. Though the concept of the taxonomy of learning was echoed by Bloom in the mid-19th century then revised by Anderson and Krathwohl at the beginning of the millennium (Anderson et al., 2001; Bloom, 1956; Krathwohl, 2002).

Management strategy determines the achievement of objectives. (Certo and Certo, 2016; Robbins and Coulter, 2018). On behalf of balancing curriculum implementation, in 2015 authentic assessment strategies began to be put into practice. Not only that, to align between the needs of government and schools, but the assessment manager is also divided into three actors; teacher, school and government. The three actors are entitled to manage the achievements and development of students' learning. Contradictory facts reappear, the Office of Education and Culture of Central Java Province as an extension of the ministry of education does not have the right formulation in measuring the competency aspects of the social-spiritual attitude as contained in the 2013 curriculum which has authentic assessment. Even not a few schools confuse in determining the assessment of spiritual aspects.

The condition of high school education assessment in Central Java Province was reviewed based on the school self-evaluation instrument on the achievement of one of the eight National Education Standards. The eight standards include (1) graduate competency standards, (2) content standards, (3) process standards, (4) education assessment standards, (5) standards of educators and teaching staff, (6) facilities and infrastructure standards, (7) management standards, and (8) financing standards. Where, eight national education standards are the minimum criteria about the education system in the entire jurisdiction of the Unitary Republic of Indonesia (Government Regulation of the Republic of Indonesia Number 32 of 2013 concerning Amendments to Government Regulation Number 19 of 2005 concerning National Education Standards, 2013). The focus of our research is on the weaknesses and strengths of data on the achievement of the fourth standard, namely the educational assessment standard. The selection of school self-evaluation instruments is due to the measurement of each indicator representing the standards to be achieved according to national education standards. Besides, school self-evaluation instruments are internal assessments that are managed directly by the school and for the benefit of the school. School residents can see themselves for one school year. For this reason, in this study, we have examined the achievement of assessment standards from 2016, 2017, until 2018.

LITERATURE REVIEW

The theoretical framework used in this study consisted of two groups. First is a review of best practice management based on public management assessment. Second, the study of management functions in public management. Public management best practice refers to the results of Ferrer's research on the educational assessment system in Latin America (Ferrer, 2006), Arnott on the impact of governance restructuring on school management in Scotland and England (Arnott, 2000), Fusarelli and Johnson about the effect of new public management on schools (Fusarelli and Johnson, 2004), Pellegrino about the design of grading systems (J. W. Pellegrino, 2009), Clarke about an effective assessment framework (Clarke, 2011), Pecheone about unifying assessments in classroom instruction (Pecheone et al., 2018), Conley and Hammond question assessment management for deeper learning (Conley and Darling-Hammond, 2013). While the study of the practice of public management functions refers to the Robbins and Coulter framework with the POLC model (Robbins and Coulter, 2018), Certo and Certo through the POIC model (Certo and Certo, 2016).

The basis of the policy in the management of assessment refers to the Regulation of the Minister of Education and Culture of the Republic of Indonesia Number 23 of 2016 concerning Education Assessment Standards. The regulation explained that the manager of a valuation was (a). assessment of learning outcomes by educators; (b). assessment of learning outcomes by the education unit; and (c). assessment of learning outcomes by the Government. As for what is managed are student competencies in the aspects of attitude, knowledge, and skills as stipulated in the Minister of Education and Culture Regulation Number 20 of 2016 concerning Graduates Competency Standards. A year later, the three aspects were oriented towards the achievement of factual, conceptual, procedural, and metacognitive dimensions (Kemendikbud, 2017). Regulation on assessment standards and graduate competency standards to respond to Indonesia's backwardness in the 2015 International Student Assessment Program (PISA) which occupies 64 positions from 65 countries. Even the latest report released by the OECD-PISA at the end of 2018 still positions Indonesia with Marocco and Lebanon (PISA, 2018). Noting this phenomenon, the Central Java province with high teacher qualifications should be able to prioritize pilot schools in the field of literacy and not stipulate Governor Regulation Number 10 of 2019 regarding Implementation of Anti-Corruption Education (semarang.bisnis.com, 2019). We are aware of the importance of anti-corruption education, but one indicator of widespread corruption is the lack of literacy, poor standards of minimum service in the field of education, as well as pure participation rates and gross participation rates that do not increase.

Eleven years ago, countries in various parts of the world had formulated a 21st-century learning framework (P21 Framework for 21st-century learning, 2009; Trilling and Fadel, 2009). Before that, Indonesia had formulated a similar thing by rolling in law number 20 of 2003 concerning the national education system which was oriented towards meeting national education standards. Unfortunately, the formulation was not enough to meet PISA expectations and the 21st learning framework, so in 2005 the Republic of Indonesia Government Regulation No. 32 of 2013 concerning Amendment to Government Regulation No. 19 of 2005 concerning National Education Standards. Again, ten years ago, namely, in 2015 Indonesia could not catch up in the world of educational assessment released by PISA. Noting this phenomenon, the government does not yet have a design regarding education management (J. Pellegrino et al., 2001; J. W. Pellegrino, 2014). In the absence of design, it has implications for the management of educational assessments at the level below it, which is carried out by the provincial government.

In addition to the lack of assessment management design, commitment to governance restructuring is a systemic obstacle (Amirrachman et al., 2013; Arnott, 2000; Bjork, 2004; Ferrer, 2006). The Indonesian government still exercises authority in managing educational assessments between the central government and regional governments – before actually being returned to the provincial government – namely the formulation of 100% graduation assessments through national examinations from 2003 to 2005. In that year schools did not have the slightest right to pass the student. Then changed to 30:70 (school: government) in 2006-2010, changed again 40:60 (school: government). Then from 2011 to 2016 the management of educational assessment was at a ratio of 80:20 (School: Government). This final formulation is influenced by the issue of new public management which has a real impact on the management of educational assessments in various parts of the world (Fusarelli and Johnson, 2004) so countries in Asia are competing to improve the education system and education assessment (Bandur, 2012; Heyward et al., 2011; Patrinos et al., 2009). On the other hand, curriculum reforms are increasingly at odds with the goals of educational assessment because of the changing policies (Mukminin et al., 2019; Pratiwi, 2019; Raihani, 2007) so the goal seems ambiguous (Pandey and Rainey, 2007; Pandey and Wright, 2006). Towards 2017, the issue of returning authority from the central government to the provincial government is increasingly apparent. On the other hand, issues related to assessment as learning (Drake and Burns, 2004; Earl, 2013; Mutch, 2012; J. W. Pellegrino, 2014), assessment for learning (Black et al., 2005; Black and Wiliam, 2006; Wiliam, 2009), and assessment management oriented towards deeper learning (Conley and Darling-Hammond, 2013) also widely discussed by Indonesian scholars.

The search for an educational assessment management design that is suitable for the characteristics of the province requires an appropriate theoretical formulation. In this case, aspects of public management are examined using the POLC model (Robbins and Coulter, 2018). The model is similar to the Chuck William model. Researchers also compared Certo and Certo's model, POIC. The two models have been tested until now because they are the development of the POAC model (Terry and Franklin, 2000) POSDCO model (Koontz and O'donnell, 1976) and POSDCORB model (Gulick and Urwick, 2003). The two models try to be juxtaposed with the results of Ferrer's research about the assessment system. From a theoretical comparative analysis of management functions, this study focuses on transcendent factors in the management of educational assessment in Central Java Province, Indonesia.

METHODOLOGY

The Education Quality Assurance Institute contributed to this study in the form of secondary data on the report quality of education. Analysis of the data is to see the development of quality report cards from 2016, 2017, and 2018 on the achievement of the eight out of eight assessment standards that are standardized by the National Education Standards Agency. This quality report card consists of 598 public and private schools in 35 regencies/cities in Central Java Province. Measures to eight National Education Standards are based on indicators in school self-evaluation instruments. Quality report card grades on the assessment standards are analyzed to obtain a frequency distribution consisting of standard deviations and average scores (Bryman, 2006; Johnson and Turner, 2003; Mertens, 2010; Sandelowski, 2000).

Focus group consists of students, parents, and school community members and has been carried out to confirm satisfaction with the educational assessment services embedded with purposive-mixed-probability techniques (Creswell and Clark, 2011; Kemper et al., 2010). The sampling technique is part of the concurrent triangulation design (Creswell, 2012; Creswell and Creswell, 2018; Fetters et al., 2013; Morse, 2003; Teddlie and Yu, 2007). The Miles-Huberman model is used as a qualitative data analysis procedure (Miles et al., 2014) and processed using the ATLAS.ti software version 8.

RESULTS AND DISCUSSION

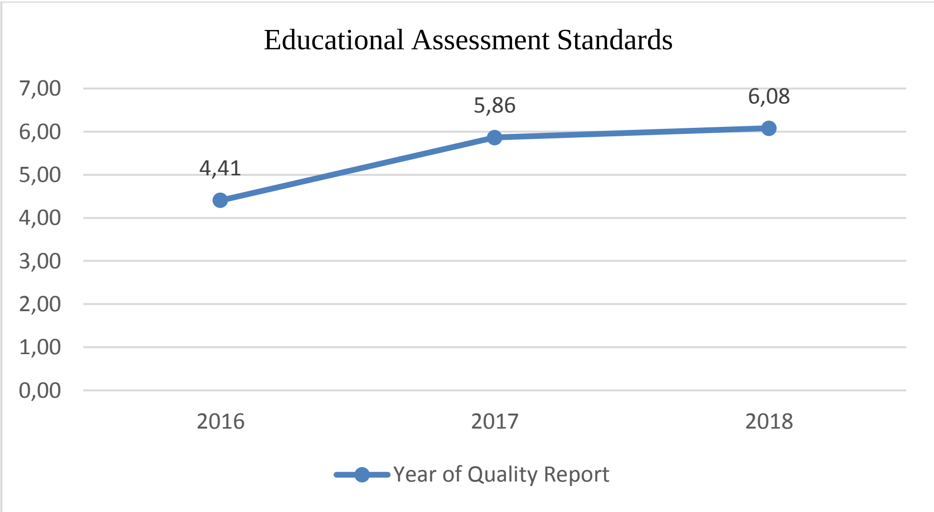
The manager of educational assessment is oriented to the output or quality of education. Quality measures pay attention to the achievements of eight national education standards in the form of quality report cards. The measure is managed by the Education Quality Assurance Agency grouping them into 6 (six) categories, namely (1) towards National Standard Of Education 1 in the range of values from 0.00 to 2.04, (2) Towards National Standard Of Education 2 in range of values from 2.05 to 3.70, (3) to National Standard Of Education 3 in the range of values from 3.71 to 5.06, (4) Towards National Standard Of Education 4, in the range of values from 5.07 to 6.66, and (5) Meet the National Standard Of Education in the range of values 6.67 - 7.00, and (6) Exceeds the National Standard Of Education if the achievement value > 7.00. The procedure for filling out a school self-evaluation instrument involves the school supervisor to carry out socialization regarding previous achievements. The school principal coordinates curriculum ship representatives and teachers. The filling is done and validated by the school principal and then deposited with the Educational Quality Assurance Institute to be corrected. If all data are valid, the Educational Quality Assurance Agency distributes quality report cards at each school at every level of education for evaluation.

The above statistical data are then continued by paying attention to thematic and categorical data at the qualitative data analysis stage. Our findings focus on determinant factors including (a) educational assessment standards that tend to be dynamic; (b) educational leadership that has not been programmed; (c) public service motivation aspects have not been fulfilled; (d) clarity of objectives in the computer-based national exams conducted by the government and school exams conducted by teachers and schools.

Educational Assessment Standards

Questioning the management of educational appraisal is very closely related to the actors who play a role in the management of educational appraisal. In this study we collected information and conducted an in-depth analysis of data released by the Educational Quality Assurance Agency, the Office of Education and Culture of Central Java Province, five sites at Semarang Central Java high schools, the National Accreditation Agency, and standards set by the National Standards Agency Education. The school as an implementer of assessment standards. The Office of Education and Culture of Central Java Province is tasked with assisting the implementation of the achievement of standards according to Norms, Standards, Procedures, and Criteria. The Education Quality Assurance Agency guarantees the quality of education and is tasked with surveying with an output report card on the quality of education. The National Accreditation Board measures the achievement of standards. The National Education Standards Agency sets standards. The role of the National Accreditation Board and the National Education Standards Agency is in the form of secondary data because their task is only to study education standards every four years. So our research focuses on three other actors.

Data released by the Institute for Quality Assurance of Education shows that the achievement of assessment standards is at an index of 83.61% and is the second-highest achievement after funding standards. A significant increase in the achievement of standards occurred in 2016-2017, namely 1.46 and continued to increase in 2018 amounting to 0.22.



Graph 1. The trend of average scores in the educational assessment standard

The phenomenon of changes in the determination of assessment and graduation from 80:30 (government: schools) in 2017 to 2021 is planned to be 100% of assessments determined by schools. This phenomenon shows that the trust of the government in schools was tapped in 2020. Whereas since 2014 the Republic of Indonesia Law No. 23 of 2014 has been issued concerning local government which explains that the provincial government is responsible for managing education, assessment up to graduation of high school and vocational high school.

Researchers investigated more deeply and found that in the quality report card there was an indicator “determining student graduation based on appropriate considerations”, at 4.00-5.20 and was the smallest lift compared to other indicators. Some schools are ready for this change, but not a few are constrained because of teacher qualifications and the latest developments in making assessment instruments (Setiadi, 2016). Thematic data shows that teachers and schools tend to do academic justification. Student intelligence tends to be juxtaposed with report card grades. This mindset is still thick, considering the centralized assessment of education in Indonesia for too long. Though seeing the latest developments shows that the learning framework of the 21st century leads to collaboration between educators and students. In other words, the Department of Education and Culture of Central Java Province was late in responding to the latest educational developments. Mapping of the management of educational assessment aspects of meeting the assessment standards we describe as follows:

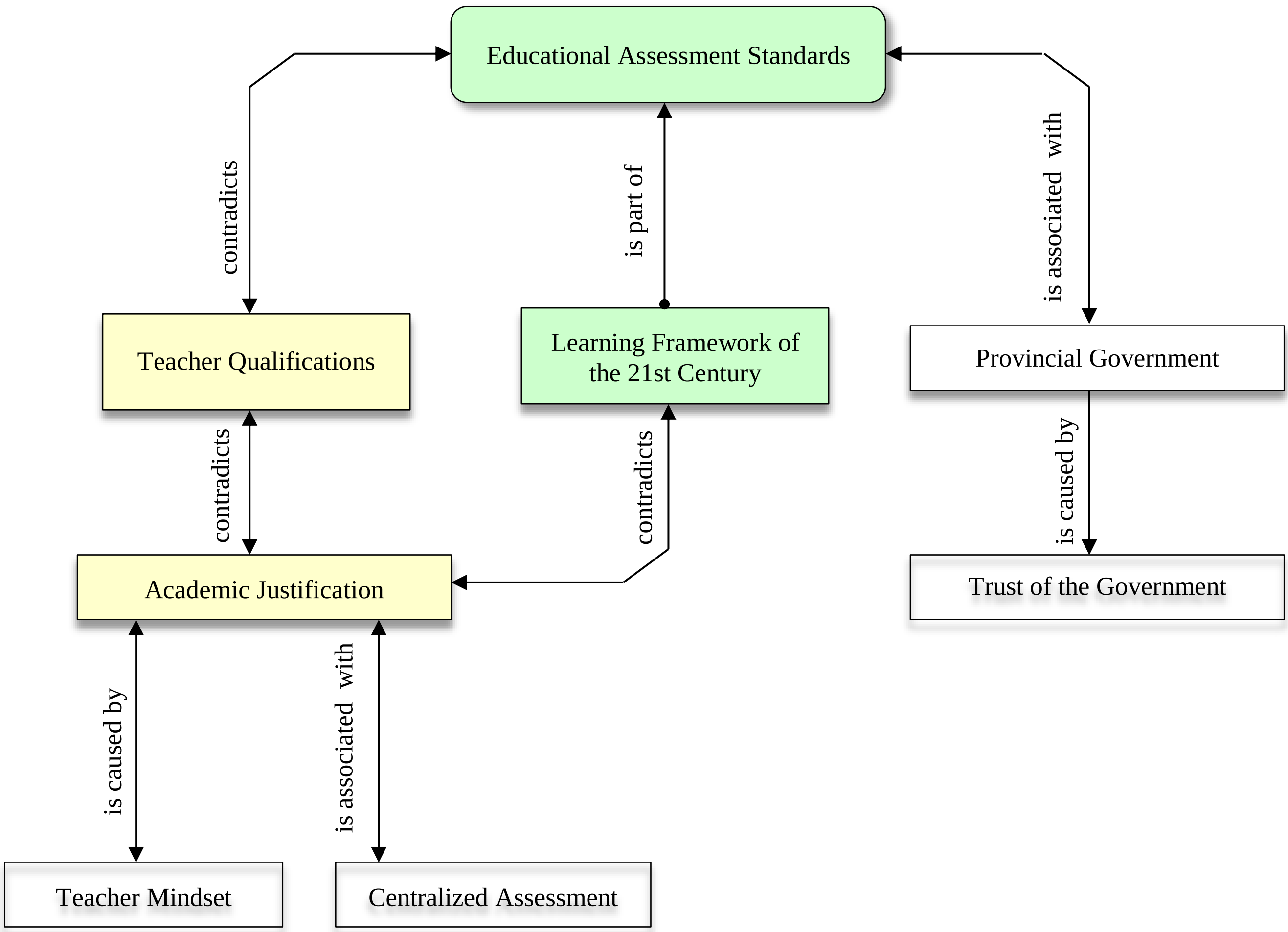


Figure 1. Standard Conditions for Educational Assessment

Source: Own compilation

Educational leadership

The delay in the Office of Education and Culture in Central Java Province in responding to the latest developments does not make schools anxious. Although schools are merely implementing standard judgments each school plays its role through situational and transformative leadership types. This phenomenon is recorded in the teacher's effort when making decisions related to the implementation of higher-order thinking skills (HOTS) assessment and authentic assessment. Ideally, assessment of higher-order thinking skills should lead to the application and creation stages. Research findings show that most students are only able to analyze or C4 dimensions (Anderson et al., 2001; Krathwohl, 2002). When compared with ten years ago, the achievements of the dimensions C1 to C4 are significant achievements for the management of educational assessments in the province of Central Java. This achievement is an indication of the implementation of situational leadership where the teacher plays himself according to students' abilities. On the other hand, this phenomenon is very contrasting when juxtaposed with regulations regarding the assessment of higher-order thinking skills or metacognitive aspects. As noted, the rules regarding the assessment of metacognitive aspects were issued in 2014 in the Republic of Indonesia Minister of Education and Culture Regulation No. 104 of 2014 concerning Evaluation of Learning Outcomes by Educators on Basic Education and Secondary Education.

The aspect of transformative leadership appears from the cooperation between teachers and students which is reflected through authentic assessment. The assessment of aspects of knowledge, attitudes, and skills is a dimension in authentic assessment (Gulikers et al., 2004, 2006; Mueller, 2005). In the aspect of skills, teachers and students work together on small projects such as research on the detection of borax in meatballs, the dominance of the use of MSG in daily food, to historical research on the origin of the city of Semarang in Central Java. How teachers translate textual knowledge into contextual dimensions is an indication of transformative leadership (Wright et al., 2012; Yukl, 2010; Yukl and Lepsinger, 2004). Transformative leadership does not just influence others but how to participate in the same activities (Certo and Certo, 2016; Robbins and Coulter, 2018). However, these two types of leadership do not occur in most schools. This is where the Central Java Province's Office of Education and Culture and the Education Quality Assurance Agency need to be present to provide more space through coaching and mentoring programs called teacher-researcher programs. One of the disadvantages of education the two types of leadership are described as follows:

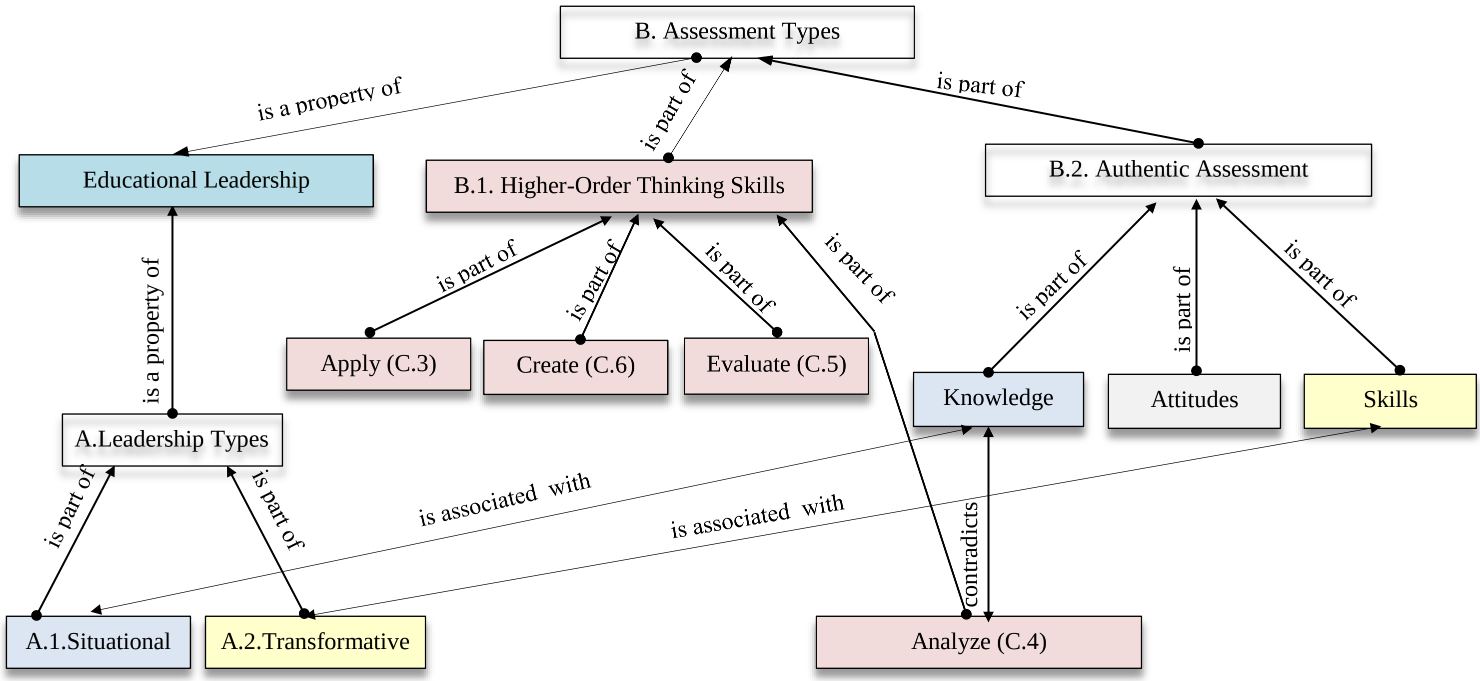


Figure 2. Conditions of Educational Leadership

Source: Own compilation

Public service motivation

The service on managing educational appraisal is not just measuring or formulating learning achievements in the form of numbers and descriptions. Service is not just how to plan, carry out to evaluate. Services regarding educational assessment should lead to loyalty, seriousness, and a strong commitment to the future of students. From Greece until now, motivation has been an integral part of educational services commensurate with pedagogy. All aspects of education position the motivation to shape themselves, balance emotions, and achieve achievements (Caprara et al., 2011; Christ et al., 2011; Corcoran and Tormey, 2010; H. Gardner, 2011; Gil-Olarte Márquez et al., 2006; Goleman, 2000, 2009).

The track record of public service motivation is summarized in the practice of authentic assessment of aspects of skills. The teacher and students collaborate on small-scale projects as described in the leadership type. We call this collaboration teacher-researcher. The stages of skills assessment start from classical learning, search for research themes, prepare proposals in groups, a research collaboration between students and teachers, and present research results. This stage is carried out by taking into account that the teacher workload is 37.5 hours/week. While teaching hours are 24 hours. The implementation of the workload refers to the Regulation of the Minister of Education and Culture of the Republic of Indonesia Number 15 of 2018 concerning Fulfillment of the Workload of Teachers, Principals, and School Supervisors. Through these regulations, teachers and students have the opportunity and tendency to spend time in collaborative research.

Public service motivation is theoretically the individual's tendency to respond to unique basic motives in public institutions and organizations. This theory is based on the opinion that there are people who are interested and motivated to work in the public sector (Perry et al., 2010; Perry and Hondeghem, 2008; Perry and Porter, 1982; Perry and Wise, 1990). Public service motivation is a benchmark of achievement and performance (Pandey and Stazyk, 2008). High dedication and strong commitment shown by teachers through research is an indicator of norm-based and affective aspects. While at the rational stage or participate even advocating for social needs has not yet appeared. A summary of research findings on aspects of public service motivation is shown in the following figure:

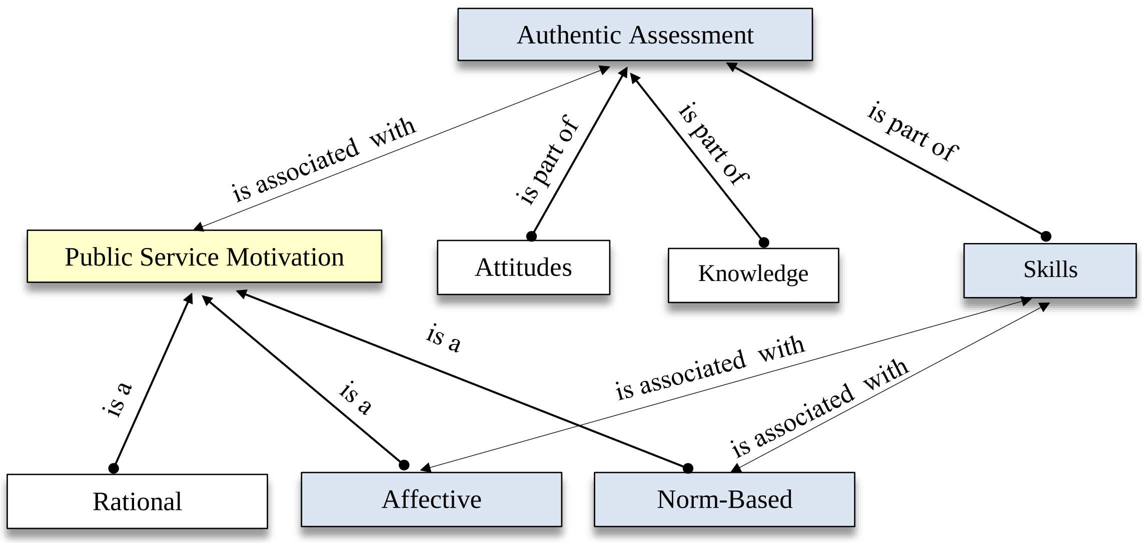


Figure 3. Condition of public service motivation

Source: Own compilation

Clarity of purpose

Educational assessments conducted by educators have achieved the goal. Likewise, the educational assessment carried out by the school through the school examination mechanism has a clear purpose. This clarity was detected from the implementation of the assessment aspects of knowledge, attitudes, and skills. Whereas the assessment conducted by the government does not show clarity of objectives in the aspects of assessment for learning and assessment as learning. Regulatively, the purpose of the national exam is directed at mapping the quality of education. Questioning the goal and some other elements as shown in the following table:

Table 2

Model, Purpose, Types, and Scope of Assessment

Assessment Model	Approach / Purpose			Assessment Type		Scope		
	Assessment of learning	*Assessment for learning*	*Assessment as learning*	Summative	Formative	Teacher	School	Government
National Computer Based	√	x	x	√	x	x	x	√
School exams	√	√	√	√	√	√	√	x

Documents, Guidelines for Implementing High School Assessments (data processed by researchers).

Source: Central Java Province Education and Culture Office, High School Development Section

Noting the table above it must be shown that the computer-based national exam evaluation model is oriented towards the assessment of learning, ignoring the importance of assessment for learning and assessment as learning. The type of assessment is summative, which is separate from assessment and learning. Actors from implementing computer-based national exams are conducted by the government once a year. The school exam evaluation model is oriented towards all assessment approaches and accommodates all types of assessments conducted by teachers and schools. Two assessment models conducted by schools and the government have not been summarized in the design of the assessment. Through determinant factors predicted to facilitate policymakers and public managers in making the design of educational assessments.

CONCLUSION

Effective collaboration between the Educational Quality Assurance Agency and the Office of Education and Culture in Central Java Province is needed in improving the achievement of educational assessment standards. There is no guidance and assistance program so that research findings on teacher-researchers are ignored. The practice of public service motivation is recorded to be effective in norm-based and affective aspects, while the rational aspects were left untouched.

The clarity of the purpose of assessment is embedded in the school exams conducted by educators and schools. The computer-based national exams conducted by the government do not have clarity on aspects of assessment for learning and assessment as learning. Likewise, national examinations aimed at mapping the quality of education were not achieved. By considering the determinant factors, the design of the management of educational assessment will be easier to build.

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УПРАВЛІННЯ ОСВІТНЬОЇ ОЦІНКОЮ У ВНЗ: ТРАНСЦЕНДЕНТНІ ФАКТОРИ

Moh. Zamili
Університет Діпонегоро
Семаранг, Індонезія

Ida Hayu Dwimawanti
Університет Діпонегоро
Семаранг, Індонезія

Sri Suwitri
університет Тідар
Магеланг, Індонезія

Kismartini
Університет Діпонегоро
Семаранг, Індонезія

Метою даного дослідження є вивчення управління освітньою оцінкою з урахуванням кількох трансцендентних чинників. Виявлення трансцендентних чинників випливає з контексту дослідження, заснованого на принципах державного управління, зокрема – управління системою освітою. Дослідження сфокусовано на слабких і сильних сторонах даних про досягнення освітніх стандартів, а саме стандарту освітньої оцінки. **Методологія:** для вивчення феномена дослідження використовується паралельний тріангуляційний дизайн. Інститут забезпечення якості освіти також зробив свій внесок в це дослідження у вигляді вторинних даних про якість освіти. Заходи, що стосуються восьми національних освітніх стандартів, засновані на показниках в інструментах самооцінки шкіл. Проаналізовано оціночні картки якості за стандартами оцінки для отримання частотного розподілу, що складається зі стандартних відхилень і середніх балів. Була створена фокус-група для підтвердження задоволеності послугами з оцінки освіти. Використовується модель Майлза-Хубермана як процедури якісного аналізу даних і обробляється з використанням 8ї версії програмного забезпечення ATLAS.ti. **Результати** дослідження показують, що фактори лідерства в освіті, мотивація до державної служби, ясність цілей і прихильність цінностям сильно впливають на управління оцінкою в вузах Центральної Яви.

Ключові слова: менеджмент, освітня оцінка, старша середня школа, провінція.

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УПРАВЛЕНИЕ ОБРАЗОВАТЕЛЬНОЙ ОЦЕНКОЙ В ВУЗЕ: ТРАНСЦЕНДЕНТНЫЕ ФАКТОРЫ

Moh. Zamili
Университет Дипонегоро
Семаранг, Индонезия

Ida Hayu Dwimawanti
Университет Дипонегоро
Семаранг, Индонезия

Sri Suwitri
Университет Тидар
Магеланг, Индонезия

Kismartini
Университет Дипонегоро
Семаранг, Индонезия

Целью данного исследования является изучение управления образовательной оценкой с учётом нескольких трансцендентных факторов. Выявление трансцендентных факторов следует из контекста исследования, основанного на принципах государственного управления, в частности – управления системой образованием. Исследование сфокусировано на слабых и сильных сторонах данных о достижении образовательных стандартов, а именно стандарта образовательной оценки. **Методология:** для изучения феномена исследования используется параллельный триангуляционный дизайн. Институт обеспечения качества образования также внес свой вклад в это исследование в виде вторичных данных о качестве образования. Меры, касающиеся восьми национальных образовательных стандартов, основаны на показателях в инструментах самооценки школ. Проанализированы оценочные карточки качества по стандартам оценки для получения частотного распределения, состоящего из стандартных отклонений и средних баллов. Была создана фокус-группа для подтверждения удовлетворенности услугами по оценке образования. Используется модель Майлза-Хубермана в качестве процедуры качественного анализа данных и обрабатывается с использованием 8й версии программного обеспечения ATLAS.ti. *Результаты* исследования показывают, что факторы лидерства в образовании, мотивации к государственной службе, ясности целей и приверженности ценностям сильно влияют на управление оценкой в вузах Центральной Явы.

Ключевые слова: менеджмент, образовательная оценка, старшая средняя школа, провинция.

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THE ROLE OF ECOLOGICAL INNOVATION AND ECOLOGICAL MARKETING TOWARDS GREEN MARKETING PERFORMANCE IMPROVEMENT

Cicik Harini
Satya Wacana Christian University
Salatiga, Indonesia
ORCID ID: 0000-0003-4056-4858

John J. O. I. Ihalauw
Satya Wacana Christian University
Salatiga, Indonesia
ORCID ID: 0000-0002-4164-5791

Sony Heru Priyanto
President University
Bekasi, Indonesia
ORCID ID: 0000-0002-5016-1748

Roos Kities Andadari
Satya Wacana Christian University
Salatiga, Indonesia
ORCID ID: 0000-0002-3741-2004

Corresponding author email: cicikharini@yahoo.co.id

Abstract. This research **contributes to** efforts to improve marketing performance in batik small and medium enterprises that care about the sustainability of the ecosystem through ecological innovation and ecological marketing. This paper discusses the results of a study of the relationship between marketing and the willingness to support environmentally friendly among small-scale 'batik' (Indonesian traditional clothing) producers in Central Java. The study was conducted on natural color batik SMEs in Central Java with a total sample of 120 respondents obtained through non-probability sampling to test the relationship between variables that developed in this study, using SEM-PLS modeling. The **findings** suggest that the performance of green marketing can be enhanced by ecological innovation through intervening variables of ecological marketing. The **study found that** operators with higher marketing performance measured by customer growth, market share and sales volume were more willing to replace synthetic dyes with more environmentally friendly natural dyes, even though the price of batik products was more expensive. The increased performance of green marketing in this study, it is expected to be able to encourage batik SMEs who use synthetic dyes to switch to natural dyes to reduce environmental pollution and protect the world from degradation through sustainable consumption and production.

Keywords: green marketing performance, ecological innovation, ecological marketing, sustainability.
JEL Classification: Z1, K3, L5, L8.

INTRODUCTION

Sustainability becomes a strategic issue in realizing the goals of sustainable development, although the idea of sustainability is not new to organizations, green businesses are still concerned about the subsequent benefits that will be generated (Hassini, Surti and Searcy, 2012), which only sporadically pay attention to sustainability issues (Leonidou and Leonidou, 2011; Seuring and Müller, 2008). To integrate sustainability into organizations is still a challenge and difficult for many people (Millar et al., 2012). Current ecological challenges require managers to formulate green marketing strategies to achieve marketing performance. This conceptual paper is intended to investigate the impact of green marketing strategies on the marketing performance of companies doing green business through the analysis of green innovation.

Green marketing performance is a managerial perception of a company's ability to pay attention to environmental impacts in carrying out its production processes to achieve market share, sales growth, increase profitability, brand equity, customer satisfaction, and loyalty. However, research related to past marketing performance measurement has not touched and contributed to economic sustainability in the future. In previous studies, marketing performance measures can be obtained through marketing function activities consisting of market share, customer satisfaction, customer loyalty/retention, brand equity, and innovation (Gao, 2010). There are eight variables to measure organizational performance consisting of customer satisfaction, employee morale, sales growth, profitability, productivity, quality cost reduction, financial performance and environmental performance (Padma, Ganesh and Rajendran, 2008).

There is still very little research that reflects sustainable marketing strategies (Kumar, Rahman and Kazmi, 2013), so this area can be explored further. Current ecological challenges require managers to formulate strategies that control pollution and conserve natural resources (Millar et al., 2012). Marketing plays an important role in directing companies to improve performance (Chabowski, Mena and Gonzalez-Padron, 2011). Some strategic policies and product consequences from the adoption of green initiatives as marketing strategies were also carried out by (Sharma, Iyer, Mehrotra and Krishnan, 2010). Therefore, this implies that the involvement of green marketing is very important and cannot be avoided to improve marketing performance. Measurement of green marketing performance includes: improving a good corporate image, reducing waste, minimizing costs, increasing customer satisfaction, increasing productivity, increasing market share, and of course profitability (X. Chen, Zou and Wang, 2009). This research refers to the aim to ensure production patterns through sustainable management of natural resources, reduce environmental pollution, and improve green marketing performance. This study will analyze the relationship between ecological innovation and the role of ecological marketing as an intervening variable on the green marketing performance.

Relationship between Ecological Innovation and Green Marketing Performance

Ecological innovation is considered as a new product or process that adds value to businesses and customers, significantly reducing environmental impact (Fussler, 1996). Ecological innovation can be divided into green products and processes, including innovations in technologies involved in the design of green products, using energy savings, waste recycling, and technology to prevent pollution (Y. S. Chen, Lai and Wen, 2006). Ecological innovation is divided into the process, product and organizational innovation (OECD, 2009). All technologies and innovations developed for new products or services that provide positive benefits to the environment are key factors for sustainability for the company (Ar, 2012). Many companies are willing to invest and put more effort into developing ecological innovation, therefore, developing ecological innovation is a win-win solution for resolving conflicts between economic development and environmental protection (Chang and Taylor, 2016).

The Diffusion of Innovation Theory applies to support the relationship between ecological innovation and corporate marketing performance. This theory explains how to increase the rate of adoption of green products, services, and processes to help companies gain a competitive advantage (Vaccaro, 2009). Therefore, ecological innovation can be considered as a unique resource that is owned by the business that allows companies to gain competitive advantage and simultaneously improve the performance of environmentally friendly marketing. Green marketing performance is reflected in the perceived and expected benefits of the integration of environmental management in their business operations (Psomas, Fotopoulos and Kafetzopoulos, 2011).

Ecological innovation for Small and Medium Enterprises (SMEs), including in new developments that include environmentally friendly products and change processes or environmentally friendly production methods (Oxborrow and Brindley, 2013). In Indonesia, ecological innovation can be found in natural color batik UKM that was developed in 2004, through socialization and training to batik UKM, in order to use natural dyes. However, the development of natural color batik SMEs is felt to be very slow, due to the difficult production process, high costs and the resultant coloring of batik products that are not bright enough, making it less attractive to the market. Therefore, through the analysis of the relationship between ecological innovations on the performance of environmentally friendly marketing, it is hoped that the results of this study can increase the number of natural color batik SMEs.

H1: There is a positive relationship between ecological innovation and the performance of environmentally friendly marketing

Relationship between Ecological Innovation and Ecological Marketing

Ecological innovation is the creation of new and competitive efforts from products, processes, systems, services, and procedures that are designed to meet human needs and provide better quality of life for ecosystems, with a minimum utilization of the life cycle of natural resources and a minimum release of toxic substances (Reid and Miedzinski, 2008). Ecological innovation is the production, assimilation or exploration of a product, production process, service or management method or business that is new to the organization (developing or adopting it). It is resulted throughout its entire life cycle, in an environment with fewer risks, less pollution and impacts other negatives of resource use, power inclusive, compared to relevant alternatives (Kemp and Pearson, 2007). Ecological innovation is a systemic process, technology, and / or social change, which consists of the discovery of ideas and their application in environmental improvement practices (Carrillo-Hermosilla, del Río González and Könnölä, 2009).

Ecological marketing addresses the needs of consumers with high environmental and social awareness. Green marketing influences how companies manage their business and interact with all stakeholders who might be affected by their environmental and social practices (Ottoman, 2008). Green marketing is a process that includes: operations management, marketing ethics, consumption ethics, corporate social responsibility, sustainable consumption, economic and consumer policies, socially responsible investment and materialism (Chamorro-Premuzic, Furnham and Lewis, 2007). Effective green marketing strategies must be further developed on green branding, packaging, labeling, and advertising to create demand for environmentally friendly products (Juwaheer, Pudaruth and Monique, 2012). The goal of ecological marketing is to reduce the impact on the natural environment during the process of planning and implementing products or services, prices, places, and promotions. Green marketing covers from production to post-purchase services with the aim of balancing corporate profits and protecting the environment (Gordon, Carrigan and Hastings, 2011). Green marketing covers a variety of activities, including product modification, changes in the production process, packaging changes, renovations, and styling and modifying green advertisements (Sarkar, 2012). The goal of green marketing is to create profits and maintain social responsibility (Mourad and Ahmed, 2012). This can be achieved if the company continues to carry out ecological innovation.

H 2: Ecological innovation positively influences ecological marketing

Relationship between Ecological Marketing and Green Marketing Performance

As global markets continue to evolve, the pillars of sustainability (i.e., environment, economy and social justice) are increasing, as part of marketing decision making (Huang and Rust, 2011). Ecological marketing is a process that includes: operations management, marketing ethics, consumption ethics, corporate social responsibility, sustainable consumption, economic and consumer policies, socially responsible investment and materialism (Chamorro-Premuzic et al., 2007). Green marketing influences how companies manage their business and interact with all stakeholders who might be affected by their environmental and social practices (Ottman, 2014). Developing an environmentally friendly marketing (eco-marketing) strategy, which includes efforts to produce, promote, package, and reclaim products in a way that is sensitive or responsive to ecological problems, has received great attention. An environmentally friendly marketing strategy will follow the attention of consumer consumption (Sheng, Zhou and Li, 2010).

The positive relationship is between the performance of green product development and the two antecedents of green dynamic capabilities and green transformational leadership. That is partly mediated by green creativity shows that green dynamic capabilities and green transformational leadership cannot only directly affect the performance of green product development positively but also indirectly directly influence it positively through green creativity (Y. S. Chen, 2013). In applying ecological marketing in business, it is necessary to consider the extent to which managers know and apply ecological marketing as a long-term strategy (Funaru, 2014). Ecological marketing brings together a variety of activities including modifying products, changing production processes, changes in packaging and advertising (Popescu, Corbos, Comănescu and Bunea, 2017).

H3: Ecological marketing has a positive influence on green marketing performance

Based on the research hypothesis, the empirical research model is projected in the following diagram model:

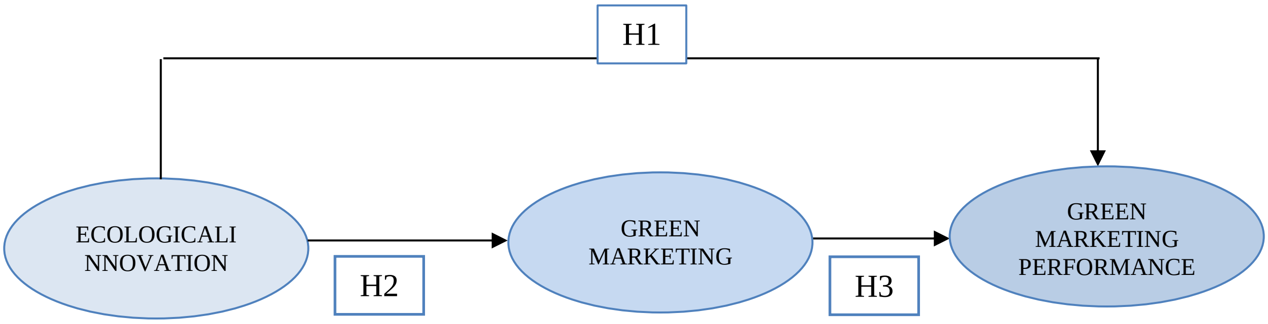

Figure 1. Research Model

Source: Own compilation

This study examines the direct effect of ecological innovation on the performance of green marketing and the indirect effect through ecological marketing.

Several previous studies related to the effect of ecological innovation on organizations produce value in defining innovations that are able to attract green revenues in the market, reduce environmental impacts while creating value for organizations (Foxon and Andersen, 2009). Ecological innovation is involved in creating and spreading the benefits of new products called environmental innovation varieties (Galliano, Magrini, Tardy and Triboulet, 2018). This involves creating new spaces in markets, products and services or processes that involve social, environmental, or sustainability. Other studies using three dimensions of performance include environmental performance, economic performance, and marketing performance (Fraj-Andrés, Martínez-Salinas and Matute-Vallejo, 2009). Environmental performance is defined when organizations carry out operations at low cost, reduce energy consumption, use recycled waste to preserve and protect the environment (Gholami, Sulaiman, Ramayah and Molla, 2013). Environmental performance, economic performance, and intangible performance are used to measure the overall appearance of the organization (Laosirihongthong, Adebanjo and Tan, 2013). Thus, it is hoped that green marketing is able to mediate the relationship between green innovation and green marketing performance. In general, the research model directly links green innovation to green marketing performance. In addition, green innovation is indirectly related to marketing performance through green marketing.

Table 1

Sampling Frame

Variable	Indicator	Code	Source
Green Marketing Performance	Raw material efficiency Waste reduction HR Enhancement Sales growth Customer growth Profitability Customer satisfaction Customer loyalty	Y2.1 Y2.2 Y2.3 Y2.4 Y2.5 Y2.6 Y2.7 Y2.8	(Gao, 2010) (Kotler and Armstrong, 2011) (Orlitzky, Siegel and Waldman, 2015)
Eco-Innovation	Process Innovation Product Innovation Organizational Innovation Information Technology Innovations	X1.1 X1.2 X1.3 X1.4	(Publishing and Assessment, 2010) (Atalay, Anafarta and Sarvan, 2013) (Hojnik, Ruzzier and Manolova, 2018)
Ecological Marketing	Ecological Product Ecological Price Ecological Promotion Ecological Distribution	Y1.1 Y1..2 Y1..3 Y1.4	(Dalstrom, 2013)

METHODOLOGY

This research is included in the type of explanatory research with a quantitative approach to look for explanations in the form of a causal relationship between several variables through testing one hypothesis with another variable. The populations in this study were natural color batik businesses in Central Java. The sample selection uses a nonprobability sampling technique with a judgment sampling technique, which is a sample determination technique with certain considerations for natural color batik businesspersons and natural color batik incorporated in UKM so that 120 samples are determined. Sources of data came from natural color batik businesspersons and natural color batik in MSMEs and data collection was carried out through questionnaires to respondents.

Validity and Reliability Testing

Validity testing is done to find out how well an instrument measures the concept or what should be measured using the loading factor value of each question item. A valid research instrument is required to have a loading factor of more than 0.5 (Ghozali, 2011). While reliability testing uses Cronbach's Alpha method in which one questionnaire is considered reliable if Cronbach's Alpha> 0.6 (Ghozali, 2011).

Analysis Techniques

To test the model and connectedness developed in this research, an analytical technique is needed. The analysis technique used in this research is Structural Equation Modeling (SEM) with the PLS program. This technique is intended as a group of statistical testing techniques that make it possible to examine a relatively complex set of relationships/models (Ferdinand, 2014).

RESULTS AND DISCUSSION

According to factor analysis of confirmatory on an exogenous construct includes variable of ecology innovation and ecology marketing can be known that all of indicators have been value of *Standardized Regression Weights* > 0,5 with significance < 0,05 can be known from table below:

Table 2

Standardized Regression Weights

			Estimate	Estimate	S.E.	C.R.	P	Label
IEK1	<---	Ecology Innovation	,820	1,000				
IEK2	<---	Ecology Innovation	,846	1,076	,102	10,520	***	par_1
IEK3	<---	Ecology Innovation	,797	1,001	,083	11,993	***	par_2
IEK4	<---	Ecology Innovation	,868	1,030	,098	10,469	***	par_3
PEK4	<---	Ecology Marketing	,865	1,000				
PEK3	<---	Ecology Marketing	,855	,968	,082	11,778	***	par_6
PEK2	<---	Ecology Marketing	,756	,897	,090	9,935	***	par_7
PEK1	<---	Ecology Marketing	,896	1,027	,082	12,486	***	par_8

Source: Primary Data Primer Managed, 2019

Moreover, the measurement of exogenous construct of ecology innovation and ecology marketing will be executed by applying each indicator that has been decided.

Analysis of Outer Model (Measurement Model)

The outer model analysis is conducted to ensure that the indicators used are feasible (valid and reliable) to be used as a measure of the variables studied. The Outer model defines the relationship between latent variables and their indicators. Outer model analysis can be seen from several indicators, namely convergent validity, discriminant validity, and un-dimensionality.

Convergent Validity

The value of discriminant validity is the value of the loading factor in the latent variable with its indicators. The value of the loading factor is expected to be 0.70, but a value between 0.5 0 can still be tolerated as long as the model is still in the development stage. The results of data processing indicate a loading factor:

Table 3

Convergent Validity

Indicators	*Loading Factor*
1	2
X1.1	0.773
X1.2	0.808
X1.3	0.842
X1.4	0.848
Y1.1	0.546
Y1.2	0.761
Y1.3	0.785
Y1.4	0.804

Table 3 continuation on the next page

Table 3 continuation

1	2
Y2.1	0.778
Y2.2	0.735
Y2.3	0.692
Y2.4	0.819
Y2.5	0.784
Y2.6	0.759
Y2.7	0.782
Y2.8	0.529

Source: calculated by authors

In addition to the value of the loading factor, convergent validity can also be seen from the Average Variance Extracted (AVE). The expected AVE value is > 0.5. In the study of AVE values, each construct is above 0.5. Therefore, there is no problem of convergent validity in the model under test. The results of the data processing show the AVE value of construct:

Table 4

Average Variance Extracted (AVE)

Construct	AVE
X1	0.535
Y1	0.547
Y2	0.669

Source: calculated by authors

Discriminant validity can be seen from the value of the cross-loading factor.

If the correlation of the indicator with its construct has a higher value than the correlation of the indicator with another construct, it is said that the construct has high discriminant validity. The correlation of the indicator with the construct has a higher value than the correlation of the indicator with other constructs. Therefore, the construct has high discriminant validity.

Table 5

Discriminant Validity

	Innovation	Marketing Ecology	Green Marketing Performance
X1	0.731		
Y1	0.437	0.557	0.818
Y2	0.457	0.740	

Source: calculated by authors

Harini, C., Priyanto, S. H., Ihalauw, J. and Andadari, R. K. (2020), "The role of ecological innovation and ecological marketing towards green marketing performance improvement", *Management and entrepreneurship: trends of development*, Vol. 1, Issue 11, pp. 98-112, DOI: https://doi.org/10.26661/2522-1566/2020-1/11-07

Test for dimensionality

In dimensionality indicators are performed using composite reliability and Cronbach alpha. Data that has a value of composite reliability and Cronbach alpha > 0.7 means that the data has a value of reliability or high reliability. The results of the data processing show the Composite Reliability construct and Cronbach Alpha construct, it is known that all constructs have a high degree of reliability, because of the value of composite reliability and Cronbach alpha > 0.7.

Table 6

Composite Reliability Cronbach Alpha

	Composite Reliability	Cronbach's Alpha
X1	0.818	0.702
Y1	0.890	0.835
Y2	0.905	0.881

Source: calculated by authors

Inner Model Analysis (Structural Model)

The inner model describes the relationship between latent variables based on substantive theory. This analysis is done to ensure that structural models are built robust and accurate. Inner model evaluation can be seen from several indicators namely Coefficient of Determination (R2). The value of R2 is the coefficient of determination in endogenous constructs. The results of the data processing show the value (R2) of the Endogenous Variables

Table 7

R Square

Endogenous Variable	R Square	R Square Adjusted
Ecological Marketing	0.191	0.184
Green Marketing Performance	0.367	0.356

Source: calculated by authors

Hypothesis Testing

Hypothesis testing is done by looking at the probability value and t-count. The evaluation criteria are if p-value <0.05 or t-count> t-table then the hypothesis is accepted.

Table 8

SEM-PLS, Hypothesis Testing Results

<table>
<tr><th>Original Sample (O)</th><th>Sample Mean (M)</th><th>Standard Deviation (STDEV)</th><th>T Statistics (|O/STDEV|)</th><th colspan="2">P Values</th></tr>
<tr><td>ecological innovation -> green marketing performance</td><td>0.264</td><td>0.271</td><td>0.087</td><td>3.017</td><td>0.003</td></tr>
<tr><td>ecological innovation -> ecological marketing</td><td>0.437</td><td>0.447</td><td>0.075</td><td>5.832</td><td>0.000</td></tr>
<tr><td>ecological marketing -> green marketing performance</td><td>0.442</td><td>0.446</td><td>0.082</td><td>5.396</td><td>0.000</td></tr>
</table>

Source: own calculation

The results of hypothesis testing indicate that p-value <0.05, so it can be said that all three hypotheses can be accepted.

RESULT AND DISCUSSION

The test findings in hypothesis 1 state that ecological innovation has a positive and significant effect on the performance of green marketing. This means getting higher.

Ecological innovation can guarantee a marketing performance that is further improved. Ecological innovation is the ability of companies to turn new knowledge and ideas into products, processes, and organizations while maintaining the environment. Regarding organizational green innovation, several authors state that green innovation involves the implementation of several management activities aimed at reducing environmental impact (Triguero, Córcoles and Cuerva, 2014), although the study of ecological innovation in SMEs is not like that of large companies (Dahlander and Gann, 2010). In this study, ecological innovation in SMEs in natural color batik can affect marketing performance. The results of this study support previous research that was investigated by (Saunila, Ukko and Rantanen, 2014).

The test findings in hypothesis 2 state that ecological innovation has a positive and significant effect on ecological marketing. The findings of this study indicate that the higher the ecological innovation can influence its ecological marketing. The findings of this study supporting the relationship between various aspects of innovation have been empirically examined in detail, especially for green innovation (Noailly and Ryfisch, 2015).

Hypothesis 3 states that green marketing has a positive and significant effect on the performance of green marketing. This means that SMEs have higher ecological marketing associated with innovating regional unique motifs, designs with nuances of cultural diversity, symbols of local regional identity, and unique local cultural identities will enhance green marketing performance. Even so, SMEs having green marketing will take action to design products and mix marketing to create specific memories for customers, so customers from segmented target markets understand and understand the innovation of batik products of the company. The success of green marketing performance will still be an important managerial concern, because not only successful green marketing is also a major source of financial markets and performance development but they can also show undiscovered business opportunities (Wilkinson, Thomas and McNally, 2011).

CONCLUSION

The first research finding is the direct influence of ecological innovation on the performance of green marketing is potential because it has a significant influence on the measurement results. The direct influence of this ecological innovation shows that the ability of innovation to develop products, processes, and organizations that favor sustainability can improve green marketing performance.

The second research finding is the indirect effect of ecological innovation on the performance of green marketing through ecological marketing. The direct effect on the first pathway between ecological innovation and green marketing performance shows significant results, the alternative second pathway has great potential in improving marketing performance. This means that ecological innovation also has an indirect effect on marketing performance through the development of green marketing. Thus, it can be said that ecological innovation can and can improve marketing performance, another way can be done, namely by creating ecological marketing development.

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РОЛЬ ЕКОЛОГІЧНИХ ІННОВАЦІЙ У ВДОСКОНАЛЕННІ ПРОЦЕСУ ВПРОВАДЖЕННЯ ЕКОЛОГІЧНОГО МАРКЕТИНГУ

Cicik Harini
Християнський університет імені Сатья Вакана
Салатіга, Індонезія

John J. O. I. Ihalauw
Християнський університет імені Сатья Вакана
Салатіга, Індонезія

Sony Heru Priyanto
Президентський університет
Бекасі, Індонезія

Roos Kities Andadari
Християнський університет імені Сатья Вакана
Салатіга, Індонезія

Дане дослідження сприяє покращенню маркетингових показників малих та середніх підприємств легкої промисловості, які піклуються про стійкість екосистеми шляхом впровадження екологічних інновацій та екологічного маркетингу. У статті розглядаються результати дослідження взаємозв'язку між маркетингом та готовністю підтримувати екологічно чисте виробництво серед дрібних виробників «батиків» (індонезійський традиційний одяг) у Центральній Яві. Дослідження було проведено на малих і середніх підприємствах з вироблення батиків природного кольору у центральній Яві, загальною вибіркою з 120 респондентів, залучених за допомогою випадкового відбору проб для перевірки взаємозв'язку між змінними, які були розроблені в цьому дослідженні, за допомогою моделювання SEM-PLS. Отримані результати свідчать про те, що ефективність екологічного маркетингу може бути підвищена за рахунок екологічних інновацій через впровадження змінних екологічного маркетингу. Дослідження виявило, що оператори з більш високими показниками маркетингової діяльності, які вимірюються зростанням споживачів, часткою ринку та обсягом продажів, готові були замінити синтетичні барвники на більш екологічні природні барвники, хоча ціна батикових виробів була дорожчою. Досліджені шляхи підвищення ефективності зеленого маркетингу, зможе заохотити батикові МСП, які використовують синтетичні барвники, перейти на природні барвники, щоб зменшити забруднення навколишнього середовища та захистити глобальний світ від деградації за рахунок сталого споживання та виробництва.

Ключові слова: екологічна ефективність маркетингу, екологічні інновації, екологічний маркетинг, стійкість.

РОЛЬ ЭКОЛОГИЧЕСКИХ ИННОВАЦИЙ В СОВЕРШЕНСТВОВАНИИ ПРОЦЕССА ВНЕДРЕНИЯ ЭКОЛОГИЧЕСКОГО МАРКЕТИНГА

Cicik Harini
Христианский университет им. Сатья Вакана
Салатига, Индонезия

John J.O.I. Ihalauw
Христианский университет им. Сатья Вакана
Салатига, Индонезия

Sony Heru Priyanto
Президентский университет
Бекаси, Индонезия

Roos Kities Andadari
Христианский университет им. Сатья Вакана
Салатига, Индонезия

Данное исследование способствует улучшению маркетинговых показателей малых и средних предприятий легкой промышленности, которые заботятся об устойчивости экосистемы путем внедрения экологических инноваций и экологического маркетинга. В статье рассматриваются результаты исследования взаимосвязи между маркетингом и готовностью поддерживать экологически чистое производство среди мелких производителей «батиков» (индонезийская традиционная одежда) в Центральной Яве. Исследование было проведено на малых и средних предприятиях по выработке батиков естественного цвета в центральной Яве, общей выборкой из 120 респондентов, привлеченных с помощью случайного отбора проб для проверки взаимосвязи между переменными, которые были разработаны в этом исследовании с помощью моделирования SEM-PLS. Полученные результаты свидетельствуют о том, что эффективность экологического маркетинга может быть повышена за счет экологических инноваций через внедрение переменных экологического маркетинга. Исследование показало, что операторы с более высокими показателями маркетинговой деятельности, которые измеряются ростом потребителей, долей рынка и объемом продаж, готовы были заменить синтетические красители на более экологичные природные красители, хотя цена батиковых изделий была дороже. Исследованные способы повышения эффективности зеленого маркетинга, как ожидается, смогут привлечь МСП по производству батиков, которые используют синтетические красители, перейти на природные красители, чтобы уменьшить загрязнение окружающей среды и защитить глобальный мир от деградации за счет устойчивого потребления и производства.

Ключевые слова: экологическая эффективность маркетинга, экологические инновации, экологический маркетинг, устойчивость.

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ASSESSMENT METHOD OF SOCIAL ENTREPRENEURSHIP NATURE AND ITS DEVELOPMENT

Anna Pereverzieva
Zaporizhzhia national university
Zaporizhzhia, Ukraine
ORCID ID: 0000-0001-8391-6636

Volodymyr Volkov
Zaporizhzhia national university
Zaporizhzhia, Ukraine
ORCID ID: 0000-0002-1270-895X

**Corresponding author email:* pereverzeva@ukr.net

Abstract. The study of social entrepreneurship and the assessment of its necessity caused by socio-economic problems like low level of household purchasing power and state failure to solve is relevant. The need to introduce and develop social entrepreneurship requires favourable environment in the country, determined by state support, public acceptance and availability of potential investors. The phenomenon of social entrepreneurship in the economy has dual nature: it contributes to full satisfaction of households` basic needs and ensures social entrepreneur`s self-realization. Social enterprise provides both non-commercial and commercial activity. A non-profit component is a key one in the European model of social entrepreneurship. Assessment of nature and opportunities of social enterprises development allows to reach the principle of “need-opportunity” balance aimed at effective management decision-making regarding the expediency to introduce the form of business in the country. If there is a need for social entrepreneurship national economy demands building favourable environment for its functioning and development. **The study purpose** is to propose the assessment method of social entrepreneurship nature and its development and the necessity of its application around the world, to single out conditions for its development to solve socio-economic problems and move towards the economy with a human face. The study object is scientific and practical basis of social entrepreneurship development in the context of the necessity of its implementation and operating environment. **Methodology:** comprehensive assessment approach has been used in the study. It comprises different methods, namely: the index method (to calculate sub-indices and the overall index, to make single system design to facilitate comparison); the matrix method (grouping of countries according to their changing need for social entrepreneurship); multiplicative model (analytical toolkit to determine overall index to estimate the contribution of each indicator simultaneously). The study result is the assessment method of social entrepreneurship nature and development implemented in the EU. **Conclusions:** it has been determined that during 2016 and 2019, with a lag of three years, a third of European countries have changed their attitude towards social entrepreneurship. Some countries have increased their need for social enterprises, but favourable conditions for their development have not been built. Other countries have been improving environment for social enterprise activities, but their demand has been diminishing. The growing need for social enterprises in one third of the countries has been accompanied by favourable environment for their activity and development. **Scientific and practical relevance** is the possibility to apply the proposed method for any country or group of countries with similar level of economic development to prove the relevance of social entrepreneurship implementation as innovation form of business, to identify the terms of its advantageous development in the long period and to build the strategy of social enterprises operations and their management.

Keywords: social entrepreneurship, index, EU countries, development, need for social entrepreneurship, business environment with a human face.
JEL Classification: L31, O11, O15.

INTRODUCTION

The current stage of entrepreneurial activity is characterized by plunging spending power of population, significant differentiation of income distribution, higher poverty and unemployment rate, which will require new balanced mechanisms for the development of national economies, and as a result harmonization of the world development. According to the World Bank statistics, about 46% of the world`s population is living on less than $ 5.5 a day (World Bank, 2018). The average unemployment rate in the world has reached 5.6% (International Labour Organization, 2018). According to ILO experts, the tendency for significant increase in the number of unemployed and resource base contraction of national economies is displayed in many regions of the world.

The need to solve common problems of entrepreneurship produces the demand for effective ways of controlled development of the world economy in general and individual national economies in particular. Interdependence and level of economic openness, the need to solve common problems form single system and develop successes and failures globally.

Traditional managerial methods have proved their ineffectiveness when meeting needs of population, satisfaction of personal and public interests. One of the necessary hard factors is introduction and development of social entrepreneurship as one of the advanced forms of economic activity to ensure socio-economic development. In this case, the innovative form of business can not completely offset existing problems, but can minimize their negative impact by successful combination of creative business model with market-based management methods. The duality of social enterprises lies not only in combination of commercial and non-commercial goals, but also in the balance between public (solving socio-economic problems) and personal development of an entrepreneur (vigor, self-realization, self-improvement, social consciousness).

Within the study`s framework, we formulate several hypotheses regarding the nature and further development of social entrepreneurship:

Hypothesis 1 (H1): higher unemployment rate requires enhancing development of social entrepreneurship.

Hypothesis 2 (H2): higher income levels reduce the need for social entrepreneurship.

Hypothesis 3 (H3): the more favourable environment for social entrepreneurship a country has, the less is need for it.

LITERATURE REVIEW

The issue of theoretical research of social enterprises and its relevance amid limited financial resources make it impossible to meet primary human needs at the state level. Practical studies pay special attention to the importance of social entrepreneurship when solving different economic level issues.

Social entrepreneurship is a constant study object of foreign and Ukrainian scholars. I.I. Bereznyak (2014), Z.I. Galushka (2013), O.B. Kireeva (2011), V.I. Udodova, V.I. Shapoval (2013) and other Ukrainian scientists have been studying both theoretical and practical aspects of functioning and development of social enterprises. Typically, scholars analyze and complement the concept of "social entrepreneurship", demonstrate relevance of its functioning and development in order to reduce the degree of uncertainty and risk in the context of growing impact of global trends.

Monica Nandan, Tricia B. Bent-Goodley and Gokul Mandayam (2019) conducted thorough analysis of social entrepreneurship and features of the portfolio of social values formation. Scientists study the tendencies of social entrepreneurship development at the current stage of economic development; determine peculiarities of this business form organization by building innovative strategies to solve complex social issues. Foreign authors develop concepts, principles, skills and practical examples of successful functioning of social enterprises in different countries around the world. Scholars say that social entrepreneurs are agents of change who try to challenge the hypothetical assumption of contradiction between social goods and entrepreneurship. This idea is confirmed by the study of Byungchae Jin (2019), who found out the correlation between the direct impact of social entrepreneurs` intellectual abilities and the effectiveness in management to combine social and economic goals. Besides, Grimes M., Vogus T. J., McMullen J. S. and Miller T. L. (2013) emphasize that nowadays a social entrepreneur is usually a "built-in agent", a highly motivated person willing to take on this role.

Dahiya V.S. (2019) considers a social enterprise as an alternative way to solve social issues by means of efficient business models and market economy in case the state cannot provide full satisfaction of all human needs. This can be achieved, according to Battilana J. and Lee M. (2014) by the combination of organizational forms of business and charity. This makes social enterprises the ideal type of a hybrid organization.

The need for widespread of social entrepreneurship is proved by Corner P.D. and Kearins K. (2018), who confirmed direct correlation between the number of social enterprises and social problems that got solved.

Dacin T., Dacin M. and Tracey P. (2011) studied controversial aspects of social enterprises functioning, analyzing advantages and disadvantages of this form of business and determining the future prospects for its development.

Chandra Y. (2017) devoted his research to psychological impact of social entrepreneurship. The scientist argued that social entrepreneurship is able to create self-confidence, avoid certain ideological constraints, but also to form new life purpose, new social roles and connections that provide the platform for shaping a new future. This is important, because social entrepreneurship, as a form of business organization, provides autonomy focused on profitability and a high level of emancipation for both entrepreneurs and those they serve.

Analysis of theoretical and practical studies of social entrepreneurship proves the importance of the form of business organization amid plunging spending power of households and sustainably high economic uncertainty. The need for social entrepreneurship allows the country to justify the relevance of the form of economic activity`s support depending on economic characteristics and its internal environment, to assess social entrepreneurship impact on households` topical socio-economic issues. Positive decisions concerning formation and step-up of social enterprises requires governments to build appropriate environment and favourable conditions for doing business. Our assumptions confirm the relevance of the study and act as motivation for it.

PAPER OBJECTIVE

In the context of growing impact of global challenges and inability to fully take into account socio-economic outcomes for national economies, the issue arises to find and implement alternative options for maintaining standard of living and quality of life. Social entrepreneurship is an effective tool to address this issue, taking into consideration the scarcity of material and intangible resources. It helps to meet needs of people to optimize the cost of resources and fulfill their opportunities. The purpose of the article is to assess the nature and development of social entrepreneurship at the national level and to provide comparative analysis of the long-term benefits of this business form.

METHODOLOGY

Quantitative and qualitative methods have been applied for a more complete analysis of social entrepreneurship as there is the need for its introduction and formation of favourable environment for its further development. The integrated approach is determined by the peculiarities of national development, internal business environment, the nature of current issues, as well as by set development priorities. In the article we consider the assessment of social entrepreneurship`s nature and development: the case of the EU countries. Let us note that this toolkit can be extended to any country or groups of countries having approximately the same level of economic development. The algorithm of social entrepreneurship`s nature and development assessment involves the following stages:

1) to identify indicators that determine the need for social entrepreneurship, i.e to recognize problems (weaknesses) that can be solved as the result of formation and development of social enterprises. We propose to distinguish two indicators: unemployment rate and per capita income;

2) normalization, calculation of sub-indices and overall index on the basis of multiplicative model;

3) comparison of the need for social entrepreneurship with its socio-economic environment in European countries on the basis of the matrix method;

4) the comparative analysis of the EU countries` trends regarding the development of social entrepreneurship.

To calculate the sub-indices of the need for social entrepreneurship indicators and to determine the overall indicator, we have used the index method. It is easy to apply it to make single system design to facilitate comparison. To determine the Social Entrepreneurship Need Index for a particular country, we have used the multiplicative model to objectively assess the contribution of each indicator in the overall result. The matrix method allowed to group countries` economic indicators on the basis of their comparison, to make comparative analysis of the change of countries` ranking over time regarding their need for social entrepreneurship and, accordingly, to build the environment for its successful development.

RESULT AND DISCUSSION

Now the development of society faces lower households` standard of living and quality of life, the number of unemployed increases, which automatically leads to the growing number of unresolved socio-economic problems that cause social tension. Social entrepreneurship is an effective tool to avoid the situation or reduce its negative effects. Due to its activities, it is able to meet basic needs and partially solve the problem of unemployment. This stipulates the necessity to test hypotheses (H1, H2, H3).

Let us remind that to study the country's need for social entrepreneurship, we considered two indicators: the unemployment rate and per capita income (Fig. 1).

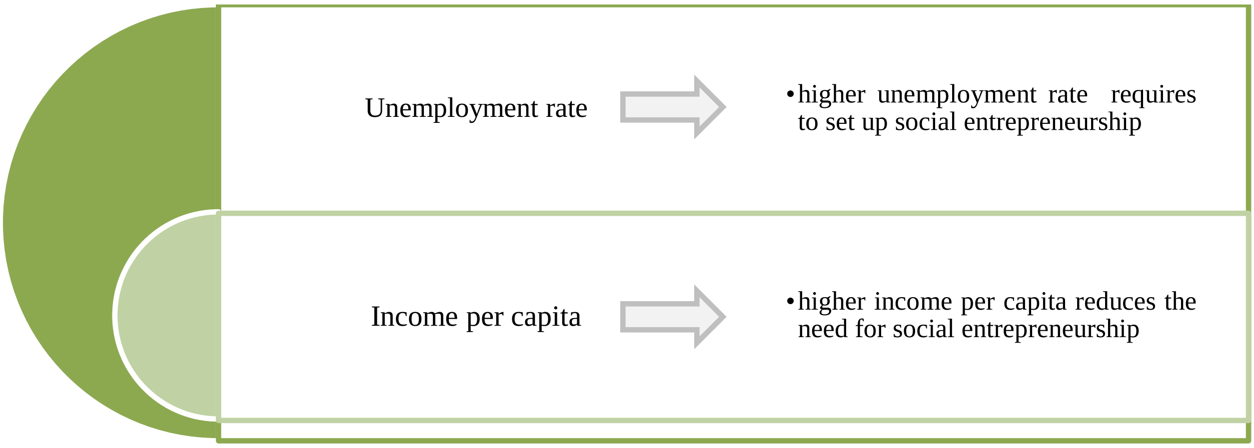

Figure 1. Indicators of assessment of the need for social entrepreneurship

Source: Own compilation

Figure 1 demonstrates analysis of the demand for social entrepreneurship development aimed to solve the following issues:

– to contract the unemployment rate. Launching new social enterprises induces lager number of jobs and thus causes lower unemployment rate;
– income per capita is tangible indicator which proves positive or negative trends of households` living standards.

Based on the mentioned above indices we propose the calculation methodology of Social Entrepreneurship Need Index.

Calculation methodology of Social Entrepreneurship Need Index includes the next stages:

– to build statistical data base: indicators of unemployment rate and income per capita with a lag of three years: 2013, 2016, 2019 to analyze the dynamic pattern;
– to normalize indices to make single system design;
– to calculate the Social Entrepreneurship Need Index.

Calculations based on the proposed methodology are studied as case of the EU countries.

The social entrepreneurship model of the vast majority of European countries is geared towards non-commercial goals, so amid the decline of Ukrainian households` spending power, it could be optimal pattern of business organization and socio-economic problems solution.

The indicators for calculating the Social Entrepreneurship Need Index are grouped in Table 1.

It should be noted that the unemployment rate in Ukraine in 2013 stood for 7.7%, in 2016 – 9.7%, in 2019 – 9.1%. That is, since 2016, the official unemployment rate in Ukraine has exceeded the EU mean value by 0.9 percentage points, and in 2019 by 2.8 percentage points. According to per capita income, Ukraine is far behind the EU countries: in 2013 – 2989.6 euros, in 2016 – 2317.6 euros, in 2019 – 3638.1 euros. Per capita income in Ukraine is 5 times less than the EU minimum. Based on these statistics, it can be concluded that there is a significant demand of the national economy to introduce social entrepreneurship and form favourable environment for its development. To obtain the objective result and taking into account significant economic lag of Ukraine, the methodology will be tested on the example of the EU countries.

Table 1

Indicators for calculating the Social Entrepreneurship Need Index for the EU countries in 2013, 2016 and 2019

№	Country	Unemployment rate, %			Income per capita, €		
		2013	2016	2019	2013	2016	2019
1	Austria	5,4	6,0	4,5	34600	35600	38600
2	Belgium	8,4	7,5	5,4	31600	33500	35100
3	Bulgaria	13,8	7,6	4,2	12000	13800	15200
4	Greece	27,5	23,6	17,3	18800	19300	20600
5	Denmark	7,4	6,0	5,8	33700	35900	38300
6	Estonia	8,6	6,8	4,5	19800	21900	24700
7	Ireland	13,8	8,4	5,0	34600	50300	56800
8	Spain	26,1	19,6	14,1	23500	26000	27700
9	Italy	12,1	11,7	10,0	15900	27600	28900
10	Cyprus	15,9	13,0	7,1	22100	23800	26300
11	Latvia	11,9	9,6	6,3	16400	18300	21300
12	Lithuania	11,8	7,9	6,3	19200	21400	24500
13	Luxembourg	5,9	6,3	5,6	68700	74100	77100
14	Malta	6,1	4,7	3,4	22400	27100	29700
15	the Netherlands	7,3	6,0	3,4	35500	36300	39100
16	Germany	5,2	4,1	3,2	32600	35300	37400
17	Poland	10,3	6,2	3,3	17600	19400	21500
18	Portugal	16,4	16,2	11,5	20100	22000	23000
19	Romania	7,1	5,9	3,9	14300	16900	19600
20	Slovakia	14,2	9,7	5,8	20100	21900	23600
21	Slovenia	10,1	8,0	4,6	21500	23500	26500
22	Hungary	10,2	5,1	3,4	17600	19000	21300
23	Finland	8,2	8,8	6,7	29800	30900	33500
24	France	10,3	10,0	8,5	28500	29700	31500
25	Croatia	17,4	13,4	6,8	15700	17400	19100
26	Czechia	7,0	4,0	2,0	22000	24900	27500
27	Sweden	8,0	6,9	6,8	33000	34700	36700
	Ukraine	7,7	9,7	9,1	2989,6	2317,6	3638,1
Mean value by the EU countries		11,3	9,0	6,3	25244,4	28166,7	30559,3

**euro exchange operations made at the average annual rate for each current year*

Source: Adapted from Eurostat, Total unemployment rate, 2020; Eurostat, Purchasing power adjusted GDP per capita, 2020; Ministry of Finance of Ukraine, Unemployment rate 2020; Ministry of Finance of Ukraine, Gross Domestic Product, GDP, 2020

The next stage of the methodology algorithm is to normalize indicators to make single system by the formula:

$$I_{norm} = \frac{Z_{fact} - Z_{min}}{Z_{max} - Z_{min}}, \qquad (1)$$

where I_{norm} – normalized indicator;
Z_{fact} – actual (fact) value;
Z_{max} – maximum value;
Z_{min} – minimum value.

The results of unemployment rate and income per capita indicators` normalizing in 2013, 2016 and 2019 are illustrated in Table 2.

The Social Entrepreneurship Need Index (I_{SENI}) consists of two sib-indices: the Unemployment Rate Index (I_{UNEMP}) and Per Capita Index (I_{IPC}). To calculate The Social Entrepreneurship Need Index we apply the multiplicative model, which eliminates the possibility to offset low values of indicators at the expense of higher values of other indicators.

Table 2

Unemployment rate and income per capita indicators` normalizing in 2013, 2016 and 2019

№	Country	Unemployment rate index			Income per capita index		
		2013	2016	2019	2013	2016	2019
1	Austria	0,009	0,102	0,163	0,399	0,362	0,378
2	Belgium	0,143	0,179	0,222	0,346	0,327	0,321
3	Bulgaria	0,386	0,184	0,144	0,000	0,000	0,000
4	Greece	1,000	1,000	1,000	0,120	0,091	0,087
5	Denmark	0,099	0,102	0,248	0,383	0,367	0,373
6	Estonia	0,152	0,143	0,163	0,138	0,134	0,153
7	Ireland	0,386	0,224	0,196	0,399	0,605	0,672
8	Spain	0,937	0,796	0,791	0,203	0,202	0,202
9	Italy	0,309	0,393	0,523	0,069	0,229	0,221
10	Cyprus	0,480	0,459	0,333	0,178	0,166	0,179
11	Latvia	0,300	0,286	0,281	0,078	0,075	0,099
12	Lithuania	0,296	0,199	0,281	0,127	0,126	0,150
13	Luxembourg	0,031	0,117	0,235	1,000	1,000	1,000
14	Malta	0,040	0,036	0,092	0,183	0,221	0,234
15	the Netherlands	0,094	0,102	0,092	0,414	0,373	0,386
16	Germany	0,000	0,005	0,078	0,363	0,357	0,359
17	Poland	0,229	0,112	0,085	0,099	0,093	0,102
18	Portugal	0,502	0,622	0,621	0,143	0,136	0,126
19	Romania	0,085	0,097	0,124	0,041	0,051	0,071
20	Slovakia	0,404	0,291	0,248	0,143	0,134	0,136
21	Slovenia	0,220	0,204	0,170	0,168	0,161	0,183
22	Hungary	0,224	0,056	0,092	0,099	0,086	0,099
23	Finland	0,135	0,245	0,307	0,314	0,284	0,296
24	France	0,229	0,306	0,425	0,291	0,264	0,263
25	Croatia	0,547	0,480	0,314	0,065	0,060	0,063
26	Czechia	0,081	0,000	0,000	0,176	0,184	0,199
27	Sweden	0,126	0,148	0,314	0,370	0,347	0,347
Mean value by the EU countries		0,276	0,255	0,279	0,234	0,238	0,248

Source: Own calculations

The Social Entrepreneurship Needs Index for a particular country is calculated by the formula:

$$I_{SENI} = \sqrt[2]{I_{UNEMP} \times I_{IPC}}\ , \tag{2}$$

where I_{SENI} – The Social Entrepreneurship Need Index;
I_{UNEMP} – the Unemployment Rate Index;
I_{IPC} – Per Capita Index.

The relevance of multiplicative model application is proved by the fact that social entrepreneurship is seen as the way to reduce unemployment rate and raise per capita income at the same time.

Let us calculate the Social Entrepreneurship Need Index according to the multiplicative model for the EU countries (Table 3).

The Social Entrepreneurship Need Index (Table 3) shows that for the vast majority of the EU countries, the issue of social entrepreneurship introduction to solve the problem of unemployment (hypothesis H1) to ensure sufficient standard of living and quality of life (hypothesis H2) is relevant. Only Ireland, Spain, Cyprus, Poland, Slovakia, Slovenia and Croatia have steady tendency to reduce the need for social entrepreneurship. These countries amount for only 25% of the total number of the EU countries. Thus, it may be stated that there is an increasing need to form and develop such business form as social entrepreneurship.

Table 3

The Social Entrepreneurship Need Index of the EU countries in 2013, 2016 and 2019

№	Country	Social Entrepreneurship Demand Index		
		2013	2016	2019
1	Austria	0,060	0,192	0,249
2	Belgium	0,223	0,242	0,267
3	Bulgaria	0,000*	0,000*	0,000*
4	Greece	0,346	0,302	0,295
5	Denmark	0,194	0,193	0,304
6	Estonia	0,145	0,139	0,158
7	Ireland	0,392	0,369	0,363
8	Spain	0,436	0,401	0,400
9	Italy	0,146	0,300	0,340
10	Cyprus	0,292	0,276	0,244
11	Latvia	0,153	0,146	0,166
12	Lithuania	0,194	0,158	0,205
13	Luxembourg	0,177	0,343	0,485
14	Malta	0,086	0,089	0,146
15	the Netherlands	0,198	0,195	0,188
16	Germany	0,000	0,043	0,168
17	Poland	0,150	0,102	0,093
18	Portugal	0,268	0,291	0,280
19	Romania	0,059	0,071	0,094
20	Slovakia	0,240	0,198	0,184
21	Slovenia	0,192	0,181	0,176
22	Hungary	0,149	0,070	0,095
23	Finland	0,206	0,264	0,301
24	France	0,258	0,284	0,334
25	Croatia	0,189	0,169	0,141
26	Czechia	0,119	0,000*	0,000*
27	Sweden	0,216	0,226	0,330
Mean value by the EU countries		0,198	0,203	0,232

*Note: *value of indicator «0» for countries characterized by the minimum value of corresponding indicator*

Source: Own calculations

Important indicator is countries ranking by favourable conditions for the development of social entrepreneurship, among which the key are: government policy support, highly qualified staff with required skills attraction, general public understanding, and chance to "earn" for life, improvement and development, access to investment resources. The value of the indicator for the EU countries is given in Table 4.

Table 4

Index of favourable conditions for the development of social entrepreneurship in the EU countries year-wise

№	Country	Index of favourable conditions for the development of social entrepreneurship year-wise, %		Index of favourable conditions for the development of social entrepreneurship year-wise (normalized)	
		2016	2019	2016	2019
1	Austria	44,5	50,5	0,445	0,505
2	Belgium	54,8	61,7	0,548	0,617
3	Greece	42,4	50,4	0,424	0,504
4	Denmark	52,2	59,6	0,522	0,596
5	Ireland	35,1	43,8	0,351	0,438
6	Spain	46,9	48,7	0,469	0,487
7	Italy	55,9	54,0	0,559	0,540
8	the Netherlands	51,1	59,0	0,511	0,590
9	Germany	55,9	52,9	0,559	0,529
10	Poland	53,0	45,0	0,530	0,450
11	Finland	51,8	58,6	0,518	0,586
12	France	58,0	71,9	0,580	0,719
13	Sweden	51,9	54,6	0,519	0,546
Mean value by the EU countries		50,3	54,7	0,503	0,547

Source: Thomson Reuters Foundation, 2016; 2019.

In our opinion, comparison of the demand to start social enterprises and develop them with the conditions created in a certain country confirms the need and possibility of social entrepreneurship strategy implementation.

Let us compare the calculated Social Entrepreneurship Need Index with the ranking of the best countries for the development of social entrepreneurship in 2016 and 2019 (Table 5).

Table 5

Comparative analysis of the EU countries` dynamic pattern for social entrepreneurship

№	Country	The Social Entrepreneurship Need Index year-wise		Index of favourable conditions for the development of social entrepreneurship year-wise (normalized)	
		2016	2019	2016	2019
1	2	3	4	5	6
1	Austria	0,192	0,249	0,445	0,505
2	Belgium	0,242	0,267	0,548	0,617

Table 5 continuation on the next page

Table 5 continuation

1	2	3	4	5	6
3	Greece	0,302	0,295	0,424	0,504
4	Denmark	0,193	0,304	0,522	0,596
5	Ireland	0,369	0,363	0,351	0,438
6	Spain	0,401	0,400	0,469	0,487
7	Italy	0,300	0,340	0,559	0,540
8	the Netherlands	0,195	0,188	0,511	0,590
9	Germany	0,043	0,168	0,559	0,529
10	Poland	0,102	0,093	0,530	0,450
11	Finland	0,264	0,301	0,518	0,586
12	France	0,284	0,334	0,580	0,719
13	Sweden	0,247	0,263	0,519	0,546
Mean value by the EU countries		0,241	0,274	0,503	0,547

Source: own calculations

Data are grouped in Table 5 for 13 EU countries as the study objective. We should note that the survey covered 46 countries in 2016 and only 43 countries in 2019. Therefore, we have selected those EU countries, which have the determined rate of favourable environmental for social entrepreneurship development. To provide the analysis, the indicator was normalized since its value was represented in %.

Homologous series of the EU countries' indicators by the Social Entrepreneurship Need Index and the Index of Favourable Conditions for Social Entrepreneurship Development (fig.2 and fig. 3) were built to demonstrate and compare the EU countries 'indicators with the mean value.

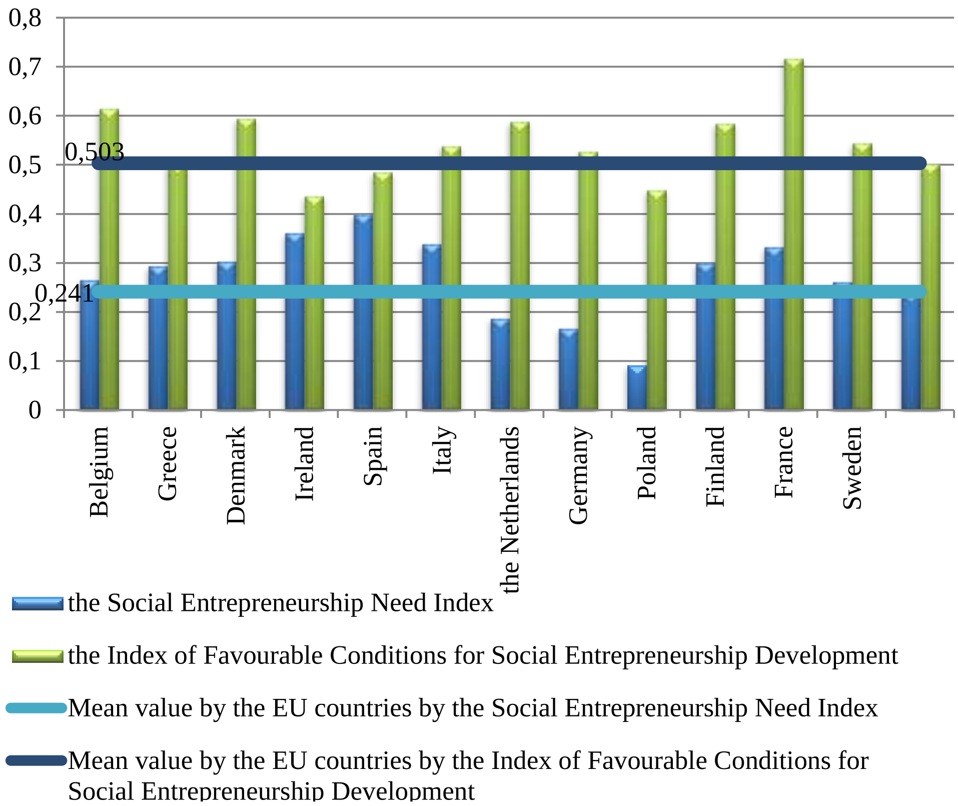

Figure 2. The comparison of the Social Entrepreneurship Need Index and the Index of Favourable Conditions for Social Entrepreneurship Development with the mean value, 2016

Source: Own compilation

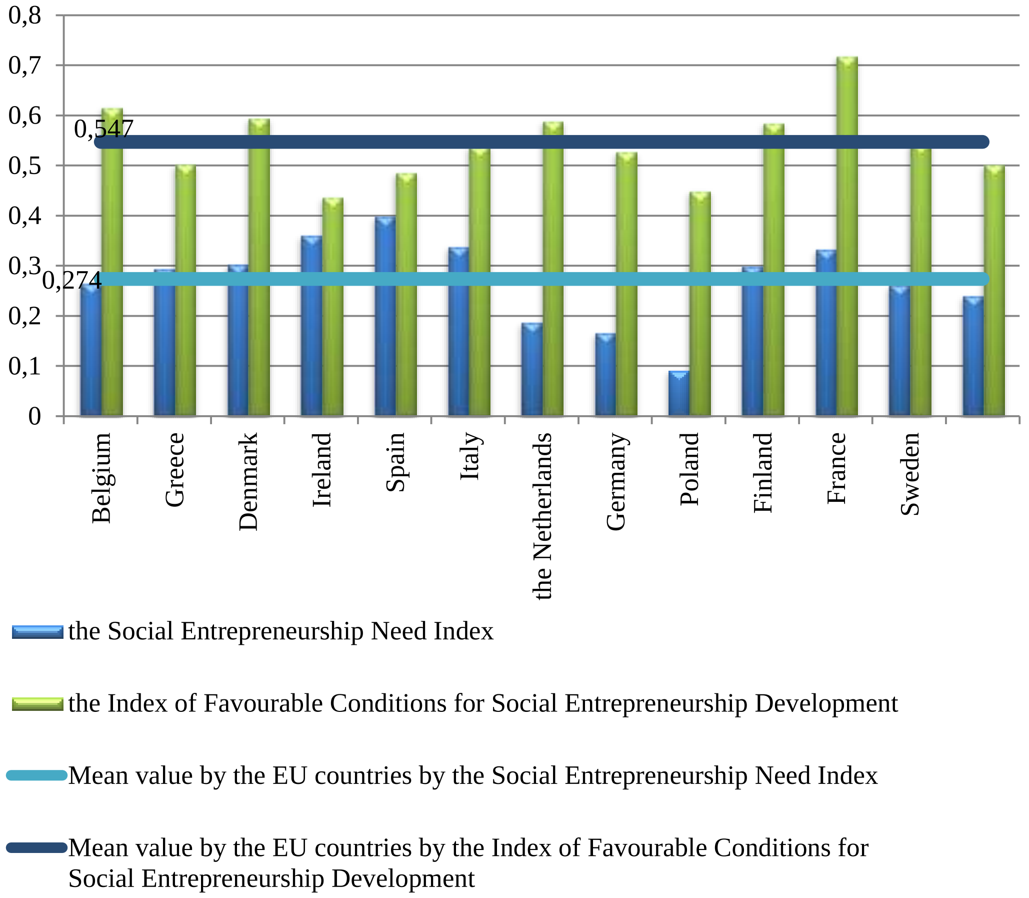

Figure 3. The comparison of the Social Entrepreneurship Need Index and the Index of Favourable Conditions for Social Entrepreneurship Development with the mean value, 2019

Source: Own compilation

Fig. 2 illustrates that in 2016 the Social Entrepreneurship Needs Index exceeded the mean value for 6 EU countries, while the Index of Favourable Conditions for Social Entrepreneurship Development exceeded the mean value for 7 European countries. The situation changed in 2019 (fig. 3): the Social Entrepreneurship Needs Index exceeded the mean value for 7 European countries and the Index of Favourable Conditions for Social Entrepreneurship Development exceeded the mean value for 5 European countries.

Based on the obtained calculations, we make a matrix (Table 6), which consists of four quadrants:

the first quadrant: the Social Entrepreneurship Needs Index is *below* the mean value and the Index of Favourable Conditions for Social Entrepreneurship Development is *higher* than the mean value;

second quadrant: The Social Entrepreneurship Needs Index is *below* the mean value and the Index of Favourable Conditions for Social Entrepreneurship Development is *below* the mean value;

third quadrant: the Social Entrepreneurship Needs Index is *higher* than the mean value and the Index of Favourable Conditions for Social Entrepreneurship Development is *higher* the mean value;

fourth quadrant: The Social Entrepreneurship Needs Index is *higher* than the mean value and the Index of Favourable Conditions for Social Entrepreneurship Development is *below* the mean value.

Table 6

Matrix of comparison of countries` economies according to the Social Entrepreneurship Need Index and Index of Favourable Conditions for Social Entrepreneurship Development in 2016 and 2019

Index	2016		2019	
	the Index of Favourable Conditions for Social Entrepreneurship Development is higher than the mean value	the Index of Favourable Conditions for Social Entrepreneurship Development is below the mean value	the Index of Favourable Conditions for Social Entrepreneurship Development is higher than the mean value	the Index of Favourable Conditions for Social Entrepreneurship Development is below the mean value
The Social Entrepreneurship Needs Index is below the mean value	***I quadrant*** Denmark, Italy, the Netherlands, Germany, Poland	***II quadrant*** Austria	***I quadrant*** -	***II quadrant*** Austria, Greece, Ireland, Spain
the Social Entrepreneurship Needs Index is higher than the mean value	***IV quadrant*** Belgium, Finland, France, Sweden	***III quadrant*** Greece, Ireland, Spain	***IV quadrant*** Belgium, Denmark, Italy, the Netherlands, Finland, France	***III quadrant*** Germany, Poland

Source: Own compilation

The Matrix of Countries` Economic Comparison (Table 6) shows that five EU countries faced the need of social entrepreneurship and created favourable conditions for it in 2016, namely Denmark, Italy, the Netherlands, Germany and Poland. The opposite was the case in 2019. However, many European countries had favourable conditions for the development of social entrepreneurship in 2019. Austria, Greece, Ireland, and Spain were added to Austria. Advantageous situation in 2019 is characterized by larger number of countries in need of social entrepreneurship development, which created favourable environment for it, namely Belgium, Denmark, Italy, the Netherlands, Finland and France.

In order to analyze the changing trends in social entrepreneurship, we build the matrix of the EU countries` ranking shift in 2016 and 2019 with a lag of three year.

Table 7

Matrix of the EU countries` ranking shift by calculated indices in 2016 and 2019 with a lag of three years

Indices	2016→2019	
	the Index of Favourable Conditions for Social Entrepreneurship Development is higher than the mean value	the Index of Favourable Conditions for Social Entrepreneurship Development is below the mean value
The Social Entrepreneurship Needs Index is below the mean value	***I quadrant*** Germany, Poland 2016 Denmark, the Netherland, Italy 2016	***II quadrant*** Spain, Greece, Ireland 2019
The Social Entrepreneurship Needs Index is higher than the mean value	***IV quadrant*** Denmark, the Netherland, Italy 2019	***III quadrant*** 2016 Spain, Greece, Ireland Germany, Poland 2019

Source: Own compilation

Analysis of the countries` dynamics pattern shows the next shifts:

1. Germany and Poland shifted the Ist quadrant in 2016 to the IIId quadrant in 2019. It indicates the growing demand for social entrepreneurship development without appropriate favourable conditions;
2. Denmark, the Netherland and Italy moved from the Ist quadrant in 2016 to the IV quadrant in 2019. The countries face growing need for the formation and development of social entrepreneurship. They simultaneously form advantageous conditions for these business entities activity;
3. Spain, Greece and Ireland moved from the IIId quadrant in 2016 to the IInd quadrant in 2019. The need for social entrepreneurship development was contracting. The countries did not pay attention for the environment of business with a human face.

Other EU countries did not change their policy as for the social entrepreneurship development and, thus, remained in the same quadrants of the matrix.

The proposed methodology application to assess nature and development of social entrepreneurship allowed identifying the growing role and importance of social entrepreneurship for the economies of the most of the EU countries and the world economy as a whole. Two issues were studied as they can be solved by creating social enterprise system: the ways of unemployment rate reduction and per capita income growth were proposed. The results of the study showed that the EU countries with high unemployment rate and low per capita income need additional number of social enterprises, but they do not always have favourable conditions for their functioning and further development. The number of issues and understanding of their content, possibilities of their solution at the expense of social enterprises are controversial and form the basis for the further research.

Particular value of our research inheres in the opportunity for the national economy to choose European model of social entrepreneurship, characterized by the dominance of non-commercial goals over commercial ones, relevance of their optimal correlation and countries` increased economic sustainability in the face of global challenges.

CONCLUSION

A new method to assessing nature and development of social entrepreneurship, as well as perspectives of its further progress, determined by the creation of favourable environment for business with a human face have been proposed in the article. Assessment methodology has been tested on the example of the EU countries as a group of countries with a similar model of social entrepreneurship placing a much higher importance on non-profit achievements. The results obtained allowed us to demonstrate differences between countries, despite belonging to one business model of social entrepreneurship.

To implement the proposed assessment method, we identified a clear sequence of actions in the form of a science-based algorithm that can be used as a universal tool for more indicators related to the study issues and could be solved by social enterprises. The Social Entrepreneurship Needs Index was calculated with a lag of three years for 2013, 2016 and 2019.

The Matrix of comparison of countries` economies according to the Social Entrepreneurship Need Index and Index of Favourable Conditions for Social Entrepreneurship Development in 2016 and 2019 indicated that a third of European economies have changed their attitude to social entrepreneurship. The results show that some countries` need for social enterprises has increased, but they do not have favourable conditions for their development (Germany, Poland). Spain, Greece and Ireland are improving environment for the innovative business form, but at the same time, the need for it is being diminished. In response to the growing need for social enterprises, Denmark, the Netherlands and Italy are creating an advantageous environment for social enterprises` activity and development, in particular, they are shaping their social economies.

As a result of our study the proposed hypotheses have been confirmed: H1 – higher unemployment rate requires enhancing development of social entrepreneurship, H2 – higher income levels reduce the need for social entrepreneurship, H3 – the more favourable environment for social entrepreneurship a country has, the less is need for it. The first two hypotheses were confirmed by the analysis of statistics on unemployment rate and per capita income in the EU countries. The third hypothesis has been partially confirmed, since the pattern characterizes most of the EU countries, but there are exceptions depend on country`s particularities and its domestic policy. Further research inheres in the increased number of indicators for the analysis that determine the possibility of solving a particular social issue, taking into account national peculiarities, strategic trends of national development and rising welfare.

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МЕТОД ОЦІНКИ СТАНУ ТА РОЗВИТКУ СОЦІАЛЬНОГО ПІДПРИЄМНИЦТВА

Переверзєва Анна Василівна
Запорізький національний університет
м. Запоріжжя, Україна

Волков Володимир Петрович
Запорізький національний університет
м. Запоріжжя, Україна

Актуальність дослідження соціального підприємництва та оцінки потреби в ньому обумовлена загостренням соціально-економічних проблем, пов'язаних із зниженням рівня платоспроможності населення та неможливістю їх вирішення на державному рівні. Необхідність впровадження та розвитку соціального підприємництва потребує створення сприятливих умов у країні, що передбачає врахування таких чинників як державна підтримка, сприйняття суспільством та наявність потенційних інвесторів. Існування такого феномену в економіці як соціальне підприємництво має дуальну природу: сприяє повному задоволенню базових потреб населення та забезпечує самореалізацію соціального підприємця. Соціальне підприємство орієнтується в своїй діяльності на реалізацію некомерційних та комерційних цілей. Особливістю європейської моделі соціального підприємництва є домінування некомерційної складової. Оцінка стану та можливостей функціонування й розвитку соціальних підприємств дозволяє досягати принципу збалансованості «потреби-можливості» з метою прийняття ефективних управлінських рішень щодо доцільності запровадження такої форми господарювання в країні. Якщо є потреба в соціальному підприємництві, то, відповідно, перед економікою країни постає питання формування сприятливого середовища для його функціонування та розвитку.

Метою дослідження є запропонувати спосіб оцінки стану та розвитку соціального підприємництва, необхідності його запровадження в країнах та виокремлення умов для розвитку, що дозволяє вирішити соціально-економічні проблеми та рухатися в напрямі побудови економіки з «людським обличчям».

Предметом дослідження є наукові та практичні основи розвитку соціального підприємництва в контексті співвідношення необхідності його запровадження та умов функціонування.

Методологія: у дослідженні був використаний комплексний підхід до оцінки, котрий передбачає застосування різних методів, а саме: індексний метод (для розрахунку субіндексів та загального індексу і приведення даних до єдиної системи для зручності порівняння); матричний метод (групування країн залежно від зміни позиції щодо потреби в соціальному підприємництві); мультиплікативна модель (аналітичний інструментарій для визначення загального індексу, що дозволяє оцінити внесок кожного індикатора одночасно).

Результатом дослідження є спосіб оцінки стану та умов розвитку соціального підприємництва, який практично реалізований на прикладі країн ЄС.

Висновки: визначено, що за період 2016, 2019 рр. із трирічним лагом третина європейських країн змінили своє ставлення до соціального підприємництва. Для деяких країн зросла потреба в соціальних підприємствах, але не створені сприятливі умови їх розвитку; інші країни покращують умови для діяльності соціальних підприємств, але при цьому зменшується потреба в них; зростання потреби в соціальних підприємствах у третині країн супроводжується створенням сприятливого середовища для їх діяльності та розвитку.

Наукова та практична значущість полягає в можливості використання запропонованого методу оцінки для будь-якої країни світу або групи країн із приблизно однаковим рівним розвитку економіки для обґрунтування доцільності запровадження такої інноваційної форми господарювання як соціальне підприємництво, і, відповідно, визначення умов, котрі потрібно створити для його сприятливого розвитку в довгостроковій перспективі, розробки стратегії функціонування соціальних підприємств та управління ними.

Ключові слова: соціальне підприємництво, індекс, країни ЄС, розвиток, потреба в соціальному підприємництві, середовище функціонування бізнесу з «людським обличчям».

МЕТОД ОЦЕНКИ СОСТОЯНИЯ И РАЗВИТИЯ СОЦИАЛЬНОГО ПРЕДПРИНИМАТЕЛЬСТВА

Переверзева Анна Васильевна
Запорожский национальный университет,
г. Запорожье, Украина

Волков Владимир Петрович
Запорожский национальный университет,
г. Запорожье, Украина

Актуальность исследования социального предпринимательства и оценки потребности в нем обусловлена обострением социально-экономических проблем, связанных со снижением уровня платежеспособности населения и невозможностью их решения на государственном уровне. Необходимость внедрения и развития социального предпринимательства требует создания благоприятных условий в стране, что предполагает учет таких факторов, как государственная поддержка, восприятие обществом и наличие потенциальных инвесторов. Существование такого феномена в экономике как социальное предпринимательство имеет дуальную природу: способствует полному удовлетворению базовых потребностей населения и обеспечивает самореализацию социального предпринимателя. Социальное предприятие ориентируется в своей деятельности на реализацию некоммерческих и коммерческих целей. Особенностью европейской модели социального предпринимательства является доминирование некоммерческой составляющей. Оценка состояния и возможностей функционирования и развития социальных предприятий позволяет достигать принципа сбалансированности «потребности-возможности» с целью принятия эффективных управленческих решений относительно целесообразности введения такой формы хозяйствования в стране. Если есть потребность в социальном предпринимательстве, то, соответственно, перед экономикой страны стоит вопрос формирования благоприятной среды для его функционирования и развития.

Целью исследования является предложить способ оценки состояния и развития социального предпринимательства, необходимости его введения в странах и выделения условий для развития, что позволяет решить социально-экономические проблемы и двигаться в направлении построения экономики с «человеческим лицом».

Предметом исследования являются научные и практические основы развития социального предпринимательства в контексте соотношения необходимости его введения и условий функционирования.

Методология: в исследовании был использован комплексный подход к оценке, который предусматривает применение различных методов, а именно: индексный метод (для расчета субиндексов и общего индекса и приведение данных к единой системе для удобства сравнения); матричный метод (группировка стран в зависимости от изменения позиции относительно потребности в социальном предпринимательстве); мультипликативная модель (аналитический инструментарий для определения общего индекса, что позволяет оценить вклад каждого индикатора одновременно).

Результатом исследования является способ оценки состояния и условий развития социального предпринимательства, который практически реализован на примере стран ЕС.

Выводы: определено, что за период 2016, 2019 гг. с трехлетним лагом треть европейских стран изменили свое отношение к социальному предпринимательству. Для некоторых стран возросла потребность в социальных предприятиях, но не созданы благоприятные условия их развития; другие страны улучшают условия для деятельности социальных предприятий, но при этом уменьшается потребность в них; рост потребности в социальных предприятиях в трети стран сопровождается созданием благоприятной среды для их деятельности и развития.

Научная и практическая значимость заключается в возможности использования предложенного метода оценки для любой страны мира или группы стран с примерно одинаковым уровнем развития экономики для обоснования целесообразности внедрения такой инновационной формы хозяйствования как социальное предпринимательство, и, соответственно, определения условий, нужно создать для его благоприятного развития в долгосрочной перспективе, разработки стратегии функционирования социальных предприятий и управления ими.

Ключевые слова: социальное предпринимательство, индекс, страны ЕС, развитие, потребность в социальном предпринимательстве, среда функционирования бизнеса с «человеческим лицом».

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Засновник видання:
Запорізький національний університет
Адреса редакції: 69063, м. Запоріжжя, вул. Жуковського, 55а, к. 415
Телефон: (061)289-41-15
Офіційний сайт видання: www.management-journal.org.ua
Електронна адреса: znu@management-journal.org.ua