

Министерство образования и науки Российской Федерации  
Сибирский федеральный университет

**СОСТОЯНИЕ СОВРЕМЕННОЙ ЭКОНОМИКИ РОССИИ  
С УЧЁТОМ ЗАРУБЕЖНОГО ОПЫТА**

**CONDITION OF MODERN RUSSIAN ECONOMY WITH  
FOREIGN EXPERIENCE**

Сборник материалов  
III региональной научно-практической конференции студентов магистрантов и  
аспирантов  
с международным участием  
(на иностранных языках)

*Электронное издание*

Красноярск  
СФУ  
2013

УДК 338.24  
ББК 65.012-1  
С 667

Ответственные за выпуск: Щитников Александр Савельевич; Ямских Татьяна Николаевна; Мельниченко Константин Александрович.

**С 667 Состояние** современной экономики России с учётом зарубежного опыта = Condition of Modern Russian Economy with Foreign Experience: сб. материалов III региональной научно-практической конференция студентов магистрантов и аспирантов с международным участием [Электронный ресурс] / отв. за вып. А.С. Щитников, Т.Н. Ямских, К. А. Мельниченко. – Электрон. дан. – Красноярск: Сиб. федер. ун-т, 2013. – Систем. требования: РС не ниже класса Pentium I; 128 Mb RAM; Windows 98/XP/7; Adobe Reader V8.0 и выше. – Загл. с экрана.

Сборник представляет собой материалы региональной научно-практической конференция студентов, магистрантов и аспирантов, которую ежегодно проводит кафедра иностранных языков ТЭИ СФУ.

Предназначено для студентов магистрантов, аспирантов, молодых специалистов и преподавателей высших учебных заведений.

УДК 338.24  
ББК 65.012-1

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федеральный  
университет, 2013

Научное издание

Подготовлено к публикации Издательским центром БИК СФУ

Подписано в свет 14.06.2013. Заказ 2359.  
Тиражируется на машиночитаемых носителях.

Издательский центр Библиотечно-издательского комплекса  
Сибирского федерального университета  
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## Оглавление

THE LABOR MARKET, EMPLOYMENT AND PERSONAL MANAGEMENT	
Aksenovskaya I.U. ....	8
CUSTOMS DUTY IN RUSSIA	
Aslanova S.I. ....	9
ANALYSIS OF THE SPHERE OF TOURISM DEVELOPMENT IN RUSSIA AND ABROAD	
Ayoshina E.V. ....	10
THE INFLATION IN RUSSIA	
Bakhshaliev E. ....	12
NEUROMARKETING AS A NEW INSTRUMENT IN UKRAINE MARKET ECONOMY	
Belous A.Y. ....	13
INTERNATIONAL TRADE CONCEPT: BARRIERS AND REFORMATION	
Belous T.D. ....	16
ECONOMIC PROBLEMS OF RURAL SETTLEMENTS OF RUSSIA AND WAYS OF THEIR SOLUTION	
Buchynskiy A.Y. ....	199
BUREAUCRACY AS A PROBLEM OF THE RUSSIAN STATE APPARATUS	
Danilov V.I. ....	20
CORRUPTION, AS MODERN PROBLEM	
Davidova N.A. ....	21
THE ORGANIZATION OF BOOKKEEPING AND TAX ACCOUNTING ON SMALL BUSINESS ENTERPRISES	
Demchenko D.I. ....	23
ACCOUNTANT RECEIVABLES	
Dudina E.V. ....	25
HOW TO SLOVE THE PROBLEM OF POVERTY IN RUSSIA	
Dushevskaya O.M. ....	27
FRANCHISING DEVELOPMENT IN KRASNOYARSK (ON THE EXAMPLE OF SUBWAY QUICK SERVICE RESTAURANT)	
Elfimova A.Y. ....	28
THE PROBLEM OF UNEMPLOYMENT	
Fedonyuk V.O. ....	31
BASES OF BUDGETING THEORY	
Funk. E. ....	32
CUSTOMS CONTROL IN RUSSIA	
Galkina Y.I. ....	33

ESSENTIAL ELEMENTS OF HOSPITALITY MARKETING MIX	
Gorbenko N.S.....	35
ECONOMICS AND EDUCATION IN RUSSIA	
Guseinova H.....	37
ACCOUNTING FOR STOCKS IN THE RUSSIAN AND INTERNATIONAL PRACTICE	
Guskova N.S. ....	38
ON SOME PECULIARITIES OF DISTANCE LEARNING OF ENGLISH FOR ECONOMISTS	
Horzhu L.I. ....	40
IMPACT OF TNCs ON THE ECONOMY OF DEVELOPING COUNTRIES	
Hryhoriak I.D. ....	43
COMPETITION IN RUSSIA	
Ilin R.I. ....	46
CORRUPTION IN RUSSIA AS A PROBLEM OF NATIONAL SECURITY	
Istratova Y.V. ....	47
PROBLEMS OF SMALL BUSINESS IN RUSSIA	
Ivleva Allena, Natalia Dziuba.....	49
POLICY OF PROMOTING THE BRAND IN TERMS OF MULTI-LEVEL MARKETING	
Kamyshova D.S. ....	51
ARBEITSMARKTPOLITIK IN ÖSTERREICH	
Kantemir P.S. ....	533
CORRUPTION AS PART OF THE SHADOW ECONOMY	
Kardapolova A.S.....	56
THE INFLUENCE OF SOCIO-ETHICAL MARKETING ON BUSINESS PROCESSES IN THE FOOD MARKET OF THE KRASNOYARSK TERRITORY	
Khachatryan E.V.....	58
THE YOUTH UNEMPLOYMENT CRISIS	
Kishkan N.S., Stupak M.G.....	61
CORRUPTION IN RUSSIA	
Kosyanenko A.A.....	633
PROBLEMS OF LECTURERS SALARIES IN KRASNOYARSK UNIVERSITIES AND POSSIBLE WAYS OF SOLVING	
Kovalchuk K.S. ....	65
HOTEL MANAGEMENT IN UKRAINE: MAIN PROBLEMS AND PERSPECTIVES	
Kovtun E.V. ....	66
THE CATEGORY OF VALUE AND ITS EVOLUTION	
Kozakova I.F.....	688
BUSINESS SUCCESS IN TERMS OF MANAGERIAL DECISION-MAKING	
Kryshchuk I.V., Stupak M.G. ....	711

ANALYSIS OF CHANGES IN OIL PRICES: CULPRITS, FACTORS, FORECASTS	
Kuchegesheva A.G.....	73
THE ECONOMIC PROBLEMS OF RUSSIA'S RELATIONS WITH THE CIS COUNTRIES	
Kurkin S.....	75
TO THE PROBLEM OF FINANCIAL LEGAL RELATIONS	
Larionov A.A. ....	77
INFLATION IN RUSSIA	
Lebedeva A.A. ....	788
FINANCIAL ARCHITECTURE: URGENT REPAIR	
Levchenko N.....	80
ECONOMIC SITUATION IN RUSSIA	
Lobov D.O. ....	82
LES RESEAUX COMMERCIAUX EN UKRAINE	
Losheniuk O.V.....	833
TRANSNATIONAL CORPORATIONS IN THE WORLD ECONOMY	
Lyalyk T.I.....	855
CIVIL LIABILITY FOR IMPROPER ADVERTISING	
Makarov S.....	877
CHANGES IN CURRENCY REGULATION	
Malacheva E.V.....	90
BUSINESS REASONS FOR REENGINEERING THE PROBLEM-SOLVING PROCESS	
Malek R.V., Stupak M.G. ....	911
PROBLEMS OF MODERN AGRICULTURAL LENDING IN RUSSIA	
Malysheva A.V. ....	93
DEVELOPMENT OF DIAMOND INDUSTRY IN RUSSIA	
Martynov I.D.....	95
MODERN SOCIAL AND ECONOMIC PROBLEMS OF YOUNG FAMILIES	
Melnikova D.A.....	966
ABOUT THE FORMATION OF ACCOUNTING INFORMATION ON RECEIVABLES MANAGEMENT	
Michailina N.V.....	977
PROBLEME DES SCHMUGGELS IN DER MODERNEN UKRAINE	
Migorjan M. W. ....	988
THE ROLE OF INTERNAL AUDIT	
Mikulskaya E.A. ....	1011
PROBLEM OF OIL-DEPENDENT ECONOMY	
Mootyev D. Kharchenko A.....	1033

THE CURRENT STATE OF RUSSIAN ECONOMY	
Mordvinova A.....	1044
ACCOUNTING OF EXPENSES OF THE ORGANIZATION	
Nabokova G.V. ....	106
RATING OF KRASNOYARSK TERRITORY AMONG REGIONS OF RUSSIAN FEDERATION	
Nenilina I.G.....	108
DEVELOPMENT OF A UNIFIED ACCOUNTING POLICY IN A FIRM FOR BOOKKEEPING AND FISCAL ACCOUNTING	
Novoselova Ju.....	1100
THE COMPETITIVENESS OF RUSSIAN COMPANIES ON FOREIGN MARKETS	
Pavlyukova D.A. ....	1111
THE PROBLEM OF HIDDEN UNEMPLOYMENT AND STANDARD MEASURES OF UNEMPLOYMENT	
Pidruchna O.L., Stupak M.G.....	1144
FINANCIAL ACCOUNTING	
Poliakova A.N.....	1166
COMPETITION AND ITS ROLE IN THE MARKET ECONOMY	
Purtova E.V.....	1200
FACTORS IMPROVING REDUCTION OF COSTS AFFECTING THE ORGANIZATION	
Ryzhova E.A.....	122
INTERNATIOHAL ECONOMIC RELATIONS	
Shachova A.A., Shevchenko V.S.....	123
DEMOGRAPHIC PROBLEMS IN RUSSIA	
Sahradyan V.V.....	124
CULTURE INFLUENCE ON INTERNATIONAL MARKETING	
Shtablava I.D.....	126
ACCOUNTING FOR SIMPLIFIED TAXATION SYSTEM	
Smyk. K.S.....	128
SMALL BUSINESS IN RUSSIA IN COMPARISON WITH THE USA	
Spiridonova A.V., Cherkashina K.A., Muntean E.A.....	130
LEGISLATIVE REGULATIONS AND FORMS OF ETERNAL CALCULATIONS OF THE ORGANIZATIONS	
Stepanova E.S. ....	131
RUSSIA DEPENDENCE ON RAW MATERIAL MARKETS	
Teleshev I.N., Letunov V.A.....	133
ON THE PECULIARITY OF JOINT VENTURES	
TerletskaY.Y.....	134

DEVELOPMENT OF METHODOLOGICAL TOOLS FOR THE CREDIT ASSESSMENT OF THE COMMERCIAL ORGANIZATION	
Timoshchenko T.A. ....	136
PRINCIPLES OF IMPROVING EMPLOYEE MOTIVATION	
Tretyakova E.S. ....	1388
DOLARIZATION IN UKRAINE AND RUSSIA	
Tsvigun E.I. ....	14040
ECONOMIC PROBLEMS OF SMALL BUSINESS IN RUSSIA	
Urkin N.P. ....	1422
PROVIDING THE CLEANING SERVICES	
Verkhoturova V.A. ....	143
ECONOMIC GROWTH AND LABOR PRODUCTIVITY IN RUSSIA	
Verner E. ....	144
FOREIGH INVESTMENS INTO THE RUSSIAN ECONOMY	
Moiseeva. Y. ....	144
LABOUR MARKET: UNEMPLOYMENT PROBLEMS	
Voloshina E. ....	1466
PROBLEMS OF SMALL ENTERPRISES IN THE MARKET NANOTECHNOLOGY	
Ermakova Y. A. ....	1488
“FUR NEP” IN TURUKHANSKIY KRAY	
Yurlov P. V. ....	1499
ECONOMIC PROBLEMS OF FRANCHISING IN RUSSIA	
Zaynetdinov S.A. ....	1522
SCIENTIFIC AND TECHNICAL LAG OF RUSSIA	
Zavyalova T.I., Ivanyushina K.A. ....	153
INFLATION IN TODAY’S ECONOMY	
Zhabyko M. ....	1544

# **THE LABOR MARKET, EMPLOYMENT AND PERSONAL MANAGEMENT.**

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The labor market in Russia and the situation which has developed at is one of the most difficult and problems of the modern production market. The main role in it is played, certainly, by a human factor which is difficult to forecasting. But, in addition, at the labor market the number of the unemployed, and quantity increases working population decreases every year.

The labor market in Russia also has a number of problems, the main of them:

- Reduction of quantity and quality of the working population that also involves a change of the main characteristics of labor power in the solio-demographic plan.
- The labor market and problems of employment are inseparably linked with each other.

The economically active population of Russia is provided by the population at the age from 16 years and to 55 – for women, and to 60 years – for men; these are the people working, for a certain payment, individual entrepreneurs and other persons working. In Russia to economically active population students and the military personnel traditionally are also added. In recent years, the number of economically active population in Russia has fallen from 9.8% to 8.2% of the working population. The most part of the population of Russia is constituted by hired employees: about 90 % from number of general labor power. The rest are persons of free-lamed professions (journalists, lawyers) and individual entrepreneurs. The services sector has become the predominant area of social work: it has the highest percentage f employees. In agriculture, on the contrary, there is a strong out flow of labor. The number of people employed in the service sector increased from 66.1% to 66.6% of the working population. Russia has need or for young and perspective personnel. According to the statistics the primary group of the working population are persons from 40 to 49 years. And the smallest amount unemployed population is at the age group from 30 to 39 years. The efficient population not only grows old, according to the same statistics it is visible that health of a manpower worsens, the disability periods increase, quality characteristics of work and a capability to hard and long work decrease. In the Russian labor market the paradoxical situation is traced: on the one hand it – has a tack of working power its structure, and on the other hand it is excessive in the amount. At some entities the excessive number of workers, is accumulate and their qualification is often insufficiently low. The problem of unemployment is for the Russian labor market are serious. The number of unemployed in 2011 was 7.1% of the working population. Solving problems of the



labor market is one of the objectives of the state employment policy. To solve this problem in a country run employment services, but their effectiveness is not great.

## **CUSTOMS DUTY IN RUSSIA**

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Customs duties are indirect taxes, (fees, charges) for import, export and goods transit entering the state budget, and are levied by the customs authorities of the country when importing goods into its customs territory or exported from the territory at the rates specified in the Customs Tariff, and are an essential condition for such importation or exportation.

Function of customs duties in the Russian Federation is vested in the State body authorized in customs affairs, Federal Customs Service.

On July 1, 2010 shall come into force a new law on "Customs Tariff" of the customs union of the three states: Russia, Belarus and Kazakhstan. Depending on the direction of taxable goods the following classification can be given:

**Imports** (import) duties are most common in the world, and in Russia in the form of fees;

Export (export) duties occurs much less frequently than imported in Russia are applied to commodities (eg oil). WTO calls for the complete abolition of such duties;

Transit fees, currently the Russian Federation carry zero transit fees and in the world they are hardly used

Special types of customs duties:

Special - can be used as a protective measure against the importation of goods to Russia in an amount and under the conditions that cause or threaten to cause injury to domestic producers of similar or competing goods, as a response to discriminatory actions of other countries and alliances.

Anti-dumping - are intended to protect domestic market from imports at dumping prices, which implies a higher cost of them in the market of the exporting country than the importing country;

Compensations are introduced on imported goods, which are in the country of their production in order to promote exports or import substitution used government subsidies, which lead to an artificial reduction of production costs and hence the value of such goods?

Seasonal, may be established for goods, production and sales volume, are strongly fluctuate during the year (agricultural products).

In Russia, a differentiated tariff under which import duties vary by origin country.

Base rates apply to goods originating from countries that trade and have political relations with Russia, which provide for preferential treatment (almost all the countries that support foreign trade with Russia) and is 100% from those contained in the Customs Tariff;

For goods originating from CIS countries zero tariffs are applied.

However, tariffs are not differentiated according to the persons carrying out foreign trade operations, the types of transactions and other factors.

Depending on the method of calculating customs duties are divided into:

ad valorem - (from Latin ad valorem - the value) are determined as a percentage of customs value of goods. Usually applied to raw materials and foodstuffs, for example, 5% of customs value. Customs value is declared by the declarant, and submitted information be based on reliable, quantifiable information.

Specific is set in a specific monetary amount per unit (weight volume, pieces, etc.) of goods. There applied generally to the finished goods in Russia are established in euros, for example, 0,3 euro per kilo;

Combined are used in calculating the above two types of rates, while often the subject of payment is largest sum calculated. For example, 10% of customs value but not less than 0.5 euros per kilo.

## **ANALYSIS OF THE SPHERE OF TOURISM DEVELOPMENT IN RUSSIA AND ABROAD**

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Tourism is one of the major fields of modern economic activity directed on satisfaction of people's needs and improvement of life quality of population. At the same time, in contrast to many other industries, tourism doesn't lead to the exhaustion of natural resources.

Tourism is one of the main sources of income for most nations in the world. Tourism takes the first place in the world among all other sectors of the economy at the quantity of workplaces. Whereas in 1998 the sphere of tourism accounted for 115 million people, according to the forecast there will be created 550 million workplaces in 2020[1,2].

Nowadays tourism in different countries developed very unevenly. Generally, tourists travel from the developed countries, which are countries-suppliers of tourists in the WTO terms. This group includes the states where the share of population travelling abroad is more than 10%. The number of these countries is not large (12-

15), but this list is constantly growing. These include Western, Eastern and Northern Europe, North America, Japan, Korea and Singapore, etc.

In the long-term development of tourism it is expected that by 2020 there will be 1,5 billion of travelers in the world and profits from hotel and tourist services will be approximately 2 trillion dollars. International tourism services exchange between countries is a part of the international trade and has a significant effect on exports and imports.

The impact of tourism on the development of the world economy can hardly be overestimated and it is constantly increasing. However, all in all, economic effect of tourism remains insignificant in Russia.

The analysis of the current state of tourism in Russia shows that in recent years tourism industry has been developing steadily and dynamically, even during the global financial crisis. Russia's tourism market is about 2-3% of the world market, but it is in plan to increase the turnover by 3, 2 billion dollars a year.

According to the World Tourism Organization by 2020 Russia will become the most popular tourist destinations and the Russians will become the most active travelers[4].

There is annual growth in domestic tourism flow. For example a spa and tourist resort in Krasnodar region, where Sochi city has been selected to host 2014 Winter Olympics. For most of foreign tourists (72,9%) who used the services of travel agencies, the main purpose of the trip to Russia is rest, very popular among them is the cruise tourism through Russia (15,8%)[3].

Tourism industry providing successful development may be one of key elements for creating conditions to achieve the strategic objectives of the country. Namely, improvement of the welfare of population on the basis of dynamic and sustainable economic growth, guarantee of employment to population, increase of the satisfaction level of social and spiritual needs, capacity building for the future development of the country and strengthening of the international position of Russia. Subject to effective public policy tourism industry ensures the growth of quality services, stimulates the development of human capital, raises standards of living, creates and improves infrastructure.

Russia has a good potential to improve and promote tourism. Tourism is of great economic interest for our country and in connection with the Olympic Games in Sochi in 2014 it allows to attract foreign capital, that has a special value during the world crisis period.

Analysis of possible ways to solve systemic problems confirms the need for a unified national strategy of tourism development based on a combination of institutional and project approaches, cooperation among all levels of government, business community and civil society organizations and aimed at the implementation of the priorities within each of strategic directions.

Lack of development of tourist infrastructure, low quality service, high level of crime in the country have led to situation, when Russia accounts for less than 1% of global tourist traffic. However, according to the forecast for the next 10 - 15 years,

tourism could have a vast positive impact on the economy of the country and its major cities. Thus, tourism, being a profitable sector of the economy, may under certain conditions become the most important item of the gross national income of Russia.

Now the country is gradually forming a realistic approach to tourism and understanding that tourism has great benefits to the socio-economic development of Russia.

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## THE INFLATION IN RUSSIA

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Inflation problem became particularly acute in recent years. In the last three years, inflation is stuck at about the 12% per year. This is a very high value, which is a tax on the population and the economy and hinders the development of the country. Russians do not need to explain the negative effects of high inflation. There are many the reasons for the inflation actually. To avoid this, each person should have an idea about the main reasons of this phenomenon: First, the inflation greatly affects creation of money when the state to meet their needs resorts to increase the money supply does not correlate with the circulation of commodities.

-When there is a state monopoly in large firms - this inevitably leads to the fact that the firm is able to determine the cost of production and the size of its own costs. - The level of wages may suffer from monopoly unions that affect the market mechanism.

- The increase of the money supply may become a significant impetus supply by abundant credit. This will be the reason that when the money comes not from an existing savings and by printing currency, which can't be ensured. And, of course, the decline in production also leads to higher prices. Moreover, inflation in investment goods in 2004 almost doubled, according to official statistics, inflation has exceeded the basket of consumer goods. According to the Bank on October 15, the annual inflation rate was 6.8%. According to the Federal State Statistics Service, up to

October 15, accumulated inflation since the beginning of the year, was 5.5%. As predicted by the Economic Development Ministry, inflation in Russia in 2012 was 7%. And that says a lot. Independent analysts and give figures for core inflation calculated by the normal consumer basket of goods, about twice the official. The picture with the accumulation of foreign exchange reserves in November was as follows: foreign exchange reserves have reached nearly \$ 170 billion, the Stabilization Fund of the Russian Government was about \$ 40 billion in all, the country's foreign exchange reserves exceeded \$ 200 billion, Well, according to the global experience and economic theory in terms of economic stability is necessary and sufficient three-month supply of currency for imports. For the first half of 2005, in the calculations according to the Bank of Russia, this would be \$ 35.4 billion from the amount of risk-based foreign reserves can be doubled, and then the necessary supplies to the crisis will be approximately \$ 70 billion to spend on the rest arrangement of Russia.

The main mechanism of inflation in Russia in recent years is the growth of the money supply. As this mechanism is related to the purchase of the Bank of Russia exchange and issue of money, which the Central Bank is calculated for currency, in this chain must reduce emissions to a reasonable amount of non-cash rubles and their spread in the form of unsecured products revenue. And the "sterilization" of income in the form of currency and rubles is in the form of investments and proposals of social and investment goods and products purchased, including. To reduce the inflation rate to a normal level of 2-3% and realization of the mechanism non-inflationary investing in the economy and society in the medium and long-term need to nationalize the largest oil and gas corporations.

## **NEUROMARKETING AS A NEW INSTRUMENT IN UKRAINE MARKET ECONOMY**

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Functioning of an enterprise, creation of image, popularity in the market and sales volume, especially in the trade sphere of goods and services depend mostly on consumers and their purchasing capacity.

In the modern conditions of advertising saturation such notion as fatigability of the state of mind on the eye and ear levels has appeared and that is why the effectiveness of such policy reduces. With every year cooperation and influence on consumers become more complex since simple declaration of the product function and usefulness is insufficient. It is necessary to develop new approaches towards effective influence on consumer behaviour. Here we should mention a new, non-

traditional instrument of influence, an approach which studies one's thought and behavioural reaction as neuromarketing which can be of great help to entrepreneurs.

At this stage of market economy development in Ukraine neuromarketing has become more actual, since the use of this method of influence essentially stirs up sales of goods and rises competitiveness of products in the market. There are different interpretations of this approach. To solve the problem it is necessary to outline the essence, tasks and principles of neuromarketing and its main elements at the national production market. Expansion of sales market, creation of new ways of interaction with consumers, extension and activation of action segment under the conditions of market economy more often need the implementation of original methods of influence on human psychology. One of them is neuromarketing which appeared in 1990.

In his research E. Cun states that Harvard psychologists were working at some new theory of marketing in 1990-ies. It was neuromarketing. The principle of this theory is in the fact that the main part (90%) of human mental activity, including emotions, is performed subconsciously and in practice cannot be controlled by consciousness.

Scientists interpret the notion of neuromarketing in different ways. The majority of scientists, E. Cun and V. Naumov among them, state that neuromarketing is a powerful device influencing human subconsciousness and the use of which is illegal.

O. Boyko considers neuromarketing to be the complex of methods which is formed in borders of economic theory, neurobiology, psychology and medicine [1]. A. Kopeyko, in his turn, gives the following definition: "Neuromarketing is a new direction of commercial research, the subject of which is the study of subconscious, sensory and motor, cognitive and emotional reactions of a human to definite incentives" [3].

One can state that neuromarketing is a new complex of neuroways, neuromethods and neurotechnologies which help to establish communicative ties between an enterprise and consumers on the level of subconsciousness and stimulate purchasing of goods and services. Three basic elements of neuromarketing are:

- 1) aromamarketing, a subgroup of neuromarketing influencing the consumer subconsciousness with the help of aroma (fragrance);
- 2) merchandising, influencing the consumer subconsciousness with the help of colour, images and their consequent placement;
- 3) audiomarketing, a powerful subkind of neuromarketing which influences the consumer subconsciousness with the help of sounds.

One of the most influential mechanisms of neuromarketing is aroma marketing. The aim of aroma marketing is stimulation of consumer purchasing behaviour with the help of aromas that generate positive mood.

According to L. Rumishina's research, 98% of all advertisement information are not perceived in general and average perceptiveness of an advertisement lasts for 2 seconds only.

The use of such irritants as aroma can prolong the consumer's attention to the advertisement. The experiments made by scientists prove that balmy air in commerce premises stimulates sales dynamics up to 15% because more than 70% of consumers appreciate such qualities of products as freshness, refinement and delicacy by their smell [4].

In practice, in supermarkets "SILPO" in Chernivtsy aromas zones are used. If a customer is nearer to the bakery he feels the aroma of fresh bread, in coffee and tea departments – coffee aroma is felt, in fruit and vegetable department one can feel the smell of fresh oranges, melon, apples, in the confectionary the aromas of caramel and chocolate are felt. Besides, the departments for men and women are flavoured accordingly. In women's departments flower fragrance prevails. While in men's ones tart and restrained aromas are felt.

So, aroma marketing is used to create pleasant and welcoming climate in the shop and business premises and to stimulate consumer purchasing. Merchandising influences the consumers with the help of colour. The optimum choice of colour, design or inscription, that account for historical, national, ethnic and religious aspects, can considerably increase the volume of sales.

The USA Colour Association research shows that yellow is the leader among colours, especially in combination with black (e.g. the advertisement of mobile operator "Beeline"). By the way, when "Pepsi Cola" changed its production colour to blue, it became 10% more popular in the market of CIS [5]. Efficient use and combination of colours help to visualize the commodity, stimulate sales and associate colour with certain goods on human subconscious level.

One more important element of neuromarketing is audio marketing. Sound background also influences the mood and activity of customers. If it is necessary to stimulate commodity circulation fast music is played from 12 p.m. to 15 p.m. and after 18 p.m. and quite the contrary, when there are few buyers slow melodies are heard from 9 a.m. to 11 a.m. and after 22 p.m. Supermarkets "Silpo", "Kolos" and commercial center "Depot" in Chernivtsy practice these methods.

According to the Morgan Market Research data Agency measured melodies incite people to impulsive purchases. A customer can spend 35-40% more money under the influence of such kind of music. Such music is recommended for use in the shopping centres of middle and high price category. The customers here can afford some unplanned expenses. In inexpensive shops it is better to use energetic music (90-110 measures per minute) at which people quickly dare to purchase. In the evening when there are few customers it is better to play moderate melody which makes customers to stay longer in this shop. In the rush hours the melody in the shop must be dynamic which stimulates people to make a purchase [4]. The implementation of all these elements will stimulate customers purchasing capacity.

So, neuromarketing is a powerful element which consists of a number of neuromethods and neurotechnologies with the help of which tight connection is established between an enterprise and consumers with the purpose to stimulate the purchase of goods and services. All three components of neuromarketing: aroma

marketing, merchandizing and audiomarketing comprise the mechanism of influence on customers, which helps to increase the sale of products and promote enterprise competitiveness.

Neuromarketing is widely used in Ukraine which gives the opportunity to raise competitive capacity of products, though it is not a perfectly developed instrument of advertising and distribution. To improve the effectiveness of distribution the entrepreneurs need to use the experience of foreign companies, keep to basic regulations, work out their own methods of customers subconsciousness.

The search and development of these trends at the national level will give impetus to products distribution and will minimize advertising expenditures.

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## **INTERNATIONAL TRADE CONCEPT: BARRIERS AND REFORMATION**

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International trade is the exchange of capital, goods, and services across international borders or territories. In most countries, such trade represents a significant share of gross domestic product (GDP). Industrialization, advanced transportation, globalization, multinational corporations, and outsourcing all have a



major impact on the international trade system. Increasing international trade is crucial to the continuance of globalization. Without international trade, nations would be limited to the goods and services produced within their own borders. The aim of international trade is to use division of labor more efficient with surplus. International trade has a long history and a lot of different theories. The first theories of IT appeared centuries ago and many of them are still in use.

Nowadays there are 5 main forms of international business.

1. International trade in commodities and services between different countries.
2. Currency transactions are activities related with moving of the money and its substitutes.
3. Employing foreign assets. This form of business includes licenses, patterns, know-how, etc.
4. Foreign investments. The foreign investing activity is the process of transmission of the capital of one country to another in order to get the profit. Investments are divided into direct and portfolio investments.
5. International services are activities having no material form but bringing benefit. They include transportation, tourism, engineering, insurance, banking, consulting, etc.

Here we would like to consider the interference in international trade. And there are 6 categories of barriers in economics.

Price based constrains. They are tariffs and subsidies. Tariffs are taxes charged on imports. Subsidies are offered to some domestic companies for similar reasoning as tariffs. Domestic companies are aided directly through low cost loans and tax breaks.

Quantity limits – quotas and embargo. Quotas are quantitative limits on the import of particular products or commodities. Embargo is a particular type of quota that sets the limit at zero imports and is often placed on imports for clear political reasons. It is a prohibition on trading within countries generally on some particular goods.

Cartel is an organization of independent companies, producing the similar goods, which make the agreement in order to increase prices and to limit the output. There are such bright examples of cartels as Organization of Petroleum Exporting Cartel, the International Sugar Agreement and so on.

NTB means other non-tariff barriers, which include the wide variety of barriers ranging from bureaucratic delays to quality limits. These barriers also include the so-called safety norms and the deliberate creation of customs difficulties.

Financial limits and limits of foreign direct investments belong to the barriers of international trade.

Governments suppose all these tariffs to be essential in order to protect what they see as strategic industries – notably agriculture, or some infant industries – without which the country would be in danger if there was a war, as well as other jobs. Abandoning all sectors in which a country does not have a comparative

advantage is likely to lead to structural unemployment in the short (and sometimes medium and long) term. Other reasons for imposing tariffs:

- to make imports more expensive than home-produced substitutes, and thereby reduce a balance of payments deficit;
- as a protection against dumping (the selling of goods abroad at below cost price in order to destroy or weaken competitors or to earn foreign currency to pay for necessary imports);
- to retaliate against restrictions imposed by other countries;
- to protect 'infant industries' until they are large enough to achieve economies of scale and strong enough to compete internationally.

Russia's foreign trade of goods consisted of US\$ 846.7 billion in exports in 2012. Russia sells a broad range of commodities and manufactures including petroleum and petroleum products, natural gas, wood and wood products, metals, chemicals, and a wide variety of civilian and military manufactures. Russia's largest trading partners for exports are Ukraine, Germany, United States, Belarus, the Netherlands and China. Russia imports machinery and equipment, consumer goods, medicines, meat, grain, sugar, and semi-finished metal products. Russia's largest trading partners for imports are Germany, Belarus, Ukraine, the United States, Kazakhstan and Italy.

Foreign economic restructuring has effected the development of foreign trade, the banking system and the role of Russian enterprises in the world economy. The main points of the foreign trade reformation are:

- enterprises now have a right to conduct international trade;
- industrial enterprises are allowed to maintain hard currency bank accounts;
- great emphasis is made on export and import world marketing technique;
- inward investment by means of joint ventures is encouraged.

One of the most serious problems facing Russian economy is inconvertibility of the ruble, which is a serious handicap in relations within trade counter-parts. The economic reform sets a task to make ruble convertible.

In spite of the existing barriers, international trade continues to grow rapidly.

International trade encourages many factors. Some organizations promote to develop of international trade and to eliminate barriers in it. Also successful public policy and application of reforms aimed at the same result.

# **ECONOMIC PROBLEMS OF RURAL SETTLEMENTS OF RUSSIA AND WAYS OF THEIR SOLUTION**

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The relevance of this work lies in the fact that Russian village has been in the deep socio-economic crisis for a long time. The purpose of this study is identifying the economic problems of rural settlements of Russia and finding the ways of their solution. In accordance with the purpose we tried to solve the following tasks: to review the status of modern villages; to identify the problems existing and to find the ways of solving these problems.

The village as the social and territorial subsystem of society entered a stage of system degradation. The essence of this disturbing process for Russia is characterized by the following tendencies: loss of natural culture, desolation of considerable part of rural spaces. Russian agriculture suffered great losses during reforms. So, according to official figures, during 1990-2006 all cultivated area was reduced by 34%. The huge areas (to 40%) are exposed to water and wind erosion. About 85% of farmlands are exhausted by weeds and degrade. The number of cattle was reduced by 2,6 times, production of domestic tractors was reduced by 15 times, combines – by 10 times. The present volume of equipment is obviously insufficient for providing a production cycle of soil processing and harvesting. The process of degradation of material bases for production and working conditions is accruing in the village: there is a deindustrialization of agrarian production due to sharp recession of agricultural cars supply.

Social status in the village is even more difficult than in the city. The salary makes about 50% from average in the country. The poverty indicator in the village is 1,6 times higher than in the city. The share of villagers living in poverty is nearly 3 times more than in the city. The general level of unemployment in rural areas is 18%.

Sharp deterioration of financial position of the majority of the village inhabitants alongside with withdrawal of the existing before social protection and disintegration of sociocultural environment extremely aggravated the demographic situation, generating such a phenomenon, as village depopulation. During 1990-2003 life expectancy of rural women was reduced from 74 to 71 years, men – from 62 to 57 years. The birth rate indicator for the same period decreased by 1,5 times, and mortality increased by 1,3 times.

Sharpness of contradictions of the rural sphere today in many regions of the Russian Federation is the following. First, discrepancy of material complex of the village to requirements of modern civilization. It concerns production and social infrastructure of the Russian village, material, natural, economic and social working conditions and the life of people. Secondly, unavailability or inability of the

considerable part of rural workers to use properly production and welfare capacity of the village and of the Russian society as a whole. Thirdly, unwillingness of considerable part of rural workers to join actively in the system of new economic, social and political relations, to assume responsibility for destiny of the Russian village, to release from psychology of social dependence created as a result of their alienation from the results of their own work; innumerable, irresponsible, rough experimenting in the past, and in the last decades of capitalist reforming.

Revival of the modern Russian village is possible only with integrated approach including solution of a number of large-scale and urgent tasks: allocation of necessary financial means at the level of not less than 15% of account part of the annual Federal budget of the country; ensuring price parity for agriculture and industry production; diversification of rural economy and solution of employment problems; expansion of individual housing construction and creation of the developed social infrastructure; annual allocation of not less than 4% of account part of the budget for restoration and building of social objects in the village; radical improvement of social and demographic situation and increase of prestige of agricultural work. Key value has preservation and high-quality growth of manpower, including professional development of staff and training of specialists.

## **BUREAUCRACY AS A PROBLEM OF THE RUSSIAN STATE APPARATUS**

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It is not a secret that Russia is a country of bureaucracy, in which there are a lot of government officials and their number permanently increases. In this situation the bureaucracy hampers the development of economy and private business, and it is one of the negative factors for foreign investors in Russia. Besides, a huge system of bureaucracy causes the corruption.

At the same time, according to the “Kommersant” newspaper, the problem doesn’t lie exactly in bureaucracy, but in the quality of its managing. As proofs the newspaper shows the statistics: in 2004 the number of government officials increased by 10,9% and ran up to 1,462 million people. In 1994 there were about 1 million government officials. But the population of the country for that period reduced from 148 million to 143 million people. As a result the number of government officials in the country increased from 0,7% to 1%. However in comparison with developed countries it’s not so much. Such a low number of bureaucrats is characteristic for developing countries. According to the data of the World Bank, the number of government officials in population of Brazil makes 1,5%, Chile – 1%, China – 1,6%. In state apparatus 6,1% of German population work, in the USA – 6,8%, in Sweden – 11,7%.

At the same time, Russian government officials are employees of all levels of government, health and education authorities. Thus, the number of public employees is 3, 53%, which is less than the data in the developed countries (for example, in the U.S. 10.5%), but higher than in developing countries (2 - 3.2%).

But there is one disproportion in the Russian system of bureaucracy: federal officials make about half of the whole number of officials. In other countries the federal officials are two-three times less than regional and municipal.

Thus, in spite of the myth there are not many officials in Russia, and everybody may experience this during the long and tiring process of getting a new passport for traveling abroad, registration of a new company and so on. But the main problem is that the Russian state officials' work is not effective and qualitative because of poor technical equipment (computers, phones) and low salaries. As for government officials in the state apparatus their income is 25% higher than the average salaries and greatly exceeds the salary of doctors and teachers, but the quality of their work is not satisfactory. That's why in spite of negative attitude to the government officials a lot of young people would like to work in the state machinery.

In that way the number of officials in Russia is not big, but the quality of their work is rather low. Another problem is a concentration of the functionaries in the central government system. So bureaucracy in Russia is both the reality and myth, because the problem is not in bureaucracy, but in the management of this system.

## **CORRUPTION, AS MODERN PROBLEM**

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In each message to Federal Assembly the president of Russia pays attention of legislators, the executive authority and all society to dangerous nature of corruption. «Says that the present organization of work of state machinery ... – promotes corruption" Any administrative barriers are broken by bribes. The higher is barrier, the more bribes and officials, take them ". However, the concept of corruption is beyond bribery. In UN and Council of Europe documents corruption is determined as abuse of the government for receipt of benefit for personal reasons, for the purpose of the third parties or groups. Corruption isn't actually Russian invention. There is no free country from it. Corruption accompanies the state throughout all its history. It was known in ancient China, Egypt, and Greece. Corruption exists in the modern countries, with the most developed democratic traditions. According to the research which has been carried out with participation of European Bank of reconstruction and development, 45% of the interrogated western businessmen declared that in the Central and Eastern Europe bribery is customary practice, 80% specified that expenses for bribes justified themselves.

According to the American experts, the majority of large international contracts are made of with the companies which have bribed. The companies investing the equities in other states allocate target funds for bribes to local authorities. These costs join in cost value of production and thus are pledged in the cost of goods and services. In the majority of the state's, such situation provision isn't only stopped, but also is recognized as useful and necessary.

Experts of World Bank consider corruption as the main economic problem of nowadays. Considering corruption as some kind of additional tax on business, they came to a conclusion that each rate increase of this tax at one percent reduces inflow of direct investments to national economy by five percent, and reducing corruption to level of Singapore would have influence the volume of investment, equal to reduction of the income tax of the entities by 20%.

Russia, by estimates of domestic and foreign specialists and scientific centers, is among the most corrupted states. The Transparency International independent organization researching an index of corruption of the power on a ten-mark scale where 10 points means free from state, and 0 –is complete corruption of the power, came to conclusion that in Russia such index is 2,4 – 2,6 points. More corrupted countries on the former Soviet Union are Georgia, Uzbekistan, Azerbaijan, Kyrgyzstan, in other parts of the world are Albania, Indonesia, Kenya, Uganda, Nigeria, Cameroon.

Corruption was so deep-implanted in life of the Russian society that found force of a real systematizing factor. It penetrates all spheres of human life. For example, in Irkutsk more than 70% of the interrogated citizens allow bribery for achievement of the purposes, and 60% from them bribed, including 79% did it repeatedly. Among the entrepreneurs who have taken part in this research, there was no one who repeatedly a woodnote bribes official.

Researchers of Technologies — the XXI Century public organization counted that small and average entrepreneurs annually spend for bribes to 6 billion US dollars. To begin the simplest business, it is required to bribe at least 50 officials converting the visas and signatures into currency. According to the messages which have appeared in the press in connection with "Yukos case", large business incurs costs for bribes to officials to 40 billion dollars a year.

Speaking about the reasons of pervasive corruption, it is necessary to recognize that it is almost always economically motivated. Corruption explosion in Russia is the share of the beginning of process of privatization of property.

The corrupted officials became a key factor of the economic relations. Privatization and property repartition, access on the profitable markets, fight against competitors, receipt of benefits at profitable auctions and tenders, soft credits and export quotas, orders for investment projects, access to the subsidized export, distribution and redistribution of the government budget and other economically significant acts are, as a rule, accompanied by corruption offenses.

Through the corruption relations large business implements not only economic, but also political goals and tasks, influences political parties and movements.

Thus, corruption is an active element of criminal services on which there is a demand. The excessive bureaucrat of the power, its relations with the population, especially in the field of economic interests of physical persons and legal entities, excess of allowing powers of the state apparatus and the sphere of an official discretion, imperfection and a problematical character administrative, economic (first of all tax) legislations the force entrepreneurs and other citizens to establishment of the corruption relations with the power, creation of shadow sector of economy.

The scales and pervasive nature corruption, especially local, everyday "convinces" huge masses of people of the indestructibility. Only 16,5% of the interrogated citizens believe possible successfully to fight against this phenomenon, but in case of favorable changes in economy. The public pessimism realized in so low indicator, reflects weak efficiency of fight against corruption. In Russia only about 2% of corruption crimes come to light, and to criminal liability no more than 0,2% of the persons which are engaged in corruption activities are attracted really.

Any state didn't manage to eradicate corruption. Completely but to lower its threshold to level when it loses nature of the phenomenon preceding threat to a homeland security, and ceases to determine shape of the power and essence of the state, it is possible. Many countries, such as, England, Denmark, the Scandinavian states, Singapore, Malaysia. There reached this purpose is obvious success in the former socialist Poland.

## **THE ORGANIZATION OF BOOKKEEPING AND TAX ACCOUNTING ON SMALL BUSINESS ENTERPRISES**

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It is accepted to understand system of conditions and elements of the registration process as the organization of bookkeeping, consisting of the primary account and documenting of operations made in the organization, Book of accounts of bookkeeping, the form of bookkeeping caused by used registration registers, a form of the organization of registration and computing works, the reporting. This system is based on the rules inherent in bookkeeping. Bookkeeping will organize and conduct proceeding from features of activity of the organization and the chosen accounting policies.

It is necessary to understand system of synthesis of information as the organization of tax accounting for definition of tax base on a profit tax on the basis of these primary documents grouped according to order, the provided Tax Code of the Russian Federation.

To subjects of small business individual entrepreneurs and the organizations registered by the legislation of the Russian Federation who meet the following

requirements belong: to restriction on the status, restrictions on number and restriction according to the income. Now the majority of small enterprises are at a loss in a choice of a tax mode or unreasonably it chooses that involves mistakes in accounting and tax accounting.

Therefore before founders of small enterprises, there is very hard task for the decision – to choose that form and account system at the enterprise which most is equitable to their interests and opportunities.

The account organization at small enterprise in many respects depends on the mode of the taxation chosen by it. Carrying out business activity, subjects of small business can apply or a general regime of the taxation, or special tax modes. From that, this issue is how resolved, the organization of bookkeeping, tax accounting, and also an order of formation and representation by small enterprise of the corresponding forms of the reporting depends.

Application of special modes of the taxation reduces tax burden, simplifies tax both accounting and the reporting for the small enterprises that in turn promotes development of small business in Russia and growth of efficiency of national economy as a whole.

Account and taxation simplification - includes as transition to the asked system of the account, the reporting and the taxation, and transition to system of payment of a uniform tax to imputed income. For legal entities the simplified system of the account, the reporting and the taxation includes: replacement of the majority of taxes with a uniform tax by the income, accounting and reporting simplification, reduction of quantity of accounting forms and tax calculations. The simplified system assumes payment of one tax by results of activity instead of a large number of the federal, regional and local taxes and fees established by the legislation of the Russian Federation.

For individual entrepreneurs the simplified system means replacement of payment of personal income tax with patent purchase, maintaining the book of the income and expenses. The cost of the annual patent is established by the subject of the Russian Federation and depends on a kind of activity. The individuals using simplified system keep the book of the income and expenses.

The uniform tax on imputed income for certain kinds of activity is established and becomes effective the law of the subject of Federation. The general principles of its collection are defined by the federal law. The tax assesses imputed income of the organizations and individual entrepreneurs from activity in spheres of retail trade, household services and public catering. With introduction of a uniform tax the taxpayers transferred to its payment, cease to pay the majority of federal, regional and local taxes (including insurance premiums to the state off-budget funds).

The rate of a tax is established by regional authorities and can't exceed 20% from imputed income calculated on basic profitability on unit of a conditional indicator and quantity of such units (a floor space, quantity of the equipped workplaces, number of working etc.). The certificate on payment of a uniform tax is issued for each concrete kind of activity separately.



## **ACCOUNTANT RECEIVABLES**

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Receivables are the integral element of activity of any organization. Its most part in the general structure of assets reduces liquidity and financial stability of the enterprise and increases risk of financial losses.

Receivables - the sum of the debts which are due to the enterprise, firm, the company from other enterprises, firms, the companies, and also the citizens being their debtors. That corresponds to both international and Russian standards of accounting.

Receivables according to International Financial Reporting Standards are defined as the sum which is due to the company from buyers (debtors).

Receivables represent derivation from economic circulation of own current assets, this process is accompanied by indirect losses in the enterprise income.

Receivables arise in case when services (or goods) are sold, and money isn't received. Receivables belong to current assets of the company regardless of term of its repayment.

Today practically any subject of economic activity doesn't exist without receivables as its formation and existence is explained by the simple objective reasons:

- for the organization - the debtor is possibility of use additional, and, free, current assets;

- for the organization - the creditor is an expansion of a sales market of goods, works, services.

The formation of receivables attracts existence of the contractual relations between contractors when the moment of transition of the property right on goods (works, services) and their payment don't coincide on time.

The means making receivables of the organization distract from participation in economic circulation that, certainly, isn't plus for a financial condition of the organization. Because money doesn't participate in economic circulation, respectively it doesn't bring any income that often puts the enterprise in a difficult situation at calculations with other enterprises.

And it, in turn, involves any contingencies (penalties for violation of contractual obligations, fines, and penalties).

Therefore the accounting service of the organization has to organize appropriate control over a condition of receivables that will allow providing timely collecting means of receivables.

Receivables can be divided into two groups:

- 1) debt from primary activity of the organization;

2) debt on other operations.

The debt of buyers belongs to the first group (receivables). Receivables of the first group are considered on account 62 "Calculations with buyers and customers".

Receivables of the second group are:

- the advance payments which are given out to individuals – account 71 "Calculations with reporting persons";

- the sums on the made claims and judicial claims – account 76 "Calculations with different debtors and creditors", sub-account 76/2 "Calculations for claims";

- debt of employees of the organization on the goods sold on credit, the given-out loans, compensation of material damage – account 73 "Payments to the personnel on other operations";

- debt of founders on deposits to authorized capital – account 75 "Calculations with founders", sub-account 75/1 "Calculations for deposits to authorized capital";

- debt on other operations – account 76.

Receivables also conditionally can be subdivided on normal and overdue receivables.

Debt for the shipped goods, works, the services, which term of payment didn't come, but the property right has already passed to the buyer; or (to the contractor, the representative) the advance payment is transferred to the supplier for delivery of goods (performance of work, rendering services) is normal receivables.

The debt for goods, works, the services which haven't been paid in term established by the contract, represents overdue receivables.

The overdue receivables, in turn, can be doubtful and hopeless.

In the conditions of an acute shortage of current assets, characteristic for many enterprises, the overestimated sizes of receivables reduce mobility of current assets, lead to the unjustified growth of duration of a financial cycle.

The problem of liquidity of receivables becomes a key problem of almost each organization. It, in turn, is divided into some problems: optimum volume, turnover, quality of receivables.

The solution of these problems demands the qualified management of receivables that is one of methods of strengthening a financial position of firm. Actions for return of receivables are included into group of the most effective measures of increasing the efficiency at the expense of internal reserves of the enterprise and can quickly bring positive result. Return of debt in a short time is a real possibility of completion the deficiency of current assets.

Thus, management of receivables represents part of the general management of current assets and the marketing policy of the enterprise directed on expansion of volume of realization production and consisting in optimization of the general size of this debt, ensuring its timely collection.

## HOW TO SOLVE THE PROBLEM OF POVERTY IN RUSSIA

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Improving living standards - the main objective of social policy and the main criterion for its effectiveness in any civilized country. Reducing poverty acts as a key part of achieving this goal. Poverty is not only the lack of food, clothing, poor housing, lack of access to people's need for education and health care. It is not only the lack of a sufficient amount of money to purchase the necessities of life, at least at a minimum level. The problem of poverty has also a humanistic component, it affects the moral and ethical aspects of the relations between the government and the people.

Comparative analysis of the level of wages in various sectors of the domestic economy and the subsistence minimum working population revealed the following. To the highly-paid sectors of the economy (with the lowest proportion of workers, wages and salaries are at or below the subsistence minimum) including energy, financial and insurance organizations, non-ferrous metals and some transport and communications. This group consists mainly of production, export-oriented, or the companies and organizations related to the rapidly developing new market institutions.

At the other extreme are low-paying sectors of the economy: organizations and institutions of the public sector (health, education, culture and arts, social security), the industry, the competitiveness of which are relatively small (engineering, woodworking, light industry, agriculture).

Moreover, in a sustained and substantial price increasing for goods and services labor remains disproportionately low-cost, which in turn perpetuates the level of a large part of the population around the poverty line or low material wealth.

Low wages in existing jobs, which don't provide subsistence level of a worker - an important but not the only source for the formation of poverty workforce. Often, employers offer jobs which don't provide subsistence level or slightly exceed it that, and does not even provide a simple replacement workers. In other words, the labor market generates jobs, wages that do not have to meet the needs of the employee and his family. Consequently, even getting a job is no longer necessary and sufficient condition in order to "get out" of poverty.

Another important aspect concerns the working poor - the concentration of uncompetitive industries in a particular area, especially if the latter are city-forming. This combination of adverse factors leading to the occurrence of zones of stagnant poverty.

As poverty rates of public sector employees are among the highest compared to other sectors of the economy, reduce poverty, this category of workers should be given special attention. That state employees to a great extent shape the educational

and employment potential of the nation, thereby making a significant contribution to improving the country's competitiveness.

It is necessary to solve the problem of wages of public sector employees, namely its social sector by expanding the list of services, provided for a fee, as well as the principles of insurance. But this should be set reasonable limits and terms, as the accelerated introduction of new conditions (in particular, the increase in the share of paid services in health and education) may hurt the poor, who can't "buy" the services.

In the real sector of the economy it is necessary to use the mechanisms of social partnership involving a strengthening of the role of trade unions in protecting decent compensation of employees and increase the social responsibility of businesses (employers).

## **FRANCHISING DEVELOPMENT IN KRASNOYARSK (ON THE EXAMPLE OF SUBWAY QUICK SERVICE RESTAURANT)**

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The article is concerned with some relevant issues pertaining to the development of franchising in Krasnoyarsk as it has recently become one of the most popular ways of doing business. The intention of our study is to analyze the main advantages and effectiveness of the SUBWAY franchise system in Krasnoyarsk and to raise such questions as:

- What is SUBWAY's target audience?
- Who determines the prices on the menu?
- What basic products are used in SUBWAY?
- What do training courses for franchisees represent?
- What are the quantitative and qualitative structures of the personnel employed in a typical SUBWAY restaurant?
- Who makes up the personnel staff and what salaries do they get?

It is necessary to begin with some definitions related to our topic that should be taken into account. Thus, franchise is a right granted to an individual or group to market the company's goods or services within a certain territory or location. Franchising is the practice of using another company's successful business model. Franchising is a network of interdependent business relationships that allows a number of people to share a brand identification, a successful method of doing business, a proven marketing and distribution system. A person who buys and runs a franchise is called a franchisee. The franchisee buys a franchise from the franchisor. The franchisee must follow certain rules and guidelines established by the franchisor.

In fact, nowadays there are over 50 different types of franchise businesses which are increasingly popular in Krasnoyarsk. They include the most celebrated brands of fast food industry, sale of clothes and sport articles, health & fitness facilities, financial services, for example Benetton, BIZZARRO, MEXX, Adidas, Reebok, Paolo Conte, Mascotte, Fabi, Papa John's, SUBWAY, KFC, Cinnabon, Travelers' Coffee, etc.

The subject of our study is a chain of SUBWAY restaurants in Krasnoyarsk. Three SUBWAY restaurants had been opened in the center of our city by the end of 2012. It is important to note that the SUBWAY franchise has come a long way from the modest sandwich shop in Bridgeport, Connecticut, USA. It was founded in 1965 by Fred DeLuca, a 17-year-old college student, and his uncle, Dr. Peter Buck in order to finance Fred's future education. The first restaurant was called "Pete's Super Submarines". On the first day 312 sandwiches were sold. The average cost of a sub was between 49 cents and 69 cents.

Today with more than 39,226 locations in 102 countries, the SUBWAY brand is the world's largest submarine sandwich franchise, and it has become a leader in the international development of the quick service restaurant industry. As a nutritional leader, the SUBWAY brand is committed to offering a full range great tasting options for its customers around the world. Nutrition information is available on-line so customers can make better informed meal choices. The SUBWAY is working continually to improve its menus and the nutritional benefit of food.

The SUBWAY Russia Franchising Company concludes contracts on rights to use the SUBWAY trademark only on the territory of the Russian Federation. In Russia, any able citizen of the Russian Federation or any non-citizen of the Russian Federation can become a SUBWAY franchisee, carrying out his entrepreneurial activities on the territory of the Russian Federation, with the desire, financial possibilities and mathematical knowledge of high school level.

Having studied the work of SUBWAY restaurants located in Krasnoyarsk we can say that SUBWAY's target audience are frequent people who enjoy fast-food restaurants. The present and potential customers are people aged 12 to 44 years. They look really well, they are full of energy, and they care about their health. More than 20 % of all SUBWAY guests visit the network more than 4 times a month, which amounts to 48 % of all the visits. These are people with an above average income, students and schoolchildren, and employees working at offices in the neighbourhood. They are active and energetic people, setting up serious objectives for themselves, and capable of achieving them. They have a good level of education. They can afford to travel a lot. SUBWAY production caters to a very wide consumer audience, including people with low incomes (complex offers, "cheap meals", or "school lunches" starting from 80 RUB), and very picky people with regard to food and meals, but ready to pay more (original sandwiches "for gourmets" are sold from 150 RUB). SUBWAY restaurants also count on family visits ("Kids' Park"), and on office workers arriving during their lunch break ("Lunch Combo"). In any case, if we try to make a general description of the guests, we can say that regular SUBWAY

customers are usually people who like to choose their own meals according to the price, but safe and healthy food are the main reasons for their choice. Pricing in a separate SUBWAY franchise restaurant is the prerogative of the owner of this restaurant. Exceptions are made for prices during special regional and federal events: for example, the "Sandwich of the Day" - 79 RUB", is a federal event when uniform prices are imposed in all SUBWAY restaurants in Russia.

The basic products are really quite common: ham, sausages, sauces, fresh vegetables and bread, which arrives at the restaurants as a frozen semi-finished product, and is baked directly before the customer's eyes.

Each franchisee is obliged to attend a two-week training course on managing a SUBWAY restaurant. Theoretical (in a class-room) and practical (at a restaurant as an all-round employees) courses are offered. The ratio between theoretical and practical courses is 50 % to 50 %. At the end of the course, the franchisee must pass a final examination in order to obtain the certificate giving him the right to operate SUBWAY restaurants.

The qualitative structure of the personnel consists of three levels: 1. The Managing Director of the restaurant (a restaurant network) - one person. Both parties agree on the salary. If the franchisee is a private investor, the restaurant owner usually fulfils the functions of the Managing Director. 2. Shift-work Managers (operative Managing Directors) - two to four persons in one restaurant, working with a planned schedule so that one of them is always present in the restaurant. Remuneration plan - salary + bonus. 3. All-round employees. As pay by the hour (flexible hours) is fixed for all-round employees, the number of shift workers will depend on the customer turnover rate at specific time intervals, and is determined according to the following formula: one all-round employee is capable of preparing and selling products to ten buyers in one hour. Therefore, if the customer turnover rate reaches 30 persons from 10:00 a.m. until 13:00 p.m., you will need to have three employees working; if you get 50 customers from 13:00 p.m. until 16:00 p.m., you will need two more employees plus one shift Manager. All-round employees' remunerations depend on the situation on the labor market. Salaries take up about 15% of the total turnover.

In conclusion, let's summing up the main advantages of SUBWAY restaurants in Krasnoyarsk. One of the most important characteristic features of franchising is reducing of business risks. According to statistics, 85% of the newly formed enterprises fail within the first five years, and only 14% of companies established on a franchising basis go out of business. All SUBWAY restaurants require low investment and simple operation. They are individually owned and operated by independent franchisees. When you own a SUBWAY restaurant, you are part of the world's largest restaurant chain and one of its most recognized brands, and you will get the support and experience that comes with it. The features of franchise support system include training, product development, advertising, purchasing cooperative, field support, and much more! The experience revealed that almost any site could become a SUBWAY restaurant including many non-traditional sites such as colleges,

airports, hospitals, convenience stores, cinemas, hotels, zoos, casinos, museums, amusement parks and sports arenas, even churches.

Considering all this, the SUBWAY is an undisputed leader in fast, healthy food industry. Its easy-to-prepare sandwiches are made right in front of the customers, precisely the way they want - using freshly baked breads, select sauces and a variety of delicious toppings.

## **THE PROBLEM OF UNEMPLOYMENT**

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World economic practice testifies that providing a full employment and increase of economic efficiency of a social production in modern conditions is impossible. The main reason for this is that the main factor of economic increase and objective character of production is technological revolution, which is the main reason of unemployment.

The object of this work is to examine causes of unemployment and solutions of this problem.

Free-market economy often associates with unemployment. Historical experience teaches that in the countries with free-market economy there is a quantity of the unemployed. It is considered that unemployment rate from 1 to 3% is admissible, the economy can exist if the level of unemployment is about 5%, but 7% is a socially dangerous level which should be avoided. It should be noted, that in market and in non-market economy there are two phenomena: unemployment of people and "unemployment" of workplaces, it means that there're people who don't have works and there're workplaces that are not occupied. But usually in market economy the number of unemployed people exceeds a quantity of workplaces whereas in non-market economy and even in transition economy there's the opposite situation.

There are such economic reasons of unemployment:

- accumulation of capital (it means increase of technology intensiveness of investment goods;
- change of labor demand (it can increase the hidden unemployment); etc.

It is important to define type and sizes of unemployment to solve a problem of unemployment.

Anyway, methods of the struggle against unemployment are defined by the authorities of each country. It is required to reveal the factors determining a ratio of supply and demand of labor for effective realization of these methods. There are solutions of this economic problem (some of them are below):

- Improvement of providing a labor market by information on existing vacancies;

- The help to young specialists to integrate on a labor market;
- Stimulation of big and small business; etc.

But even if we use all these methods, we won't be able to get rid of unemployment completely, because in market economy there are always a certain number of the people being in a condition of natural unemployment. It is caused by turnover of staff and changes in production structure which always exist.

Struggle against unemployment is directed on reduction of number of the unemployed and creation of conditions for adaptation of workers to new conditions of production that will have excellent effect on national economy.

## **BASES OF BUDGETING THEORY**

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The budgetary process is used for achievement of two main objectives - planning and control. In the course of planning the company management for adoption of the weighed decisions needs to possess filtered and summarized information on the divisions, which carriers are managers of the bottom level. With such information they are provided by the budgetary process constructed by the principle "from below up". As means for control the budget can be very effective as the tool, allowing to set limits of responsibility and powers of subordinate managers and to analyze overall performance and qualities of planning (for example, on the basis of the analysis of deviations).

What is the budget?

The main budget represents a predicted condition of the main financial reports at the time of the termination of the period considered at planning. In classical option process of preparation of the budget consists of the following main stages:

- the budget of sales (usually the marketing department is engaged in it);
- the production budget, including its providing;
- the budget of administrative expenses;
- investment budget;
- financial budget;
- forecast of financial reports.

However in practice all process or its stages usually repeat several times, "is rolled away" back and repeats again as the budget is specified.

Main types of budgets

There are many versions of the budgets applied depending on structure and the size of the organization, distribution of powers, features of activity, etc. But the main two types are constructed by the principle "from below up" and "from top to down".



The first option provides collecting and a filtration of the budgetary information from executors to heads of the bottom level and further to the company management. At such approach a lot of forces and time, as a rule, are spent on coordination of budgets of separate structural units. Besides, the indicators presented "from below" quite often are strongly changed by heads in the course of the adoption of the budget that in case of groundlessness of the decision or the insufficient argument can cause negative reaction of subordinates.

Further such situation quite often conducts to decrease in trust and attention to the budgetary process from managers of the bottom level. That is expressed in carelessly prepared data or conscious overestimate of figures in initial versions of the budget. This type of budgeting is widespread in Russia in view of both uncertainty of prospects of development of the market as a whole, and unwillingness of the management to be engaged in planning. Unfortunately, for the most Russian top managers strategic planning still remains only beautiful foreign term.

The second approach demands from the management of the company to understand clearly the main features of the organization and ability to create the realistic forecast at least for the considered period. Budgeting "from top to down" provides coherence of budgets of separate divisions and allows to set control indicators on sales, expenses, etc. As a whole, budgeting "from top to down" is preferable. However, in practice, as a rule, the mixed options comprising lines of both options are applied. The question is only in what approach prevails.

For high-quality budgeting the contribution of managers of the bottom level and executors is extremely important. In many companies restrictions of the maximum expenses on the project or a separate type of expenses which can't be approved without the good analysis and the visa of the financial expert or the finance director are entered. However, the number of financial experts is limited, and time of the finance director often in general worth its weight in gold (in literal sense).

## **CUSTOMS CONTROL IN RUSSIA**

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Customs control is a set of measures implemented by customs authorities in order to ensure compliance with customs legislation of Russia.

Under the totality of measures carried out by customs authorities are understood forms, methods and forms of customs control.

**Forms of production** are the customs control is a separate species verification activities (inspection of documents, customs inspection of goods and vehicles, customs supervision and other forms).

**Methods of production** are the customs control measures applied by the customs authorities for the effective implementation of customs control. These include, for example, may include identification of goods and transportation, destination expertise, seizure of goods or the seizure of goods.

Customs control may be conducted solely by the customs authorities in accordance with the Customs Code.

Samples of the goods under customs control, taken staff from other government agencies with the written permission of customs authorities. Customs officials of the right to be present at the taking of samples and specimens employees of other government agencies. Customs authorities must be notified of the results of the study samples and specimens of goods taken by other government agencies.

An integral part of customs control is to check the documents and information to be drawn by other state bodies, according to results of control actions.

Russian goods are under customs control when they are exported from the customs territory of the Russian Federation since the adoption of the customs declaration and before crossing the customs border.

An important feature of the customs control lies in the fact that his conduct is permitted even after the release of goods into free circulation.

In accordance with paragraph 2 of Article. 361 TC TC validation information after the release of the goods and vehicles can be carried out by customs authorities within one year from the date of loss of status of the goods for customs control. In this case, the customs authorities the right to use this form of customs control, such as customs inspection.

Customs control may be accompanied by a temporary restriction of rights of ownership of the goods in the form of arrest or seizure. According to the forms of customs control can be divided into the following types of:

- Verification of documents and information;
- oral questioning;
- receive an explanation;
- customs supervision;
- customs clearance;
- personal customs clearance;
- Verification masking goods with special ma<sup>^</sup>ks. the availability of these identification marks;
- customs inspection of premises and territory;
- records of goods under customs control;
- check inventory systems;
- customs inspection.

Depending on the nature of participation in the control of customs authorities, the cooperating countries stand out:

1. bilateral customs control, where customs clearance is carried out separately the customs authorities of each country

2. one-sided customs control, customs clearance is carried out when the customs authorities only one of the countries

3. joint customs control, which occurs in the case of customs inspection at the same time customs officials of both countries.

Depending on the type of vehicle control is divided into:

1. customs control of vessels;

2. Customs control of river vessels;

3. Customs control of trains;

4. Customs control of aircraft;

5. customs control vehicles.

## **ESSENTIAL ELEMENTS OF HOSPITALITY MARKETING MIX**

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Hospitality marketing is unique because it deals with the tangible products, like a bed in the hotel or food in the restaurant, but it also deals with the intangible aspects of the hospitality and tourism industry. It is about the experience in a trip and social status it brings eating in a fine-dining restaurant. It is about emotions and attitudes, but not only that.

Nowadays it is very crucial for hospitality managers to understand hospitality marketing as it is extremely important in the success of any hospitality and tourism product, organization or tourist destination. Proper marketing effort promotes a product or service that fills the needs and wants of the consumers and at the same time brings profit to the organization or country that features it.

The focus of marketing lies in satisfying customers' demands, and these demands can be in the form of physical products and/or services. It is common for people to refer to products as objects, devices or things and services as actions, performances or experiences. Marketing was initially developed in connection with the physical products, but with the growing interest in consumers for services today, selling services has become an increasingly important component of the marketing concept. Just to give an idea to what extent services have affected our global economies, one may consider the following: in Australia, Canada, France, Japan, Norway, and the United Kingdom, 60 percent or more of the gross domestic product (GDP) comes from services, and the service sector encompasses approximately 85 percent of the GDP in Hong Kong.

Although the core outputs for many hospitality organizations are primarily performances or experiences (i.e. services), it does not mean that absolutely no tangible elements are tied to the process. For instance, the food and beverages will be

considered the tangible elements we experience when dining out in a restaurant. Thus tangible and intangible elements are intertwined in hospitality business which makes it different from other industries. In such circumstances hospitality industry cannot directly adopt the marketing practices of firms with physical products as their primary outputs because there are four characteristics – intangibility, inseparability, variability and perishability – that set services apart from physical goods.

**Intangibility** presupposes that services cannot be conceptualized or perceived by the five senses before purchase. Customers will have no way to evaluate their meals at a restaurant until they have experienced the food and service. **Inseparability** means that providers are part of the service experience because providers and customers must be present simultaneously for the transaction to occur (e.g. the attitude of a flight attendant will influence customers' ratings on their overall experience with the airline). Besides, customers themselves may be part of the service experience because of their greater involvement in the production process as well as the presence of other customers may become part of the service experience. **Variability** implies that quality of services is likely to vary (i.e. lack of consistency) because of the provider, location, timing, etc. For example, service quality in a restaurant during peak and non-peak demand periods may vary. The same can be said about service quality provided by the same hotel in Hong Kong and Singapore. **Perishability** indicates that services are not durable and only last for a short while; they cannot be stocked as inventory for future sales or use. An empty seat on a flight cannot be inventoried as well as hotel rooms that are not sold today cannot be saved for tomorrow (i.e. lost revenues for today cannot be recaptured tomorrow).

The nature of services will pose distinctive marketing challenges for hospitality organizations. The marketing practices of firms with physical products as their primary outputs cannot be accepted as services are intangible, variable, perishable and inseparable from the client. That is why different hospitality marketing researchers have developed a hospitality marketing mix. According to Robert D. Reid and David C. Bojanic (Hospitality Marketing Management), it consists of five components:

1. Product-service mix
2. Presentation mix
3. Communication mix
4. Pricing mix
5. Distribution mix

The product-service mix is all products and services offered by a particular operation. The presentation mix is the 'look and feel' of the operation and includes personnel, atmosphere and physical location. The communication mix is the communication between the operation and the consumers, usually in the form of advertising, feedback and marketing research. The pricing mix is the actual price charged for products or services and perceived value by the customers. The distribution mix is all channels of distribution between operation and market, including the Internet and the physical site of the operation. Knowledge of all five

components of the mix is helpful for managers who are developing marketing strategies.

To finish with it is important to stress once again how important it is to create and maintain the right hospitality mix for the success of any hospitality or tourism product. As the purpose of any hospitality business lies in creating and preserving profitable customers, the central goal of hospitality and tourism marketing is made up of customer satisfaction leading to profit.

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## **ECONOMICS AND EDUCATION IN RUSSIA**

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Today the importance of the educational policy which is carried out by the state and which includes the strategy and tactics of the activity in the sphere of education, means, forms and methods of the educational purposes and problems achievement increases. Meanwhile, the educational level of the rising generation in Russia decreases, literacy of high school graduates falls. However, 2010 declared in Russia as the Year of the Teacher, can become the turning point for the school system of the country. According to expert opinion if the ideas put into practice properly, strongly criticized Russian school education will change forever. The purpose of the given work is: to estimate the development of the education system.

Russia ranks among the countries with the priority put on the development of the education. Last two decades in many foreign countries (the USA, Japan, EU, OESR) the leading role of the education in the economic and social development, in the strengthening of their position on the world markets and in the world economic community was recognized as the main priority of competitiveness maintenance and national safety. In particular, the statements of some scientists and statesmen of the foreign countries testify to it.

According to the research statistics in the developed countries, connected with the development of the economy and education, it was found out, that the share of the education in the national income is from 15 up to 20 %. The fourth part of this increase is ensured with the higher education: from 20 to 40 % of this increase is

given with the institutions of higher education and academic institutes which carry out fundamental and applied researches. The countries OESR spend on the education over 5 % of their gross national product. In Russia, according to Russtat, this parameter now is less than 3, 5 %.

During 1990 – 2008 the amount of the students in the educational institutions has reduced almost by half. The reasons of so adverse situation are the long-term natural decline in the population and the migration outflow.

The higher education is the priority in many states; necessary financial resources are directed to this sphere. As a result of the support and introductions of the effective education system the developed countries receive up to 40 % of their GNP. Investments into education returned most quickly: 1 dollar produces not less than 3-6 dollars of profit. Owing to such policy, not only the wealth of the country increases, but also the society is filled with the experts of high professional and moral qualities; the elite of a society is formed of the best graduates. The key role plays high qualification, moral qualities and the scientific authority of the professors.

J. Dewey said that « education in a democratic society creates in people personal interest in the public relations and management of a society and also moods owing to which changes in a society occur gradually, not generating disorders». The future economic and strategic prospects of Russia depend on the education system and education policy we create at present.

## **ACCOUNTING FOR STOCKS IN THE RUSSIAN AND INTERNATIONAL PRACTICE**

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Any organization conducts its activities in order to obtain material (or any other) benefits. To determine the profitability of the activity is first necessary to know the amount of money spent on the production of a product or service. Also, of course, important is the information on the availability of goods in warehouses or materials required for the functioning of the organization.

A clear accounting of inventory is important due to the correctness of the calculation of a significant impact of inventory on the financial statements and the financial result of the organization as a whole.

Whereas inventories are the main material component of the production cycle, their account is extremely important for all levels of accounting and its users.

Some aspects of the accounting of inventories in the Russian and international practice coincide, thereby makes the work of accountant easier. Others are very different, requiring memorization. A third difference is only in nuances, which causes confusion.

In Russia, accounting inventory is regulated by several jurisdictions. Among them:

- PBU 5/01, "Accounting for Inventories" (approved by the Russian Ministry of Finance Order dated June 9, 2001 № 44n);
- Guidance on Accounting for Inventories, approved by order of the Russian Ministry of Finance December 28, 2001 № 119n (hereinafter - Guidelines).

In addition, the accounting and evaluation of raw materials, finished goods, goods and work in progress are considered in the Regulations on accounting and financial reporting. This document is approved by order of the Ministry of Finance of Russia from July 29, 1998 № 34n.

International rules, which keeps track of inventories, are formulated in the standard (IAS) 2 "Inventories". Some rules and definitions are contained in the Principles of preparation and financial reporting.

In PBU 5/01 states that Inventories are recognized:

- ✓ raw materials, etc., which are necessary in the production of goods (works, services);
- ✓ objects for sale;
- ✓ assets used for administrative needs of the organization.

In addition, in the form of our balance sheet to include the cost of supplies work in progress, prepaid expenses, as well as animals in breeding and feeding.

Under IFRS 2 to stocks include products, finished products and "unfinished."

Russian accountants generally are reflect inventories at cost, while, according to the norms of IAS 2 Inventories should be measured at the lower of the two values - the cost or net realizable value realization. In international practice, this order is observed, as it makes it easier to cover the state of affairs of the company to its management.

According to the 16 PBU 5/01 are the same types of stocks with different production costs can be written off in one of three ways:

1. Write-off on the unit cost of inventory. This method determines the current cost of the inventory that can't be substituted for each other, or subject to special registration.
2. Write-off on cost of first-time purchase (FIFO).
3. Write-off of the average cost. Using this method, the average cost is calculated for each stock.

Since January 1, 2008, in Russian accounting it is prohibited to use the LIFO method. This is when the cost of inventories is retiring at the price of last-in, or produced party.

IFRS 2 there are the following ways in which you can write off inventories.

1. Continuous method of identification. It is used for stocks that are not interchangeable. That is when you know what MSY remained in stock and which are transferred to the production or implemented.

2. FIFO method. Sell stocks assign cost of first-time purchases. I.e the cost of closing stocks at prices determined by the latest acquisitions.

3. Method of average cost - when all stocks have the same average price in the period.

LIFO in international accounting was canceled long ago (January 1, 2005), as recognized objective. Indeed, in the period of rising prices of all the above-mentioned methods LIFO gives the lowest income.

Thus, the domestic practice has evolved its own approach to accounting for inventories, which in many ways superior to IFRS norms from the perspective of an interested user of relevant information. Realizing the importance of bringing the national standards in accordance with international, we can not ignore the positive experience. Russian accounting standards are gradually converging with IFRS. However, be aware of the differences between accounting inventories in the Russian and international practice.

## **ON SOME PECULIARITIES OF DISTANCE LEARNING OF ENGLISH FOR ECONOMISTS**

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Focusing on language, communication, and culture in the national standards for foreign language learning, foreign language teachers are continually searching for better ways of accessing authentic materials and providing experiences that will improve their students' knowledge and skills in these target areas. As the Internet has transformed communication around the world, it is natural that it should play a major role in the foreign language classroom. With the advent of networked computers and Internet technology, computer-based instruction has been widely used in language classrooms throughout the world. Computer technologies have dramatically changed the way people gather information, conduct research and communicate with others worldwide. Considering the tremendous startup expenses, copyright issues, objectionable materials and other potential disadvantages of technology, much research has been conducted regarding the effectiveness of, and better strategies for, technology integration.

The tremendous progression of the Internet has set the ground for the rapid development of distance learning on the Web, so that many universities, colleges, and private companies throughout the world are developing courses in this new medium. The context has several characteristics that make it very favorable for the construction and fine-tuning of virtual net courses: the computer and network technology is available and should be tested and exploited; virtual courses fulfill a rapidly growing demand for distance learning because of their greater accessibility and flexibility; virtual courses have to offer much more than traditional courses to be fully justified; there is an ongoing competition between the training institutions for



developing net sites and courses in order to maintain or augment their share of the market, both locally and internationally.

Chernovtsy Trade and Economics Institute of Kyiv National Trade and Economics University also sets distance learning as one of the priorities and provides distance learning courses first of all for correspondence students. But still it is only a helpful tool for students and professors and doesn't replace the whole course of studies. The consequence is that distance learning courses are getting more and more sophisticated, and course designers are geared towards integrating several technologies for presenting text, sound, images, animations, and video in sites for a rich multimodal interaction. That trend has a direct impact on the scope, complexity, and cost of the projects.

Until recently, the courses available on the Internet were only made of hypertext documents. The ever-increasing capacity of bandwidth now gives access to more sophisticated technologies. Modern sites now include different types of information and more complex functions or tools such as: directory of information about the students, the tutors, and the professors; guides on the administrative rules and procedures of the institutions (e.g., forms, deadlines); announcements and schedules of various events; texts of compulsory readings for the students; list of relevant sites with external links; educational resources (e.g., bookmarks in reference books, specialized search tools); list of e-mail addresses; newsgroups and guides about the rules of the virtual community; tools for collaborative work (e.g., common ftp sites, shared environment, videoconference); on-line exams and questionnaires; and control and log tools. The majority of Web sites devoted to distance learning use asynchronous communication technologies (e.g., e-mail, discussion list, sites with sound and video). These are considered simple to develop and implement and not too expensive (as compared to the synchronous ones). Most sites use three basic technologies: the Web, Newsgroups, and e-mail; a few of them also use more demanding technologies that support audio and video materials. A minority of sites, belonging to a small group of institutions, use synchronous communication technologies (e.g., chat, IP [Internet Protocol] telephony, videoconference). These require a more complex infrastructure and can cost up to twice as much as the asynchronous ones.

The choice of technologies, in each institution, depends on several factors: the availability of the supporting infrastructure, the scope of the project, the nature and criticality of the information to convey (e.g., for medical applications), the allotted development time, the budget capacity, and the will to surpass the competitors. Although it is a decision with big implications, the choice of technologies often seems to be made without basic information on the real performance of each technology, its effect on learning, and the implementation costs.

Web-based writing instruction has proved to be an important factor in enhancing the writing quality of English as a foreign language (EFL) students. The instant worldwide connections enabled through the Internet have changed the way people everywhere think about communication, information, and doing business.

Most of the studies showed technology's positive effects on language learning. First, the advantages of using new technology in language classrooms can be interpreted in light of the changing goals of language education and the shifting conditions in our post-industrial society. So while foreign language students were taught to write essays and read magazines a generation ago, we must now teach them to write e-mail and conduct online research. Thus, integrating technology into language classrooms is inevitable. Second, technology integration in foreign language teaching demonstrates the shift in educational paradigms from a behavioral to a constructivist learning approach. Language is a living thing, so the best way to learn a language is in interactive, authentic environments. Computer technologies and the Internet are powerful tools for assisting these approaches to language teaching. Even though constructivism is not a theory associated with using technology, constructivist assumptions are guideposts for developing a vision for integrating technology into the language curriculum.

Thus, with its advantages and disadvantages, the Internet has significant effects on communicating, teaching and learning. Both teachers and learners should have the chance of Internet accessibility, experience and familiarity with its functions in educational life. For this purpose, before using the Internet in second language learning and teaching activities, teachers and learners should be instructed. This is a must to use it in language classrooms efficiently. On the other hand, it should be known that the Internet is not sufficient itself to teach and learn a second language. In other words, it cannot include all teaching and learning activities and be replaced the real teaching and learning environment, such as language classroom and real-life communication. As a result, it is only a tool for educational activities. However, it can be implicated that the research has not concluded on the issue yet. Thus, research issue should focus on a great variety of the Internet use in language learning and teaching such as attitudes of learners and teachers towards it, individual differences on using the Internet, effective ways to use it, the suitability of educational and instructive purposes and the effects on teaching and learning. As a final point, it is possible to say that technology is not a purpose but only a tool for all humanistic necessities.

There is a race among training institutions for building distance learning courses on the Web, in light of the anticipated benefits for the students, the institutions, and the whole society. This is another clear demonstration of the rapid and ubiquitous progression of the digital world. Here, the educational world is strongly invested. Numerous training institutions are already very active on the ground because they want to acquire experience, master and exploit the technology, adapt to the needs of their future students, be more attractive so as to conserve or improve their share of the market, have more visibility throughout the world, and be among the leading users of the new technology in education. Nevertheless, one should remind us that we still know very little about this new medium, and that the decisions to develop Web courses are still made without solid and complete

justifications. In distance learning the Web may be valuable for a few courses mostly in a training program, not instead of the whole educational program of the student.

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### **IMPACT OF TNCs ON THE ECONOMY OF DEVELOPING COUNTRIES**

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One form of international business which at present has an important role in shaping the strategy of the global economic system are transnational companies (TNCs) and transnationalization is a key characteristic of the modern world economy. In conditions of formation of the global market infrastructure under the influence of globalization and integration of world economy, the transnational companies are gaining new markets and seek to further expand their economic power. Their rapid development in the last decade reflects the acuteness of international competition and deepening of international division of labor.

The research in the field of the TNCs economic mechanism and operating mode, the priorities and the problems of their development under globalization are studied in the works of Ukrainian and foreign scientists: T. Bilous, V. Biloshapka, V. Rokocha, V. Plotnikov, V. Novitsky, L. Rudenko, R. Robinson, S. Kindlberher, H. Perlmutter, F. Ruth etc. Their special contribution lies in the analysis of the prerequisites, stages of formation and factors distinguishing the TNCs as well as the study of the mechanisms of their operating [2].

According to the official definition given by the United Nation Conference on Trade and Development (UNCTAD), a transnational company is generally regarded as an enterprise comprising entities in more than one country which operate under a system of decision-making that permits coherent policies and a common strategy. These entities are so linked by ownership or otherwise, that one or more of them may

be able to exercise a significant influence over the others and, in particular, to share knowledge, resources and responsibilities with the others.

The reason for foreign investment into the host country is often the interest in the local natural resources and the desire to ensure a guaranteed supply of raw materials to their businesses.

An important impact the TNCs have on the Newly Industrialized Countries (NIC), which include a number of Asian and American countries, is characterized by high rates of economic growth. The formation of the NICs can be divided into 4 stages. At the first stage the four countries of Southeast Asia (Hong Kong, Singapore, Taiwan, South Korea) and the three Latin American countries (Argentina, Brazil, Mexico) achieved great social and economic changes rather quickly and almost equaled the states that have consistent high rates of economic growth. At the second stage, Malaysia, Thailand and India were added. At the third stage the group of NICs was joined by Cyprus, Tunisia, Turkey and Indonesia, at the fourth – by the Philippines and China. Soon there appeared the whole regions that can be declared industrial and consistently growing [3].

The transformation of a number of countries into the Newly Industrialized Countries served the example that having some traditional comparative advantages (cheap labor, availability of raw materials, low land prices, etc.), a country might attract considerable interest of TNCs, which start to export manufactured goods here. The involvement of TNCs into industrialization was the most significant in those countries that had created a favorable climate for foreign investment.

The economic dependence of developing countries on the global economy has its specific forms of manifestations. Firstly, the countries of this group are directly dependent on the sale of their raw materials in the world markets, and therefore the demand for these products by their major customers. Secondly, in the economy of the majority of developing countries the key position is occupied by foreign capital. Economic backwardness and economic dependence are the result of conditions under which such countries were included into the global division of labor that was formed in the post-colonial period. Post-colonial division of labor emerged in past decades, and today exists as independent, autonomous factor of the world economy.

The process of reproduction in most of the developing countries is going mainly due to external financial sources in the form of credits, loans and subsidies. Another very important factor is the import of foreign equipment and technology that naturally entails technological dependence of the developing countries upon the developed ones. The type of expanded reproduction, typical for underdeveloped nations, is mainly based on consumer needs in traditional technology and is extensive. Under such circumstances governments are forced to expand production encouraging the appearance of small craft enterprises to provide employment growth under the conditions of rapid increase of the provision of employment [2].

The developing countries include the countries with large potential and relatively developed economies. Such as India, Pakistan, Venezuela, Egypt, Morocco, Tunisia, and the oil exporting countries with high economic growth – Saudi Arabia,

Oman, Kuwait, UAE, Brunei, Qatar, etc. In general, the developing countries are those where GDP per capita is less than that in the developed countries – the USA, Japan, Germany, France, Great Britain, Canada, etc.

On the one hand, TNCs have a positive effect on the developing countries, as there is an inflow of foreign direct investments from transnational companies. In the developing countries TNCs facilitate:

- 1) Adaptation of new production technologies.
- 2) Acceleration of innovation processes.
- 3) The development of production for export. Given the low price of local raw materials and low wages, TNCs establish subsidiaries that produce products intended for export to the home country or to other states;
- 4) Growth of population employment.
- 5) Dissemination of new technologies and techniques through transfer to the branches and offices of the host countries.
- 6) Gradual increase of the level of host economies (especially – backward) by providing them with funds to modernize industry and infrastructure, and improve their workforce skills.

On the other hand, some negative effects of TNCs activities manifest themselves in:

- 1) Predatory attitude to the natural resources of the host countries.
- 2) «Robbery» of under-developed countries through monopolisation of their domestic markets and prices, labor pirating of highly qualified specialists.
- 3) Unwanted interference into and influence on the state and political affairs of the host countries.

We can conclude that TNCs operating in the developing countries promote the revenue to the budget of these countries, develop their local production, using their relatively cheap resources.

Having defined the role of TNCs in the economy of the developing countries, benefits and losses for the local economies, we can conclude that TNCs tend to expand to the countries with high employment potential, rich natural resources and a favorable political environment. Taking into consideration some negative effects we can state that on the whole the TNCs' activity is beneficial for the host countries. Therefore it is the governments of the host countries that should not only attract foreign investments but also regulate the investors' activities in their countries to prevent monopolization and the decline of domestic production.

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## **COMPETITION IN RUSSIA**

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During the period of planned economy in our country competition did not play the role that is assigned to it by market methods. From the perspective of planned economy the concentration of production in monopolies is regarded as the most effective way of managing and competition - a source of chaos and crises. Thanks to the Russian economy has become not only a system highly monopolized production, but just in the sum of the giant natural industrial farms, which provide himself you with everything you need: from secondary production to the social sphere. In the end, all this has led to low efficiency, too high costs, and in some industries to a deep technological gap with advanced scientific and technical developments.

With Russia's transition to the market methods of management the role of competition in the economic life of the society has increased significantly. Creating a complete competitive environment in our country prevents the dominance of monopolies, imperfect competition law and etc.

The specific of Russian monopolies affected the peculiarities of legal regulation of their activities. In capitalist countries, the monopoly appeared when there were already market relations, and the state, to prevent the strangulation of competition introduced restrictive regulations. Russian competition legislation was developed with strong monopolies and a developing market relations. Therefore, for our country, it is important not only to limit the monopoly and abuse of dominant position, to enforce the competition rules to punish their violation, but also to create a competitive environment, showing the political will

Russia now has a paradoxical situation: as the empowerment and limitation of powers of management are acutely manifest monopoly, which is expressed in violation of treaty obligations, and participation bartering. One of the factors hindering the development of the economy on the path of its democratization, is the state monopoly on the business. No business in Russia can not occur without the permission of the government. What is still needed in this country for the proper functioning of a market economy? First of all - a favorable competitive environment. Competitive environment can be defined as historically specific social and economic

structure of social production, a special type of social and economic relations between subjects and objects. It provides commodity-money exchange, organized under the laws of commodity production, it operates strictly according to the calculated target programs.

In modern conditions, are the main functions of the state organization of economic, legal and social - political space for the market economy, the creation of equal conditions for all forms of business.

The focus is on the qualitative parameters of economic development: quality of life, environmental protection, etc. It can be concluded that the anti-monopoly legislation establishes the basic rules of the market businesses.

But the level of competition in this country is clearly insufficient.

## **CORRUPTION IN RUSSIA AS A PROBLEM OF NATIONAL SECURITY**

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During the foreseeable historical period of mankind development the activities of the state apparatus is accompanied by the negative systemic phenomenon. Corruption weakened the effectiveness of the state mechanism functioning, disrupting the normal functioning of public authorities and creating additional obstacles to the emergence and development of legal public relations. There is no a society in the world to eradicate corruption. The purpose of this work is to consider corruption as an issue of national security.

In the course of work we tried to solve the following tasks:

- to consider the real picture of corruption and corruption-related crimes in Russia;

- to determine whether there is a need to establish clear procedures for allocation and recusal of the relevant employees with a view to prevent or settle the conflict of interests.

- to search the ways of solving the problems of corruption in Russia.

Solving these tasks, we applied to the sources of social networks. As is well known, on April 30, 2009 the General Prosecutor's office of the Russian Federation and the Ministry of internal Affairs of Russia issued the Edict which determines the list of articles of the criminal code of corruption. This list of articles is absolutely essential, but, it should be included into the Federal law «About preventing corruption».

This list includes 43 types of crimes. It should be provided with an opportunity of dismissal from the occupied positions in the state or the municipal service (for details, by specifying the appropriate procedure) and suspension to prepare or participate in the adoption of management decisions. This requires to determine the

timing of the message about the conflict of interests, as well as the timing of the decision on dismissal from the occupied positions or from the consideration of a particular case; the procedure of appeal against such a decision, etc.

Taking into account that possibility of obtaining income in the form of money, valuables or other property or property-related services, other property rights for themselves or for third persons (personal interest) during the performance of official (service) duties may result in removal from the occupied post for the state and municipal employee, the resolution about refusal of the state and municipal employee from the benefits to prevent or settle the conflict of interests is of great importance. Meanwhile, there is no such legal regulation in the Federal law «About preventing corruption» and in legislation of the relevant types of services.

In this connection there should be worked out the appropriate procedure, determining the order and the terms in which the state and municipal officials inform the representative of the employer about the possibility of receiving property benefits, and the procedure and terms of the state and municipal employee refusal from receiving such benefits.

The struggle with corruption requires a comprehensive system approach. Since the corruption of state and local bodies of power providing a devastating impact on the public morals, and degeneration of the bureaucratic state institutions in the semi-criminal «community» in which the public legal relations are substituted with personal ones is the most alarming it is necessary to provide anti-corruption education of public officials. It may be a system that includes special disciplines and technologies. In particular, it is necessary to introduce the Institute of guarantee and the oath, the elaboration of the code of officials' ethics, etc.

It is necessary to audit the existing legislation with the purpose to add the standards of anti-corruption; to introduce the constant practice of projects and the laws and regulations on the appraisal examination already adopted.

The effective struggle against corruption alongside with the other means requires a set of measures of educational nature, to change people's attitude towards the law, as well as to create the optimum legal mechanisms for the implementation of the individual rights, their protection and guarantees by the state in compliance with the legal form.

Access to information is the most important anti-corruption factor. The system of actions directed to the reduction of corruption factors should include free access to jobs in the government structures for all applicants and transparency of the tender terms, the rotation of personnel, development of self-government and other measures that would ensure not only control, but also participation in a government representatives of civil society. The role of the mass media, despite all the difficulties of their functioning in the conditions of authoritarian regimes is very important.

Summing up the results of the work it is possible to conclude that corruption is becoming the norm, not the exception, including the political, the ruling and the economic elite. Law-enforcement bodies are partly affected by corruption, lack of



opportunity and the necessary real independence for the struggle against institutional corruption.

## **PROBLEMS OF SMALL BUSINESS IN RUSSIA**

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Small business in a market economy is the leading sector, which determines the rate of economic growth, structure and quality of gross national product (GNP). The share of small businesses account for 60-70% of GDP in all developed countries

In most countries, such as USA, Japan, Germany, France, Britain, the overwhelming share - 99,3-99,7% of the companies are so-called small and medium enterprises. They are among others by the number of employees (for example, no more than 500 people) or the size of the equity capital. They produce almost half of the total output. Typically, these companies give 75-80% of new jobs as opposed to large industries, where is a decline in employment.

Small business development has a number of advantages in comparison with the large-scale production, such as: activates the restructuring of the economy, provides a wide margin of market choice and jobs, provides quick payback, quick to respond to changes in consumer demand. Small business helps to saturate the market with goods and services, to overcome the sectoral and territorial monopoly, enhance competition.

It has a great potential in the field of employment of the population involved in the production labor reserves that can not be used in large-scale production because of its technological and other features. There are pensioners, students, housewives, the disabled, and those who want to work after regular working hours for more legal income.

The value of a small business in a market economy is very large. Without small business market economy neither operates nor develops not. The formation and development of it is one of the major policy issues in the transition from a command economy to a normal market economy. Small business in a market economy is the leading sector, which determines the rate of economic growth, structure and quality of the gross national product. Small businesses, responding quickly to changing market conditions, the market economy give the necessary flexibility.

In Russia, the small business sector has not yet formed as a special market economy, and therefore its potential is not actually used. By law, small businesses can be based on any form of property, and to carry out all types of economic activity, if they are not prohibited by law.

Shortcomings of the government program, inhibit the development of small business. For example, an ill-conceived tax system, takes the lion's share of the profits, as a result, businesses are on the brink of bankruptcy, regardless of their national economic significance.

Another disadvantage is associated with the logic of the reform deployment changes. The basic contradiction of current policy is an attempt to make the transition to the market by command and top, ignoring the basis of a market system is the interest of the entrepreneur. The logic of a market economy requires a movement "bottom up" - from the interest of the entrepreneur to the centralized creation of market infrastructure (tax, credit policy, banks, stock exchanges, etc.) provided, and carried this interest.

Sources of capital needed to start a business are their own personal savings, loans, privatization vouchers. The first source (400-500 billion rubles) was destroyed by hyperinflation, to reduce the resource to many dozens of times. The second source is virtually closed for a huge percentage of small business for the loan and the reluctance of commercial banks to invest in a small business because of the high risk and insecurity. The third source, also does not work. To be the investment of resources, they can not be it will be a small one-time social security. Lack of financial resources and the complexity of their legally purchased from the state can push small businesses to contacts with the underground economy and the mafia, and give the latter the opportunity to be gradually introduced in small businesses gradually subdue them. The fourth fundamental flaw is the lack of state and social systems to support small business.

Local authorities are not concerned to reduce contributions of small businesses to local budgets. Authorities do not want to link the prospects of development of own area with small businesses. The authorities are not always interested in the development of high-tech industries, as they do not bring direct benefit areas. Local authorities willingly record company to promote improvement of the district.

High taxes, the increasing rents for premises and equipment, lack of equity risk capital - all this makes it difficult to continued effective operation and forces to direct our main efforts not to expand production, but in the struggle for survival.

But the main reason for reducing the number of small businesses is a low level of financial security of most small businesses because of the difficulties with the primitive accumulation of capital, the inability to obtain credit on acceptable terms, the inefficiency of the tax system. Negative impact on the development of small business in the sphere of material production has underdeveloped industrial infrastructure, the lack of specialized equipment, weak information base.

All this leads to the fact that only part of the registered small business is not in a position to proceed the actual production of goods. Nowadays date only the first steps are made in the legal and organizational support for the formation of small businesses as a specific sector of the Russian economy. There is no state program of development of small enterprises.

# **POLICY OF PROMOTING THE BRAND IN TERMS OF MULTI-LEVEL MARKETING**

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Nowadays in the market of goods and services one of the most important elements in achieving the success of the company is competent branding. If the buyer is satisfied with the quality of products and level of service, if he's confident that his opinion is important, he will not only become a regular customer, but he would recommend it to his friends and acquaintances. However, advertising is not always the decisive element in the brand promotion. Large world companies often attract customers with the expense of their attitude, which is beneficial to both parties.

The relevance of this work lies in the fact that the policy of promoting the brand is fundamental to the work of the companies in the system of multi-level (network) marketing, as they are in great need of consumers' good attitude.

The purpose of writing this article is to analyze the current policy and to develop the most productive policy of promoting the brand and represent it to the company TIENS Group (Tianshi) in Krasnoyarsk.

TIENS Company appeared in 1995. It entered the international market in 1997. Business Corporation "Tiens" works in 190 countries and regions of the world with subsidiaries which are registered in 110 countries and regions worldwide. The office in Krasnoyarsk works since 2011.

The company specializes in the production of products intended for treatment, prevention, and care of health. It produces biologically active supplements, household products, cosmetics, as well as medical equipment.

To understand the strategy of the brand promotion, let's define the concept of «brand». Brand is a symbolic representation of all the information associated with a product or service through the name, logo, visual elements (symbols and images), etc.

A brand promotion, in turn - is the formation of consumers' positive image of the company and the brand product.

The concept of brand building consists of several stages: brand positioning among competitors and customers, identifying the brand strategy, brand building, brand management, and brand valuation.

During the company's brand positioning in the Krasnoyarsk market there were revealed the major competitors for the TIENS Company. They are «Amway», «Tentorium" and "Argo".

After the analysis of the competition, it was revealed that the corporation TIENS is the most competitive in the international and Russian markets. It is a young company, but the most dynamic (the maximum number of allied countries, the largest number of distributors, and the largest physical infrastructure enterprises). It also has

a huge advantage - a commitment to the traditions of Oriental medicine. However, despite this, it ranks the 2nd place (after the company «Amway») in the regional market in such parameters as, for example, recognition, or the volume of trade.

In order to solve the problem it is needed to develop the most effective strategy of promoting the brand in the regional market. This strategy should include the analysis of the target audience, promises (offers) to this audience, evidence brought in favor of the proposal, and the final impression left.

In the analysis of consumers it was revealed that the target audience of TIENS Group are people in the age of 30-60 years with an average income, as well they often have children or take care for retirees. These people take care about their health and did not use to skimp.

The range of products presented for different age groups of consumers is quite wide, but the number of people who use dietary supplements and cosmetics company in Krasnoyarsk is rather narrow, due to the lack of awareness of consumers about the company and its product. Thus, 70% of respondents have no idea about the company. 7% have heard of it but do not know what products and services the company does, 3% are aware of but do not want to use its products. 1.5% of respondents know and enjoy the products, and the remaining 18.5% are distributors of the company.

The company is engaged in consumer goods for prevention of various human diseases, as well as helping to maintain immunity and mineral content of trace elements in the body, so it is necessary to arrange the consumer to form positive view towards the healing properties of the proposed range through the BTL-marketing.

However, a multi-level marketing company faces a number of challenges. The main of them is the lack of consumers' confidence to the products sold. To solve this problem, the company has to carry out branding with the preferences of consumers not only in terms of their membership in a particular social group, but also depending on the geographical location of the region.

In order to produce the most favorable impression of consumers and lead those evidences, the company undertakes the following step, carries out specific activities. Such activities may include:

- The product presentation;
- Meetings with the most successful distributors of the company;
- Quarterly conduction of the big business seminar (BBS);
- Travelling abroad for trainings and meetings with distributors from other regions and countries to exchange the experience, etc. (often the company provides payment vouchers);
- The other events (client events, classes, etc.).

The most effective thing is to conduct a BBS. It is a great celebration and includes all the activities with colourful illustrations accompanied by all the events occurred. The main objective of the workshop is to develop the human need for luxury by showcasing the most advantageous side of the company.

Studies show that trade representation increases by 60-70% in the first week after the BBS and 15-20% in the next month, which is the highest percentage for the company.

However, despite the active development of the company's brand, you can find a lot of negative feedback about it. This is due both to the fact that the company has entered the regional market quite recently, and the fact that the population of Krasnoyarsk is not ready to accept such serious products as dietary supplements or medical equipment, especially from China.

To solve this problem, a number of unique missions with potential consumers has been developed in Russia: consultation with health professionals, diagnostics using the Tibetan technology, product launches, etc. Personal sales also play an important role. But the main advantage in the promotion of the brand in Russia is the availability of the web-site. It also sells products but not only in Krasnoyarsk and the Krasnoyarsk Territory, but also abroad.

Since the foundation TIENS positions itself as an independent brand. A lot of money was invested in creation and development of decent image. The company values the reputation of the brand and is working hard promoting it internationally. In May 2007 there was a rebranding. The Corporation TIENS created the brand which has been recognized by many prestigious organizations. Brand value has been estimated in 11,058 billion Yuan or \$1,779 billion.

However an indicative list of activities has been formed in the course of the research work. These activities should implement the company's products and promote the brand most effectively. The list includes the following:

1. Increase the number of activities;
2. Take part in organizing mass citywide festivals and events;
3. Participate in city and regional fairs, forums and exhibitions.
4. Resort to ATL strategy, or direct marketing, specifically online advertising or print media in addition to the BTL-actions.

All of the above measures will help to increase the ratio of brand recognition, population awareness, and then, as a consequence, increase the volume of sales and profit for representatives, subsidiaries, and the whole organization.

## **ARBEITSMARKTPOLITIK IN ÖSTERREICH**

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Die Arbeitsmarktpolitik hat ebenso wie die Sozialpolitik und die allgemeine Wirtschaftspolitik die Förderung des Wohlstands, der sozialen Sicherheit, der Solidarität und der persönlichen Freiheit der Bevölkerung zum Ziel Zur Erreichung

dieser Ziele kommen verschiedene Instrumente zum Einsatz, die versuchen sollen, Funktionsmängel des Marktmechanismus im allgemeinen und des Arbeitsmarktes im besonderen zu beheben. Prinzipiell können arbeitsmarktpolitische Ziele - wie Vollbeschäftigung, Integration von Behinderten und dergleichen mehr - mit funktional äquivalenten Maßnahmen erreicht werden. Der tatsächliche Mitteleinsatz variiert über die Zeit bzw. im internationalen Vergleich, da es sich um einen historisch-politischen Prozess handelt, in dem die Interessen und Machtpositionen verschiedener Gesellschaftsgruppen eine Rolle spielen. Je nach Arbeitslage stehen unterschiedliche Probleme im Vordergrund, die eine andere Gewichtung des Instrumenteneinsatzes zur Folge haben. Im wesentlichen kann man zwei unterschiedliche Stoßrichtungen der Arbeitsmarktpolitik unterscheiden, die „passive“ und die „aktive“ Arbeitsmarktpolitik. Zu „passiven“ arbeitsmarktpolitischen Maßnahmen zählen all jene Maßnahmen, die eine zumindest teilweise Kompensation des Einkommensausfalls infolge Arbeitsplatzverlustes zum Ziel haben (Lohnersatzleistung). „Aktive“ Arbeitsmarktpolitik hat die Schaffung von Beschäftigungschancen zum Ziel, entweder über personenbezogene Förderung (z. B. berufliche Weiterbildung, Umschulung), die die Eingliederungschancen des einzelnen in den Arbeitsmarkt erhöhen soll, oder über betriebliche Förderung (z. B. Lohnsubvention), die über Senkung der Arbeitskosten Betriebe zu einer Beschäftigungsausweitung bzw. -Stabilisierung anregen soll.

Aktive arbeitsmarktpolitische Maßnahmen haben ebenso wie passive eine Differenzierung und Ausweitung im Laufe der Zeit erfahren. So wurde gleichzeitig mit der Einführung der Arbeitslosenversicherung, die im Grunde genommen eine Anerkennung der Tatsache ist, dass der Markt nicht in der Lage ist, Vollbeschäftigung auf einer kontinuierlichen Basis sicherzustellen, ein Vermittlungssystem zwischen Arbeitsuchenden und Arbeitsplatzanbietern eingerichtet. Das war der Grundstein für aktive Arbeitsmarktpolitik. Die Arbeitsmarktverwaltung hat ein Informationssystem eingerichtet, das in den siebziger und achtziger Jahren stark ausgeweitet wurde, was der Einführung der EDV zu verdanken ist. Durch dieses Informationssystem wird die Transparenz des Marktes in Bezug auf nachgefragte und angebotene Qualifikationen, Löhne und sonstige Arbeitsbedingungen erhöht; dies ist infolge der ungleichen Machtverteilung auf Arbeitgeber- und Arbeitnehmerseite für Arbeitsuchende von besonderer Bedeutung, da sie wegen ihrer schwachen Vermögenslage unter einem stärkeren Zeitdruck stehen, einen passenden Arbeitsplatz zu finden als Arbeitgeber auf ihrer Suche nach Arbeitern. Die arbeitsmarktpolitische Maßnahme der Arbeitsmarktvermittlung erhöht die alloкатive Effizienz des Arbeitsmarktes.

Maßnahmen der aktiven Arbeitsmarktpolitik sind mikroökonomischer Natur und haben im wesentlichen die Schaffung und Erhaltung von Arbeitsplätzen zum Ziel. Dieses Ziel ist prinzipiell mit vielerlei Mitteln zu erreichen, wobei die Ansatzpunkte der Förderung bei der Nachfrage sowie bei den Bestimmungsgrößen des Angebots, den Produktionsfaktoren Arbeit und Kapital sowie dem technischen Fortschritt liegen können. Im Gefolge des Wiederaufbaus hat sich nach dem Krieg die Nachfrage dynamisch entwickelt. Zusätzlich wurde im Rahmen der globalen Wirtschaftspolitik,

die sich in hohem Maße auf Investitions- und Exportförderungen stützte, der Wachstumsprozess vorangetrieben. Erst als Engpässe entstanden, die inflationäre Tendenzen zur Folge hatten, kam es im Rahmen der makroökonomisch orientierten Wirtschaftspolitik zu einer selektiveren Förderung (z. B. Top-Aktion der Investitionsförderung). Die gesamtwirtschaftliche Nachfrage reicht jedoch seit Mitte der siebziger Jahre nicht aus, um Vollbeschäftigung längerfristig erhalten zu können. Wenn Vollbeschäftigung längerfristig gesichert werden soll, ist die Schaffung neuer Nachfragebereiche von der Größenordnung der Infrastrukturausweitung der sechziger Jahre notwendig (etwa über die Wiederherstellung und Sicherung guter Umweltbedingungen, Ausweitung der sozialen Infrastruktur, Entwicklung von Technologien zur Energie- und Rohstoffsicherung). Die Förderung der Beschäftigung erfolgte in Österreich in den sechziger und siebziger Jahren vor allem über die Investitionsförderung. Erst relativ spät, und im wesentlichen als antizyklische konjunkturstabilisierende wirtschaftspolitische Maßnahme, kam es zur direkten Förderung der Beschäftigung einerseits mittels öffentlicher Beschäftigungsprogramme aus dem und andererseits über eine Ausweitung der aktiven Arbeitsmarktpolitik der Arbeitsmarktverwaltung. 1989 wird eine Lohnsteuerreform eingeführt, die einen längerfristigen positiven Effekt auf die Entwicklung der Nachfrage und der Beschäftigung haben dürfte.

Über die Wirkungsweise öffentlicher Beschäftigungsprogramme gibt es eine weite Literatur, da dieses Instrument der direkten Förderung der Beschäftigung anderswo wesentlich früher und in höherem Maße als in Österreich eingesetzt wurde. Eine Quantifizierung der Zahl der Arbeitsplätze, die netto durch ein öffentliches Beschäftigungsprogramm geschaffen wurden, ist sehr schwer, da die öffentlichen Programme zum Teil reguläre öffentliche Ausgaben zur Schaffung von Arbeitsplätzen verdrängen. Dies dürfte auch in Österreich der Fall gewesen sein. Im wesentlichen dürfte es zu einer Vorziehung von ohnehin geplanten Maßnahmen gekommen sein, etwa des Ausbaus der U-Bahn und des Baus des Konferenzzentrums in Wien.

Die Frage, in welchem Ausmaß, in welche Richtung und aufweiche Weise Investitionen den Beschäftigungsgrad beeinflussen, ist noch nicht systematisch untersucht worden. Prinzipiell gilt, dass die Investitionsförderung eine Subventionierung der Aufstockung des Kapitals und damit eine Preissenkung für Kapitalanschaffungen darstellt. Über den Umweg einer Steigerung des Wirtschaftswachstums kann das Beschäftigungswachstum gefördert werden (Produktionsausweitung). Infolge der Förderung des Faktors Kapital verändern sich aber die relativen Preise von Kapital und Arbeit, die die Substitution von Arbeit durch Kapital anregen (Substitutionseffekt). Der tatsächliche Nettoeffekt einer Investitionsausweitung auf die Beschäftigung kann a priori nicht festgestellt werden, sondern muss empirisch nachgewiesen werden.

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## CORRUPTION AS PART OF THE SHADOW ECONOMY

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"Shadow" economy a phenomenon inherent in all countries of the world, though its scale and scope may differ materially.

Significant loss which society has of the spread of the shadow economy, make the problem of studying, recording and control acute for the world.

The shadow economy includes a variety of activities, ranging from the illegal business to the criminal forms of income generation.

The purpose of this paper is to study this form of the shadow economy, as corruption.

Corruption - is an activity of the state apparatus is aimed at illegal withdrawal (redeployment) created by other economic entities of public revenue in order to enrich the bureaucracy. Corruption – is a disaster not only for Russia. In recent years it became obvious as the main economic problem of the modern world. According to the World Bank, more than 40% of businesses around the world are forced to pay bribes. In developed countries, the figure is 15%, in Asia - 30%, in the CIS countries - 60%. International organization Transparency International has counted the corruption perception index for Russia since 1996. In 1996, the index was calculated for 54 countries, for Russia, its value was 2.6 points (46-47 point). By this method country rated below three points should be considered to be in the area of very high corruption. The same index value had India. Since 2007, the Corruption Perceptions Index is calculated for 180 countries. The index value for Russia was 2.3 points (143 place). The same index value had Gambia, Indonesia and Togo. In 2009, Russia was in the ranking of Transparency International's 146th. In 2009, the global financial crisis has spurred corruption: for the last year it has grown in the world on 9%. Corrupt officials and politicians in developing countries, including Russia, annually receive \$ 20-40 billion bribes. In 2011, Russia has improved its position in the rankings, receiving 2.4 points and move up to 143 place. In 2012, Russia has risen by 133 in the ranking position.

The causes of the shadow economy are manifold. There are six main groups: anthropological, economic, social, legal, socio-cultural, and political. The first group



has to do with the dual nature of man. In this case, a person violates the established order in society, which may lead to destructive consequences for social life. The second group of causes of the shadow economy are economic factors. In times of crisis, when the delicate balance is disturbed the market economy, the underground economy has an additional impetus for its development. The third group of reasons including social factors. Russian authorities in recent years faced a number of aggravated social problems, the main among which was the social differentiation of society. A fourth group of factors is imperfect legal framework for entrepreneurship. The fifth group of factors include weak ethical basis for entrepreneurship. The sixth group of factors make the contradictions in the political system. One of the important aspects here is the question of the relationship of power and big business. Their merger strengthens the oligarchy, the existence of which gives qualitatively new features of the shadow economy.

Corruption and the shadow economy - two organically interrelated phenomena that directly affect the establishment and development of the economy in the world. The level of shadow economic relations always directly proportional to the level of corruption that exists in society.

The corruption hinders the natural development of the economy towards its effective improvement, a reduction in investment in production and slowing economic growth, the loss of tax when corruption takes the form of the illegal use of power, reduced quality of public service, government expenditures are allocated inefficiently, etc.

The negative role of corruption in society is diverse. The main negative effects it shown in Fig 1.

## Corruption consequences

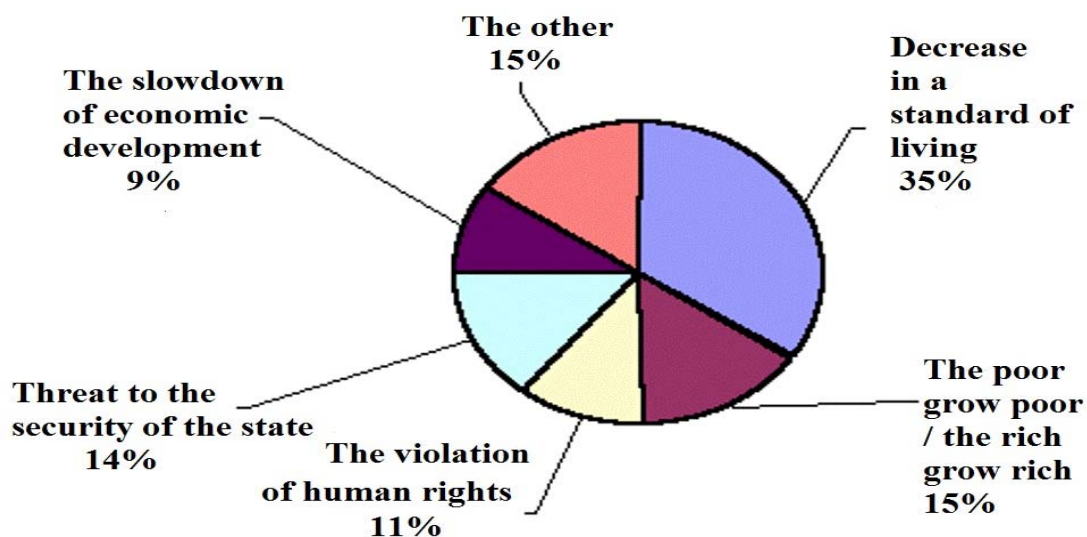


Figure 1.

For real reduce corruption need comprehensive measures as to change the legislation and practice, and to change the entire system of the country. It is necessary to limit the of direct state involvement in economic activity, a reasonable reduction of its control, distribution and regulatory functions. And most importantly, we need political will to fight corruption flaw, readiness for hard conflict within the ruling elite. We must fight with this problem by any means, because the reduction of corruption ensures the development of competitiveness, gives the opportunity to develop small, medium and large business, reducing the rate of inflation, leading to poverty reduction and the welfare of the people.

## **THE INFLUENCE OF SOCIO-ETHICAL MARKETING ON BUSINESS PROCESSES IN THE FOOD MARKET OF THE KRASNOYARSK TERRITORY**

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Modern trends in the world economy dictate the development of society - its social and ethical aspects. With the increasing pace of global production pressure on the resource potential is also increasing. Giving preference to a particular product (service), the choice of today's consumers is mainly based on social and ethical values.

Purpose of the article is to summarize the experience of implementing projects of the business environment of the Krasnoyarsk Territory in the emerging idea of social responsibility. Objectives of the work were to study trends in the development of the concept of social and ethical marketing in the food market of Krasnoyarsk territory, summarizing the requirements for the activities of its subjects in the social market mechanism.

Modern realities show that ethical business behavior towards consumers is no longer rare for Russian business. A growing number of companies in Russia are aware of the importance of the impact of its activities on the surrounding communities. Implementation of social and ethical marketing in social policies recognized factor that increases the profitability of the company, and therefore, the business began to respond to calls from investors, governments and society to clarify the impact of its main production on the world. [1, 9]

"Socially Responsible Business" in their practice model, is considered as a social and ethical marketing, which is competent to determine the degree of responsibility and society's citizens and consumers.

Under the socio-ethical marketing, we understand based on the recognition of the importance of social responsibility of the company full cooperation of producers

of the food sector of the regional market (external and internal), with customers and partners.

Modern science has had many of the advantages of the concept of social and ethical marketing for the development of regional producers, including: [4, 11-14]

1. Growth of customer loyalty to company products produced with a sense of responsibility to the environment.

2. Earnings growth and growth of main economic indicators. (129.1%).

3. Company's strategy of social policy.

4. The possibility of additional investments allocated subject to the positive dynamics of the company's activity in the social sphere, in the field of environmental protection. In international practice recognized indicators to assess the social responsibility of the organization, are the index Dow Jones Sustainable Index, an index FTSE4Good, etc.

5. Allows the reduction of operating expenses of the enterprise through a more efficient use of energy, by reducing waste and recycling, etc. preferred form of social support is a charity - as individual stocks in response to the treatment of public organizations;

6. More effective risk management.

7. Competitive advantage.

8. Economic indicators such as productivity and quality of the product (service) are rising.

9. Reduced claims initiated by the regulatory authorities.

10. Good reputation of the firm and, consequently, a recognizable brand helps to develop new business. [3, 4]

Recent trends in the development of national public consciousness in the gradual formation of the modern understanding of the aspects of the market, "solidarity" with the concept of social and ethical marketing, for which, from the regional aspects' point of view such specific requirements are characteristic:

- The main goal of regional producer should be to meet intelligent, healthy needs of consumers, relevant social and ethical standards and the public interest;

- In its development, the company must constantly strive to create a new (improved) products that will meet current market demand, taking into account trends in the development of society.

- Products that do not meet the interests of consumers, and in particular that cause harm, should be excluded from production.

- Encourage customer loyalty to manufacturers' products, caring healthy needs.

- In order to maintain and improve the quality of life, consumers will not give preference to goods of companies using environmentally forbidden technology.

- The company should seek to implement such programs for socio-economic development, which is not only consistent with the interests of the enterprise, but also relevant to the social development of the region in which the enterprise operates.

Now, more and more manufacturers of the food sector of the Krasnoyarsk Territory, starting on their own initiative to address the concept of social and ethical

marketing. This is due to the need to meet international standards because of the release many of the major players in the outer regional and international markets and understanding the role of social responsibility in the management of marketing risk.

On the one hand, there are the state and society, interested in the growth of social and economic stability in the Krasnoyarsk territory, the increase of the effectiveness of policies and social programs. On the other hand, there is a business that is interested in the growth of income and purchasing habits of the population, the stability of the state policy on commercial structures, public recognition and positioning of companies adhering to standards of corporate social responsibility and implementing social investment.

To create mutually beneficial cooperation initiative power should formulate clear transparent conditions consolidation with business in the food sector in the region. Need to develop the legal framework of socially responsible business activities of the structures. This, in turn, will implement one of the strategic priorities - integration and resource management community groups to solve the problems of society as a whole. The result of this action will be a bilateral real social partnership.

Thus, considering the direction of the development of the concept of social-ethical marketing in the food market of Krasnoyarsk territory and analyzed the activity of the subjects in the social-oriented market mechanism, we can conclude that in contemporary political and business environment, the process of understanding the degree of importance of introducing social and ethical marketing as the core concept, helps to raise the social and economic development as for producers of the food sector, so for region. Especially in those cases where the consumers of their goods and services are the local dwellers. Therefore, businessmen are increasingly recognizing the need for their participation in addressing key regional issues. Their actions contribute to the distribution and contribution of responsibility for sustainable social development. Such a social partnership approach to achieve overall stability may be the strategic objective of the policy of the Krasnoyarsk Territory.

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# THE YOUTH UNEMPLOYMENT CRISIS

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In the recent global economic downturn the unemployment rate becomes higher and higher. It is observed not only among adults but also among young people.

While unemployment among young people (most often defined as 15-to-24 year olds) is traditionally around double that for adults (since many young people are in school or newly graduated) [1, 27], in the recent recession that figure has increased to nearly three times the unemployment rate of adults, up to four times in some countries, and is set to keep rising.

According to the International Labour Organization (ILO), jobless rates among young people will get even worse globally as the spillover of the euro crisis spreads from advanced to emerging economies.

“Ironically, only in developed economies are youth unemployment rates expected to fall in the coming years, but this follows the largest increase in youth unemployment among all regions since the start of the crisis,” said Ekkehard Ernst, the chief of the ILO’s Employment Trends Unit [2, 12].

Much of this decline in the jobless rate is not due to improvements in the labour market, but rather to large numbers of young people dropping out of the labour force altogether due to discouragement. These discouraged youth are not counted among the unemployed [3].

The subject matter of this work is to present the youth unemployment forecasts, compare the data and to analyze the measures that should be undertaken to solve the problem.

According to the ILO’s forecasts, youth unemployment rates are and will be the following:

Table 1

Youth unemployment rates forecasts	2012	2017
Global	12.7 %	12.9 %
Central and South Eastern Europe	16.9 %	17 %
Developed economies	17.5 %	15.6 %
East Asia	9.5 %	10.4 %
Latin America & the Caribbean	14.6	14.7

Youth unemployment rates forecasts	2012	2017
	%	%
Middle East	26.4 %	28.4 %
North Africa	27.5 %	26.7 %
South Asia	9.6 %	9.8 %
South East Asia & the Pacific	13.1 %	14.2 %
Sub-Saharan Africa	12 %	11.8 %

Analyzing and comparing the figures we can see that:

- The youth unemployment rate in developed economies is dropping gradually, from 17.5 per cent this year to 15.6 per cent in 2017. This is still far higher than the rate of 12.5 per cent registered in 2007, before the crisis struck. But the projected decline in youth unemployment in the developed economies region is not expected to be enough to pull the global rate downwards.

- The global youth unemployment rate will reach 12.9 per cent by 2017 – up 0.2 percentage points from forecasts for 2012.

- The impact of the euro crisis is expected to expand well beyond Europe, affecting economies in East Asia and Latin America as exports to advanced economies have faltered.

- In North Africa and the Middle East, youth unemployment rates are projected to remain above 25 per cent over the next years and might even rise further in parts of these regions.

- Youth unemployment rates are forecast to rise from 9.5 per cent this year to 10.4 per cent in 2017 in East Asia, with little change projected in Latin America and the Caribbean and in Sub-Saharan Africa.

Even in countries with early signs of jobs recovery and where new vacancies are opening up, many unemployed youth still find it difficult to get a job. “This leads to discouragement and rising NEET rates (‘neither in employment, education or training’) among young people,” said Ernst [2, 21].

Schemes using employment guarantees and an emphasis on training could help get jobseekers off the street and into useful activities, providing a safeguard against further economic stress.

In order to tackle the youth employment crisis, it is very important for governments to undertake immediate, targeted and renewed measures. We suppose the following measures to be the most efficient:

1. To foster pro-employment growth and decent job creation through macroeconomic policies, employability, labour market policies, youth

entrepreneurship and rights to tackle the social consequences of the crisis, while ensuring financial and fiscal sustainability.

2. To promote macroeconomic policies and fiscal incentives that support employment and stronger aggregate demand, improve access to finance and increase productive investment – taking account of different economic situations in countries.

3. To adopt fiscally sustainable and targeted measures, such as countercyclical policies and demand-side interventions, public employment programmes, employment guarantee schemes, labour-intensive infrastructure programmes, wage and training subsidies and other specific youth employment interventions. Such programmes should ensure equal treatment for young workers.

To make a conclusion, the above mentioned measures can be called a portfolio of tried and tested measures in five areas: macro-economic policies, employability, labour market policies, youth entrepreneurship and rights. It underscores the need for balance, coherence and complementarity across the policy measures.

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## **CORRUPTION IN RUSSIA**

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According to the modern Russian legislation, corruption is an abuse of official position, bribery, receiving a bribe, an abuse of authority, commercial bribery or other illegal use by on individual of the official capacity contrary to legitimate interests of society and the state for obtaining benefit in the form of money, values, other property or services of such character, other property rights for itself or for the third parties or illegal granting such benefit to the specified person by other individuals; and also the commission of the specified acts from a name or in the interests of a legal entity.

Estimates of the current level of corruption in Russia differ. Some believe that Russia is one of the most corrupted states of the world, being, in 2011, on the 143rd

place from 182, in the Transparency International list. However, according to the research of the British auditor company Ernst & Young which has been carried out in the spring of 2012, for 2011 corruption risks in Russia considerably decreased and on many parameters became below the average world level. So, if in 2011 about 39% of the managers interrogated in Russia declared the need to bribe cash for protection of the business or achievement of corporate benefits, in 2012 there were 16% of such.

According to the polls which have been carried out by Institute of economic forecasting of the Russian Academy of Sciences, the corruption pressure upon the Russian enterprises in the 2000th years decreased in comparison with its level in the 1990th years.

The education reform carried out in 2004 — 2009, in particular Unified State Examination introduction, led to radical decrease in level of corruption in system of the higher education.

In the 2000th years Russia joined a number of the international agreements on fight against corruption. So, at the end of 2005 Putin introduced in the State Duma the federal law on ratification of the Convention of the UN against corruption of October 31, 2003. In March, 2006 he signed this law and by that the Convention was ratified. The convention creates a basis for interaction of law enforcement agencies of the various states in fight against corruption, and also establishes a number of standards in anti-corruption policy.

Employment of relatives of officials of all ranks in structures with high level of the income became one of various forms of corruption in modern Russia. Relatives often become cover for business and property of officials, by copying of the right of possession.

Minister of Justice Valentin Kovalev became the most high-ranking corrupt in modern Russia. Kovalev and his assistant Andrey Maksimov in 2001 were found by court guilty of plunder of the entrusted property and numerous receiving bribes in a large size under articles 160 and 290 of the criminal code of Russian Federation. Punishment term made Kovalyov 9 years conditionally with a trial period for 5 years.

Existence of opportunities in legislative base of the state of opportunities for illegal enrichment of officials by taking bribes or illegal privatization, or special privileges for officials, leads to big differentiation in the income of officials.

In March, 2011 Putin declared the need to introduce of the norm obliging the state officials to report about their expenses.

The main reason of corruption lack of real control of civil society over authorities work at all levels. Corruption has the systematic character. Among the biggest problems are — housing and communal services, kindergartens and schools and medical care. But citizens are afraid to report in law enforcement agencies — only 22% were ready to make it. As a result the feeling of social injustice, especially among the youth and the population well-to-do people increases.

At the end of 2012 information on "the average size of a bribe" was announced on Russia. It is about 10 thousand rubles.



Unreasonable growth the officials' power, criminalization of the imperious relations, lack of public control over activity of public authorities, imperfection of the legislation regulating the relations of the power and the capital. All this leads to corruption in all echelons of the Russian power which steadily leads our country to economic decline and political instability.

## **PROBLEMS OF LECTURERS SALARIES IN KRASNOYARSK UNIVERSITIES AND POSSIBLE WAYS OF SOLVING.**

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In today's world the question of lecturers salary is actual more than 20years. Nowadays government of Russian Federation and local government body make a lot to increase teachers payment. In many regions in our country, teachers also have additional payments, because they do scientific work and over teaching.

The department of education and science of Russia published mean earnings of teachers in Russian universities in October 2012. In Krasnoyarsk average salary is near 25000 rubles, beginners usually get less. According to the statistics, the highest average salary is in Norilsk Industrial University – 54000rubles. On the second place is Siberian Aerospace university– 41000rubles. On the third place is branch of Russian State Human University – 38900rubles. “Salaries in Siberian Federal Universities varies from 9000 to 50000rubles,”- said Pavel Vcherashniy, the first pro-rector of economics and development in SFU.

This monitoring cannot be absolutely proper, because given information are partly incorrect. It means, that terms “mean income” and “mean salary” are used as similar, but they are different. Salary is smaller than income, of course. Salary consists of rate of pay, regional index and additional payments (if a teacher has a degree). Some lectures earn money having more work in departments. Moreover, average statistics, does not show situation in general and we cannot understand minimum and maximum.

Average earnings are divided by average stuff. It is very important to explore a payment reserve which forms in universities and which controls means. Payment reserve includes not only salary, but additional payments too, and just a small part of them depend on government. Using the statistics, it is possible to make a conclusion only about means in certain university. Mean salary in university relate to mean salary in economics shows that a payment reserve of this university has enough money to pay this mean salary to each lecture. However, it is impossible and unjust.

It needs to say, that additional payments and their size fix by direction of organization. They take means from federal and regional budgets and doing scientific

work. University must give to teachers earnings, regulated on government level, salary per hour. Director can increase it, but could not make it smaller. So, leaders, having limited means, will retrench. That is why we can see a very big difference in salaries in one organization.

The ministry of education and scientific is in difficult situation now. On the one hand, the order from president to increase salaries to lecturers, on the other hand, ministry has not got enough means. How that problem can be solved? Firstly, it is a cutting down in quantity of educational institution, less money will be needed to increase salaries, and sold organization will give extra money. Secondly, each university needs establishment centralize regulative organization, which will control money, because budgets give means for paying salaries, but universities do not always get them (the question of corruption is still open). One more point is fee-paying service: to lease out auditoriums; income from canteen activity. Universities should not lose a chance to earn money.

Protest to reforms in educational system is growing, ministry of education can not find money, cutting down in universities stopped, but it could give some money, president gives reprimands, all manipulations bring out and reveal. What ministry can do? It can change policy of dispensation of money in universities. In the nearest future we can wait for changing in the payroll and system additional payments.

## **HOTEL MANAGEMENT IN UKRAINE: MAIN PROBLEMS AND PERSPECTIVES**

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Nowadays hospitality business has become the basis and core of tourism industry. A hotel is a kind of temporary home for travelers, so the main goal of hospitality employees lies in making each and every tourist stay a pleasant one. People benefit a lot from hospitality industry; however it is a system that requires development and support from state and society.

Hospitality industry comprises an array of different service elements and areas, because a hotel is not just a place to sleep in. This is a whole range of components – from basic amenities to sophisticated entertainment and recreational programs. All of them need sustainable management to achieve success in the field.

At present hotel businesses in Ukraine suffer from unstable development. This is because travel demand is seasonal, prices grow continuously, most services are changing as well as evolving, and this requires quick response from hotel managers, sometimes even involves necessity to attract additional funds.

However Ukraine boasts considerable recreational potential, historical and cultural heritage and is proud of its natural wealth, it is necessary to improve its hotel service quality and standards to satisfy needs and demands of incoming tourists as well as to retain sustainable clientele. The main disadvantage of Ukrainian hospitality industry is that there are so few hotels that are up to European standards. Besides that hotel charges in our country do not correspond to the offered level of services, thus customers simply don't get expected value for their money.

The biggest obstacle which restrains Ukrainian hospitality industry from development and growth is however unqualified hotel staff that is far from being customer oriented, lacks professional attitude such as self-discipline, attention to detail, time management skills or problem-solving abilities. Moreover, very often hotel personnel cannot boast fluency in any European language. This leads to language barriers and creates an atmosphere of misunderstanding and confusion that is definitely not an asset to hotel status and general image.

Under such circumstances hospitality management is a difficult and challenging task as managers have to oversee and coordinate all activities of the property in order to increase business' income and attract more customers. Here are some recommendations for Ukrainian hotel managers that might help them improve their hotel's efficiency and support hospitality industry growth in our country.

First is to know your staff and their skills. It is important as a part of effective management to recognize that staff members have strengths and weaknesses. However, the strategy doesn't assume that the most appropriate tasks should be constantly delegated to those best suited for them. It's best to know which of the hotel staff is more suited for a particular role as well as make sure that all of staff members are adaptable and trained in every necessary area. For example, if bar staff are more comfortable in the restaurant, they should be moved there – but not if you can't find trained cover on the bar. This constitutes good management.

Another important thing is to understand that the role of management is not to delegate responsibility; it is to accept it. If someone below you is having difficulty doing his or her job for any reason, choose to help them out, even if it may not be your specific area of responsibility. This makes your subordinates' job easier, and will encourage them to help you out with your job in future. Responsibility and accountability throughout the management hierarchy is important.

Third is being flexible in planning. It is significant to be ready for any situation when on the job. For example, if there isn't enough hotel staff, it is the responsibility of a manager to pitch in and fill in the gap to make sure that everything runs smoothly rather than resulting in unsatisfied customers.

Finally, it is of paramount importance to make hotel staff working conditions as enjoyable as possible. The hotel industry is not an easy place to work. Being at the beck and call of guests or managers fosters discontent and resentment among staff. A good idea in this situation is to introduce rewards for upselling, encourage a sociable approach among staff, organize staff parties – anything to prevent staff from dreading

the thought of coming to work will be greatly appreciated, and managers will reap the rewards when their management job is made easier.

Of course, it can be tough to bear all these instructions in mind. However happy staff results in happy guests. Thus these are some possible steps to make hotel staff responding to managers' as well as guests' needs more quickly and easily. Moreover, they can be the methods to improve Ukrainian service standards, develop a guest-oriented strategy in our hotels and to make each and every tourist's stay a pleasant one.

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## **THE CATEGORY OF VALUE AND ITS EVOLUTION**

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Modern society has entered a new period of its development both in local and global scale. The extent of its development is defined by new opportunities and conditions to realize them. Globalization tendencies in economical, political, socio-cultural, information and communication spheres have caused the appearance of the world common space. Qualitative changes can be observed in the local space as well, for instance in the countries of CIS : formation of independent states, globalization processes on regional and local levels, liberalization of relations in various spheres of society, its openness to foreign experience implementation and changes in spiritual sphere, transition to the market relations. Market formation in Ukraine is being performed with difficulties.

The aim of the investigation is to study the category of value and its evolution.

The tasks are the following: to research value interpretation on the basis of objective sources, to analyze the approaches to the subjective sources of value, to define the peculiarities of value formation in Ukrainian economy.

Such scientific methods as analysis and synthesis, systematic-structural, and logical composed the methodological basis of the research.

Various scientists define the category of “value” as:

- inputs to the product of human labour;
- border usefulness of benefits.

The problem of value arises at the first attempts to clear up the basic economic relations, legitimacy of exchange, ratio of equivalence.

Value is one of the most fundamental categories of economic theory and the outcoming point of principle differences in the concepts of various economic schools and the subject of acute discussions. D. Richardo stated: “Nothing produced so many mistakes and disagreements in this science as vagueness of notions connected with the word “value”” [3, 192].

In economic theory the essence of the categories of “price” and “value” depends on the development of commodity production in the society. The first and the simplest definition “price is the monetary expression of value” reflected the period of commodity production development when simple commodity production existed and prices fluctuated around commodity value [3].

At the dawn of commodity relations development the exchange of goods was performed according to their value taking into account the average norms of revenue:

$$P=V+R_a \text{ (P – price; V – value of goods; } R_a \text{ – the average revenue)}$$

But scientists stated that there was pricing under which the price was defined as the ratio of demand and supply (e.g. works of art).

According to D. Richardo, price is the correlation of labour, usefulness and scarcity. A. Marshal defines “price” as the result of interaction between production costs (personificators of which are salesmen), usefulness (embodiment of which are consumers), and the “clash” of demand and supply interests [3, 194].

The representatives of neoclassical theory of 50-60<sup>ies</sup> of the XX<sup>th</sup> century came to the conclusion that due to international trade in the world economy the quantity of goods increased while the provision of production resources of goods didn't change. Market enlargement, in its turn, causes economy of sale, that is decreasing of costs per unit of production. I. Burakovsky considered the basic elements of international trade theory. He states that the prices of imported goods depend on the demand curve of imported goods and the supply curve of exported goods. The amount of import in this case is demand minus national production. The amount of export equals national production minus internal consumption. The author states that import tariffs, export taxes, subsidies and some instruments of non-tariff character influence the prices under conditions of international trade [1].

The theory of international movement of capital was being developed during the last decade. The followers of this theory consider international movement of capital to be dominant in the world economic progress. At the same time when capital concentration exceeds the bounds of national economy, international monopolistic companies and transnational corporations are set up. Large monopolies sell their goods at monopoly prices which are either considerably higher or lower than the

goods value. The sense of goods price is the reflection of the company's common market strategy. Prices are set according to the objective: to capture the market segment, to enlarge sales volume, to reach a planned profit volume (in a short or a long-term perspective), to force the competitor out of the market, to defend one's own positions, etc. Actually, prices become the focus of all economic relations in the society, that is why the price determines all commodity – money relations [2, 20].

Economists state that prices are formed depending on labour productivity, customs and tariff state policy, currency policy, technology development level. Besides, price is influenced by the costs of production and average profit on advanced capital, demand and supply, the size of wholesale and trade markup, delivery terms, payments, taxes, market situation, seasonal demand and other factors. All these factors influence the price not separately but as a complex dialectical unity: some of them determine the necessity of price increase while the others – the decrease of prices. So prices are divided (according to the conditions, which influence the formation of price) into internal and external trade prices, world, export and import, market, monopolistic, oligopolistic, fixed state, regulated and nonregulated prices, retail and wholesale changing, stable, floating, productive, demand and supply prices, contract, stock exchange quotation, etc.[4, 40].

Some legislators consider the categories of “price” and “value” as equivalent, for example: treatment value, contract price, external price, invoice price, operation value. These word-combinations have one and the same definition. Non-discrimination of the notions “price” and “value” causes ambiguity in using these categories in normative and legislative acts of Ukraine [4, 41].

Price as economic category serves all stages of social representation of goods or services in the spheres of production, distribution, exchange and consumption and is being formed under the influence of demand and supply. Price is used to realize financial relations, to stimulate social and scientific-technical progress, to create the structure of consumption and commodity turnover. Under the market pricing conditions the following factors directly influence the formation of prices:

- demand which represents the interests and satisfies the needs of consumers;
- supply of goods and services which represents the sellers' interests.

The factors which determine supply are: the number of sellers, the value of resources, organization of production process, forecast of economy development. In other words price formation supposes coordinating the interests of consumers utility taking into account the usefulness of goods and services as well as producers considering the costs of production and sale of the finished products and also the social protection of the population [2, 21].

The state regulation influence on pricing can be direct and indirect. Actually, state price control must be directed towards fixing and keeping prices at such a level, that would guarantee production profitability, price parity in various fields of national economy, wages feasibility inadmissibility of inflation and stability of other economic parameters in the country. State price regulation must be permanent taking into account price dynamics and correlation, analysis of all pricing factors such as

availability of raw materials at reasonable prices, national peculiarities, climate conditions, political situation in the country, the country's position in the world division of labour [2].

Thus, "value" can be defined as an economic category, which represents socially necessary labour materialized in goods and services and economic relations between economic entities, which are connected by social division of labour and exchange of a goods and services.

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## **BUSINESS SUCCESS IN TERMS OF MANAGERIAL DECISION-MAKING**

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Successful business managers understand that the effectiveness of managerial decision-making often determines the success or failure of an enterprise. While there are plenty of tools available to help business managers make decisions, the best decisions are those that contribute to the overall and continued success of the organization. They are more likely based on a manager's instinct about the possible outcome of choosing one course of action or another. Business decision-making tools, ranging from strategic planning to sophisticated business forecasting algorithms, however, are not substitutes for wisdom based on experience, usually referred to as common sense [2, 83].

Where a manager's instinct, or business sense, comes from and how it works has been studied and debated for years, with many different decision-making theories

and models put forth. Ultimately, effective decision-making is an innate skill, acquired through years of experience [3, 19].

The objective of this work is to analyze the decision-making model that enables managers to run their business effectively.

The remarkable thing about this decision-making model is that it encompasses the four major components of making a sound business decision. To begin with, it details the reason for having to make a decision by examining the current business environment and problems facing the business. As stated above, this model involves four steps:

1. Business managers must define the problem or conflict facing them. Managers must be able to define the problem accurately before a solution can be arrived at. This is accomplished by asking different questions about the current situation. Once the problems are defined, the decision-making process moves on to analyzing the theoretical reasons for the problem to exist.

2. The problem and symptoms of the problem are categorized and then analyzed for possible causes. This is a crucial step for management, as opinions and assumptions are often based on ignorance, and only a correct analysis will yield the optimum solution. False assumptions and biased opinions are often the reason for the downfall and demise of even the most powerful and successful businesses. Therefore, every assumption and opinion has to be carefully scrutinized and argued before it is allowed to move on to the next step.

3. This step continues the theoretical analysis process, but from the standpoint of determining what might be done to remedy the situation. Keeping in mind that the discussion is based on theoretical approaches to decision-making, the most practical and realistic options will become apparent, even if it is the most unpalatable to management.

4. The following step returns to reality, as management thinking turns to creating a plan of action targeting resolution of the problem defined at the initial stage. In order to be successful, the plan of action is carefully detailed and documented, responsibility is assigned and accepted, targets and measurable results are determined, and reporting and data requirements are mapped out. With the completion of this step, the goal is set, the decision is made and management is mobilized to act.

We consider this final element of the decision-making model to be a reward for success, but it is no doubt that it should be added. While solving a problem through successful decision-making is sometimes reward in itself, there's nothing better than receiving some form of reward, be it a bonus, a promotion, a gift, personal recognition, or whatever fits into the culture of the organization [1, 975].

To sum up, business decision making can be a boring and demanding process, but the choice of making any old decision or a bad decision is not an option for any organization struggling to survive in today's competitive and economically troubled times. The time and effort it takes to make a good business decision may well determine if the business survives or fails.



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### **ANALYSIS OF CHANGES IN OIL PRICES: CULPRITS, FACTORS, FORECASTS**

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The article is devoted to the discussion on the fundamental reasons for current high oil prices and price forecasts for the next 10 years. It is well known that oil prices are directly related to the dynamics of the global economy. But at present, global economic growth is complicated by both the ongoing crisis in Europe, the USA and economic growth deceleration in China. The price of Brent crude oil is firmly entrenched at the level above \$ 100 per barrel. A significant decline in prices would have a positive impact on the economic situation, but there is no reduction.

Oil prices rose sharply between January 2012 and April 2012, at times reaching more than \$109 per barrel of crude oil. Although this is still below the \$140 per barrel price reached in 2008. The rising cost of energy was one factor that helped to dampen the rate of growth in the economy during the second half of 2011 and the first half of 2012. As the price of oil rose, the volume of oil imports, or the amount of oil imported, decreased slightly from the comparable period in 2011.

In general, market demand for oil remains highly resistant to changes in oil prices and reflects the unique nature of the demand for energy-related imports. In addition, sustained demand for crude oil in the face of higher prices reflected an increase in economic activity that occurred following the worst part of the economic recession in 2009. Although prices for imported crude oil fluctuated somewhat throughout 2011, they averaged 30% higher than in 2010 and added about \$100 billion to the total U.S. trade deficit in 2011.

It is important to note that oil prices in the world market are mainly dependent on political and geological factors. Turmoil in the Middle East was an important factor that caused oil prices to rise sharply in early 2011 and in 2012, for example oil

prices around the world increased to \$120-127 per barrel during the Libyan conflict. This political factor disappeared after the end of the Libyan civil war and oil prices fell to \$ 100-110 per barrel. Another historic examples of the impact of political factors on oil prices were 1979-1980 events in Iran and Iraq which led to crude oil price increases. The Iranian revolution was the proximate cause of the highest price in post-WWII history.

Geological factors determine the existence of oil reserves. The geological view expects that physical constraints will dominate the future evolution of oil output and prices. It is supported by the fact that world oil production has stayed at a steady level since 2005 despite historically high prices, and that spare capacity has been near historic lows.

Moreover, an important factor that often affects crude oil prices is the impact Atlantic hurricanes have on the production of crude oil in the Gulf of Mexico and, in 2012, the drought in the mid-Western United States reduced the production of corn and, therefore, the availability of ethanol, which put upward pressure on gasoline prices.

Oil futures markets in February 2013 indicated that oil traders expected prices to trend downward from the average per barrel price of \$95 recorded in December 2012 to around \$90 per barrel by the fall of 2013. (Fig.1.)

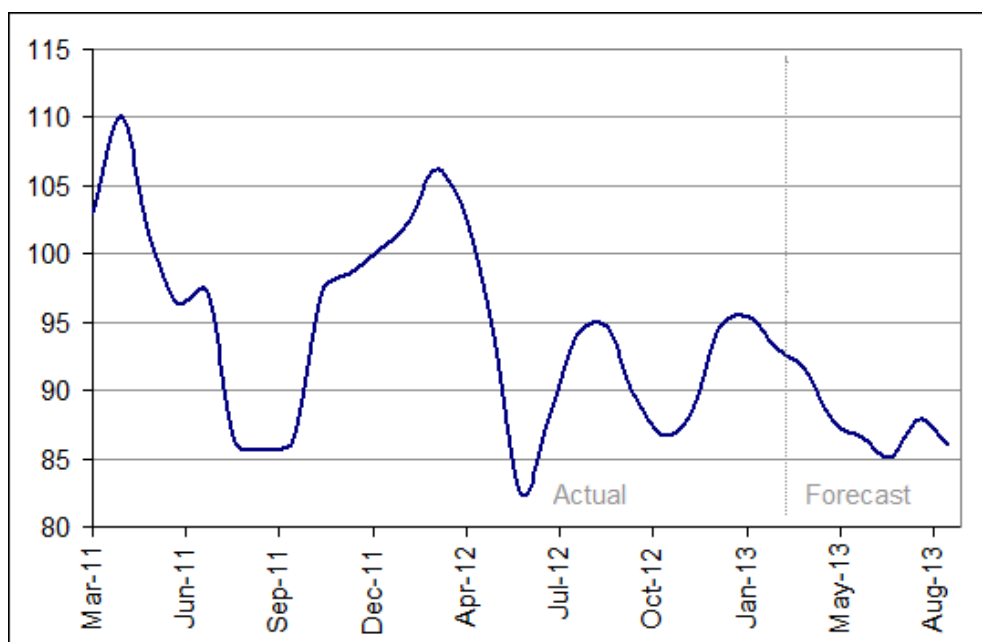


Fig.1. Crude Oil Prices. Past Trend / Present Value & Future Projection. US Dollars per barrel.

Having studied the changes in oil prices covering the period between 2008 through 2012, we came to the conclusion that these changes depend on many reasons including economic, political and geological factors. As a rule, oil prices are fluctuating, unstable. Special attention should be given to current projections made by analysts for the decade from 2012 through 2021 which show that global GDP growth

will be about 4% per year, while the price of oil will have reached \$ 180 per barrel by 2021.

## **THE ECONOMIC PROBLEMS OF RUSSIA'S RELATIONS WITH THE CIS COUNTRIES**

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The contemporary perspective of the dynamic development of economic relations between Russia and the CIS countries is of particular importance. These relations determine to a large extent its geostrategic position in the post and Eurasia, as well as in a globalized world as a whole.

The purpose of this work is to examine the economic problems of interactions between Russia and the CIS countries. In accordance with the purpose we tried to consider the following:

1) to identify the major problems of economic and trade relations between Russia and the CIS countries.

2) to find the possible ways of improving economic relations between Russia and the CIS countries.

The plans in terms of economic relations between Russia and the CIS countries which were associated with the new integrated entity were not fully realized. This affected other areas of multilateral and bilateral cooperation. The basic conditions of the Agreement on the Economic Union of the Commonwealth that provides a common economic space, guarantees equal business opportunities for participating countries, allows free movement of goods and services, capital and labor were not fulfilled. Instead of the common market, open borders and a common customs space to free trade there appeared barriers. There is no Paying union, full, free, and mutual convertibility of national currencies. In the long run the desire to preserve the former economy proved illusory.

Even today the relations with the countries - members of the Commonwealth of Independent States bring many problems to Russia, e.g. the problem of economic integration of the CIS.

When the Soviet Union collapsed, the preservation of centuries-old economic relations between the newly independent states was a task of paramount importance for the majority of their heads (except the leaders of the Baltic States), although the reasons for this varied. For some countries, including Russia, it was important to maintain traditional markets of uncompetitive finished products - for others to keep the current system of the distribution of sensible and latent donation to less developed Soviet republics as much as possible. In the CIS there are more preconditions for

integration than in the EU. However two important facts were not taken into consideration.

Firstly, the transition from a command economy to a market distribution moves the national economies of the CIS into a different coordinate system, where there are essentially new rules. Secondly, not all countries can actually integrate. Even more important, in terms of integration, is the percentage of the volume of trade (exports) of the partner countries to the aggregate of their GDP. This indicator shows the degree of economic openness of countries in relation to each other. Calculations show that such relations decrease faster than the share of mutual trade of the Commonwealth.

There are also the problems of trade and economic cooperation, strengthening and development of inter-regional relations. Economic and socio-political system of Russia for the Ukrainian elite is far less attractive than the social fabric of the European Union. Ukrainian ruling class and a large part of ordinary Ukrainians, of course, involves a level of well-being and personal freedom that exists in the western countries. Russia is treated as an authoritarian country, constantly putting pressure on Ukraine by "gas pipe."

At the same time, there is almost no positive description of the Ukraine in the Russian media. The focus of the domestic system is mainly on the negative aspects of Ukrainian life, political events in Ukraine are usually annotated with undisguised irony.

However, the statements of some Russian politicians and experts, which questioned the sovereignty of Ukraine, the territorial claims are extremely sensitive to the Ukrainian elite. They convince the Ukrainian political class that Moscow does not get rid of imperial ambitions, and Ukraine should seek help and protection from the West.

A new model of integration should take into account the crucial role of business organizations in the development of economic relations within the CIS. In this economic policy, institutional and legal aspects of cooperation have changed considerably. They are intended to create the conditions necessary for successful interaction of businesses.

It is advisable to determine the priority of integration tasks providing progress toward the establishment of the common market, and especially the creation of favorable conditions for the development of economic relations within the CIS. This is a program of agreed measures, taking into account the processes occurring in the economies of the CIS countries, with their simultaneous integration in the world economy, as well as between each other in the sub-regional alliances. The implementation of such measures will depend on the degree of coordination of partners' interests. Free movement of goods and services will help to accelerate the implementation of the agreement on the establishment of a free trade zone.

It is necessary to eliminate technical barriers and other restrictions that prevent the development of mutual trade relations, an agreement on the basic of coordination principles in foreign policy and protection of the internal market. For the creation of

conditions for the priority and interest in trade relations it is necessary to set the order of indirect taxes, including the phased reduction and abolition of VAT and excise duties on exports of goods and services within the Commonwealth, to ensure complete abolition of customs duties, taxes and charges having equivalent effect and quantitative restrictions in mutual trade.

To form a common market space it is important to negotiate related aspects of reform and restructuring of the economy. Such work could be conducted by the economic agencies of the CIS countries, with the assistance of the Interstate Economic Committee of the Economic Union.

To sum up we can say that the interaction of sovereign states in the CIS undergoes a series of metamorphoses. This is due to the global contradiction consisting in the fact that sovereignty means separation, but surviving - integration. It is these opposites determined the course of the negotiations at the highest level of the CIS. Now there are no illusions about the possibility of unanimous agreement on any matter of economics, politics, defense, humanitarian sphere. As a result, more and more sovereign countries are left alone with their problems. They try to overcome the insoluble contradictions of the "separation – integration by themselves.

## **TO THE PROBLEM OF FINANCIAL LEGAL RELATIONS**

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One of the most important spheres of the state economic activity is the area of legal relations defined within the budget. This fact is conditioned by the important role of the state, regional and local budgets in the process of solving economic and social problems of the country. It is really important as Russia is a federative state. So, some experts mention that the state authority depends on effective functioning of the budgetary system.

Nowadays there is no such a topical problem in the sphere of the state economic activity as legal regulation of relations in the creation, distribution, redistribution, use and control of the budget funds. The relations arising in the process of formation, distribution and use of budgets are extremely diverse and complex. They appear during the process of the budget system formation, distribution of income and expenditure between several types of the state budgets and local budgets, in the process of consolidation rights of the budget system subjects, preparation, review, approval and implementation of budgets, making and approval of the budget execution reports. These relations are regulated by the rules of financial law which form both budget law and budget legal relations.

Budgetary legal relations come into existence during the process of revenues generation and expenditures realization at all levels of the Russian Federation financial system and the state non-budget funds; the implementation of the state and municipal borrowings, regulation of the state and municipal debts, review of all levels budget drafts and the budget implementation control.

To sum up, it is a peculiarity of budget legal relations that they are closely connected with formation, distribution and use of the state and municipal monetary funds of a local territory. It should be noted that the rights and obligations of budget law subjects are stipulated by formation and use of budget as a fundamental financial plan of the country. The subjects of budget legal relations are bearers of budgetary rights and duties and, in the narrow sense of the word, they are subjects of budget law entering into financial legal relations. So, the Russian Federation and its constituent territories, bodies of state power and local authorities are some examples of budget legal relations.

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## **INFLATION IN RUSSIA**

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The problem of inflation takes an important place in economics because of its performance and socio-economic impacts that play a major role in assessing the economic security of the country and the world economy. For Russia, along with the general laws, the major cause of inflation in recent years can be considered as a unique disparity in the economy that has arisen as a consequence of the administrative-command system. Soviet economy was characterized by a long-term development in the mode of war-time though the share of the military spending in GDP, a high degree of the production monopolization of, distribution, and the

monetary system, a low proportion of wages in the national income, and other features.

Prices in Russia during the last decade increased. The overall level of state and cooperative trade from 1928 to 1940 increased in several times. By 1947, the time of the prices and wages reform, the system came to a three-fold rise in the prices of the pre-war time. Transfer from the repressed inflation to the open form by freeing prices resulted in a hundred time rise of prices for goods and services. The problem of inflation was a key problem of Russia's economic development in 90th. And the matter is not only in inflation itself. The matter of the fact is that outstripping in relation to the growth of the incomes the rise in prices was, maybe, the main reason of the industrial recession in 1992-1996. The inflation was caused by the excessive demand being a consequence of the superfluous money supply in economy, through the excessive nominal incomes and the state budget deficit.

The overall consumer price index in December 1992 to December 1991 according to State Statistics Committee of Russia amounted to 2600% and the index of income over the same period- 1200%. The inflation rate at 27%, in January 1993 - more than 50%, which is the country's economy that entered a state of hyperinflation. During the same time, the supply of goods and services in real terms declined by more than a half. Russia's gross domestic product declined in 1992 - 19% in 1993 - up to 12% in 1994 - 15%.

Even higher rates had falling investment: in 1992 - 40% in 1993 - up to 12% in 1994 - 26%. The fall of the physical volume of commercial product sales was substantially offset by higher prices for these products and services, that is a monetary factor, which is reflected in the growth of GDP and industrial output in current prices. One of the major sources that support high rates of money growth is financing the budget deficit by money emission.

The basic reason of the inflation is a structural disproportion of the former Soviet economy. The transformation of the Russian economy and opportunities of economic growth. It is necessary to add, that in the certain measure the inflation was imported. That means a high degree of so called dollarization of the economy that took place in the first years of reforms in Russia. Till 1996 3 American dollar, was being a legal payment means, superseded ruble from currency and thus stimulated the ruble inflation. According to the experts' estimations the volume of cash dollars in Russia in 1995 exceeded ruble cash, as for non-cash dollars and rubles there was of an approximately identical amount of them.

It can be concluded that, overall, the cumulative effect of inflation causes was offset by the factors related primarily to the fact that during the period the general anti-inflationary mechanism was developed.

## **FINANCIAL ARCHITECTURE: URGENT REPAIR**

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The process of shaping its new architecture is extremely complicated and contradictory. The G20 mainly discusses projects in terms of the global assessment of risks and the monitoring of financial institutions, but it has postponed the revision of approaches to quotas of IMF countries until 2011. The current recession is facing resistance from national regulators and some direct coordination by governments. The latter includes a higher level of the protection of deposits, soft nationalization in the banking sector and prevention of protectionist wars. In finance, we see lines of reform in the United States and the European Union, as well as some original moves made by the BRIC states (Brazil, Russia, India and China).

The financial globalization and gradual removal of regulatory requirements facilitated the concentration of the financial sector on a global scale. The number of financial institutions, regarded as too large to go bankrupt, became too big even for such major economies as the United States. In some small states (Ireland, Iceland, etc.), the financial institutions that were relatively small by world standards appeared to be disproportionately large compared with the sizes of their national economies. The advantages from the enlargement of such loan institutions have proven to be quite illusory, because running such large bodies and full-fledge risk management become more complicated. Also, large financial institutions have a considerable political influence and can change the rules of the game in their favor – that proved to be right not only in developing markets, but also in the markets of developed economies.

It is necessary to change the criteria for regulating banking as, globalization has erased the boundaries between various types of banking operations. In addition to the traditional functions of financial mediators, banks act increasingly often as operators at the stock and currency markets both in their own interests and according to their clients' instructions. Still, there is no system of international regulation of the financial sector harmonized among the key players, in the least.

In our opinion, the decrease in the U.S. role as a financial center will be the inevitable consequence of the crisis of the international financial system.

The U.S. financial system did a “great Swiss service” to the rest of the world, giving it the opportunity to keep savings in risk-free assets. Thereby, the country attracted rather cheap resources for its development under quite sensible principles of reliability. This had a positive influence on the stability of the global system, as it ensured the transfer of risks in time and space

Following the crisis, there have appeared two plans to overhaul the world financial architecture instead of one: American and European



The purpose of the American plan is to make regulation more sophisticated and precise, that is, to complicate it. In our view, it is necessary to give more authority to the regulators (they have all the required instruments, but they do not use them) and simplify regulation. The more complex the regulating system is, the more ways there are to circumvent it. The initiatives of the European Union have been indeterminate so far, they are behindhand with American proposal and are eclectic due to the tremendous – and currently insurmountable – contradictions within the European Union. There is a visible bid to limit the freedom of action and tax havens in offshores. The key issues for the EU, related to the regulation of banks operating in several countries, have not been resolved either.

The main problem of the financial sector of the European Union is that the institutions are regulated at the national level, while the greater part of operations is done on the pan-European market. Some small states (Belgium, Ireland and even Switzerland) do not have enough financial resources to bail out their large banks.

In general, the shaping of common strategies of developing nations remains the monopoly of international financial institutions. The instruments of influence are the measures to support fiscal budgets and current accounts, as well as assistance to large projects, including the development of power generation, infrastructure, and the financial sector. The developed states can use the International Monetary Fund and a system of development banks to influence the policy of many countries (including countries of Eastern Europe and Asia), and this influence is disproportionate to their expenditures.

It is necessary to seek possible answers to both threats: on the one hand, the loss of funding for long-term projects in Asia, Europe and Latin America, and, on the other, the recurrence of dependence international financial institutions controlled by the G7. Further development will be influenced by the countries and forces which will be able to offer clear strategies, effective projects and long-term low-interest funding of such projects.

The global financial system does not correspond to the new structure of the world economy, in which the role of the largest developing countries (BRIC plus hydrocarbon exporters) has increased both in terms of the size of their economies and their accumulated gold and forex reserves. As a result, reinvestment of national savings by many countries, including Russia, turned out to be mediated by external financial centers, that proved to be a serious threat to the development in the conditions of instability.

Russia's role in the world financial architecture is unlikely to be as significant as many would wish it has to be, but with sensible alliances and compromises, it may become quite sufficient for protecting its national interests. The current situation should be used to modernize Russia's own financial system, increase its resistance to external shocks, and, most importantly, its ability to convert internal savings into domestic investments in development, without the risky dependence on external financial markets and institutions.

## **ECONOMIC SITUATION IN RUSSIA**

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Slowly but surely the Russian economy slips in recession. It is predicted that the gross domestic product will grow by only 2,3-2,5% that becomes the worst indicator since crisis 2009. Real inflation will jump up to 10-12%, and the Russian currency has every chance to depreciate to 34,5-35 rubles for dollar.

To existing troubles of domestic industry - arbitrariness of monopolies, corruption requisitions and lack of money for development, reduction of state expenses for national economy will be added. Therefore as independent experts predict, in 2013 even at average annual prices of oil in the range of 110-115 \$ for barrel, growth rates of economy will contract. All this will extremely negatively affect the income of the population and will promote expansion of property abyss, and also social tension in the country.

Further falling of growth rates of domestic economy will be promoted at once by some risks: advancing growth rates of import in comparison with a gain of export of goods from Russia that will strengthen outflow of foreign currency within the foreign trade balance and to weaken ruble. The second risk is closely connected: the situation with pure outflow of capital abroad though its scales will be reduced a little - from 60-63 billion \$ in the 2012th, to 45-50 billion \$ in 2013 will remain. Nevertheless, it will also promote to weakening of ruble. Net investment losses of the Russian economy will increase from present 50 billion \$ to 55-57 billion \$ against rise in price of credit resources in foreign currency, need of external debts refinancing and expansions of dividend payments to foreign shareholders. By the way, the majority of them are the Russian citizens with an offshore registration. It will also put pressure upon the rate of Russian ruble. Further expansion of deficiency in foreign trade— with present 35,9 to 45-47 billion \$ following the results of 2013. Alongside with growth of the negative balance of compensation (the difference between salaries of Russian citizens, working abroad, and the salaries sent by foreign workers from Russia) which will grow from 9,5 to 11-12 billion \$, it will considerably raise the indicator of currency export from the Russian economy, 70 % of which is made by sale of irreplaceable oil and gas resources. In year coming Russia will expect weakening of domestic currency to 35 rubles for dollar. The Central Bank which almost completely reduced the issue of national currency to inflow of foreign currency in the form of petrodollars, the foreign credits and the speculative capital to Russia is very interested in ruble devaluation. Apparently, in a present situation it will be ready to sacrifice its main goal stated in the law "About the Central Bank of the Russian Federation" - ensuring stability of national currency. The reason is that at the moment the prices for oil (Brent) in the ruble equivalent make about 3,3 thousand

rubles for barrel. That is insufficient level for maintaining necessary volume of the monetary offer in the country. The Bank of Russia on a daily basis supports injection in a financial system of about 3 trillion rubles. With present prices for oil, it will be interested in weakening of ruble in relation to dollar to 35-35,5 rubles.

The Central Bank of Russia plays against Russian ruble? And not only it. The Ministry of Finance of the Russian Federation which is obliged to find the additional income in the budget for execution of election pledges of the president is also interested in ruble depreciation. Officials want to make it without radical improvement of the budgetary system. Not willing to increase the quality of the budgetary system, reducing scales of theft and inappropriate use of the budgetary resources, increasing collection of taxes from today's 70% to the all-European 85%, not willing to raise tax load of raw branches, speculative, trade and intermediary operations, the Ministry of Finance has no other opportunities of the budget replenishment, except ruble depreciation. Therefore more rubles from an exchange of petrodollars will arrive in treasury.

Radical change of pursued social and economic policy and transition to the independent national focused strategy of development is necessary. Decrease in the rate of refinancing of the Central Bank of the Russian Federation can constrain development of negative processes in economy. Attraction of investments into the country. Rise in prices for export of production to other countries. All these actions will help to stabilize a situation in the country.

It is possible to make the following conclusions:

1 . Issuers of world currencies (FRS of the USA, Bank of England, TsBE) aggravate the economic component of global system crisis. Return to "the gold standard" will not solve the problem; it will provide conditions for even worse impoverishment of the population, and deeper social stratification.

2 . The top management of Russia tries to create conditions for sustainable economic development in the country for decades forward. Speed and success of accepted efforts will depend on integrity of measures in interrelation and as any private problem can't be solved, without changing the way of the country development.

## **LES RESEAUX COMMERCIAUX EN UKRAINE**

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Les réseaux de commerce qui fonctionnent dans le commerce de détail sont des structures avec des procédés d'affaires plus au moins ajustés et standardisés, avec leur management, leur climat de corporatisme établi, c'est pourquoi la qualité de service est plus haute dans leurs magasins. Ces réseaux ont la possibilité de lancer des

systèmes d'informatique modernes qui impliquent la prise des décisions fondées de gestion avec les moindres risques commerciaux possibles. Ils sont à même de former un réseau de commerce de détail et un réseau de stockage qui fonctionnent effectivement et qui permettent de diminuer l'échelonnement du mouvement des marchandises, ce qui diminue la quantité d'intermédiaires accapareurs et le secteur souterrain en général [1, 106]. Leur activité est plus transparente et plus acquittable. Grâce à ces avantages, les réseaux commerciaux se développent vite en Ukraine.

Les conditions propices à la mise en place des réseaux commerciaux se sont formées en Ukraine. Elles sont dues à la formation des nouveaux rapports de marché qui sont fondés sur la différenciation de la demande de consommation et de l'accroissement des exigences des consommateurs à l'égard de l'assortiment de produits et de services. Chaque réseau commercial doit réaliser un monitoring constant des consommateurs potentiels et former une stratégie flexible adaptée au consommateur.

Pendant les années 2006-2012 on a vu accroître le chiffre d'affaires dans la région de Tchernihivsi, comme, d'ailleurs, en Ukraine. Le poids économique des produits alimentaires a augmenté au cours de ces dernières 3 années [3, 478].

Le réseau «Nach Kraï» se classe deuxième parmi les leaders de supermarchés dans la région de Tchernihivsi. C'est un des réseaux les plus dynamiques du commerce de détail en Ukraine.

«Nach Kraï» c'est le réseau de supermarchés d'un nouveau type qui prévoient la promotion des marchandises aux prix les plus bas. Cela a été atteint grâce aux plusieurs facteurs. Tout d'abord, les supermarchés «Nach Kraï» ont affaire immédiatement aux producteurs, sans aucuns intermédiaires, ce qui influence le prix final de la marchandise. Deuxièmement, un trait important est que les produits de marques locales peu connues qui sont absents dans les autres réseaux commerciaux mais dont la qualité ne cède pas à celle des marques connues, y sont représentés. Troisièmement, tous les processus d'affaires sont optimisés d'une façon maximale, grâce à quoi les pertes sont minimales à chaque étape. Tout cela donne aux acheteurs la possibilité d'acquérir les marchandises «de première main» sans payer trop cher. En outre, les produits sont toujours frais et de haute qualité dans le réseau «Nach Kraï», ce qui garantit une circulation de marchandises plus rapide et les prix plus bas.

L'utilisation de l'équipement de base dans les magasins est liée à la surface, à la planification des locaux, à la particularité des produits, au système de livraison, à la forme de vente. Dans les salles de vente on utilise l'équipement accroché aux murs, les comptoirs, les devantures. Dans les locaux auxiliaires on utilise des casiers pour garder les marchandises emballées (en sacs, en caisses), des étagères pour garder les marchandises en vrac. Tout l'équipement de base qu'on utilise répond aux exigences économiques, ergonomiques, esthétiques, techniques, sanitaires [1, 109].

La stabilité financière du fonctionnement des entreprises est assurée grâce aux risques d'entrepreneur et de finances qui se basent sur le rapport rationnel de l'utilisation des ressources propres et de la profitabilité des entreprises.

Les fournisseurs du réseau de supermarchés «Nach Kraï» se divisent en:

- fournisseurs d'équipement et de service,
- fournisseurs de produits alimentaires,
- fournisseurs de produits non alimentaires.

L'influence la plus positive sur l'activité du réseau de supermarchés «Nach Kraï» est réalisée par les facteurs suivants de fournisseurs:

- importance des produits qui sont livrés à l'entreprise;
- quantité et concentration des fournisseurs dans la région de Tchernivtsi;
- valeur de dépenses du fournisseur quand l'acheteur change;
- degré de spécialisation du client qui acquiert les marchandises.

L'entreprise «Nach Kraï» travaille sur le marché de biens et de services qui est le plus important de nos jours. Une grande rentabilité le fait très attrayant.

Le réseau de supermarchés «Nach Kraï» accorde une place importante aux partenaires. Une des priorités du travail du réseau de supermarchés «Nach Kraï» est la production de biens sous sa propre marque.

On peut dire que grâce au travail bien agencé du grand groupe les consommateurs reçoivent chaque jour des produits frais de haute qualité.

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## **TRANSNATIONAL CORPORATIONS IN THE WORLD ECONOMY**

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The dynamics of the business environment fostered by the drastic political changes in many countries and the economic liberalization across the world has enormously expanded the opportunities for the multinational corporations, also known by such names as international corporation, transnational corporation, global corporation (firm, company or enterprise) etc.

International production by transnational corporations (TNCs), now numbering some 63,000 parent firms with around 800,000 foreign affiliates of interfirm arrangements, spans virtually all countries and economic activities, rendering it a formidable force in today's world economy.

The world's top 100 (non-financial) TNCs based almost exclusively in developed countries are the principal drivers of international production. The \$2 trillion in assets of their foreign affiliates accounted for about one eighth of the total assets of all foreign affiliates worldwide in 1998. The foreign affiliates of the top 100 TNCs employ over 6 million persons, and their foreign sales are of the order of \$2 trillion. They are concentrated mainly in electronics and electrical equipment, automobiles, petroleum, chemicals and pharmaceuticals [1].

Thus, transnational corporations (TNCs) are incorporated or unincorporated enterprises comprising parent enterprises and their foreign affiliates. A parent enterprise is defined as an enterprise that controls assets of other entities in countries other than its home country, usually by owning a certain equity capital stake. An equity capital stake of 10 per cent or more of the ordinary shares or voting power for an incorporated enterprise, or its equivalent for an unincorporated enterprise, is normally considered as a threshold for the control of assets (in some countries, an equity stake other than that of 10 per cent is still used. In the United Kingdom, for example, a stake of 20 per cent or more was a threshold until 1997).

A foreign affiliate is an incorporated or unincorporated enterprise in which an investor, who is resident in another economy, owns a stake that permits a lasting interest in the management of that enterprise (an equity stake of 10 per cent for an incorporated enterprise or its equivalent for an unincorporated enterprise) [2].

Transnational corporations are those corporations which operate in more than one country or nation at a time – have become some of the most powerful economic and political entities in the world today. The United Nations has justly described these corporations as “the productive core of the globalizing world economy.” Their 250,000 foreign affiliates account for most of the world's industrial capacity, technological knowledge, international financial transactions, and ultimately the power of control. In terms of energy, they mine, refine and distribute most of the world's oil, gasoline, diesel and jet fuel, as well as build most of the world's oil, coal, gas, hydroelectric and nuclear power plants. They extract most of the world's minerals from the ground. They manufacture and sell most of the world's automobiles, airplanes, communications satellites, computers, home electronics, chemicals, medicines and biotechnology products. They harvest much of the world's wood and make most of its paper. They grow many of the world's major agricultural crops, while processing and distributing much of its food [3].

Future holds out an enormous scope for the growth of TNCs. The changes in the economic environment in a large number of countries indicate this. For instance, the number of bilateral treaties that promote and/or protect FDI has increased markedly in recent times. A United Nation's report described several developments

that points to a rapidly changing context for-economic growth, along with a growing role for transnational corporations in that process these include:

- increasing emphasis on market forces and a growing role for the private sector in nearly all developing countries;
- rapidly changing technologies that are transforming the nature of organisation and location of international production;
- the globalisation of firms and industries;
- the rise of services to constitute the largest single sector in the world economy;
- regional economic integration, which involve both the world's largest economies as well as selected developing countries [1].

Transnational Corporations exert a great deal of power in the globalized world economy. Many corporations are richer and more powerful than the states that seek to regulate them. Through mergers and acquisitions corporations have been growing very rapidly and some of the largest TNCs now have annual profits exceeding the GDPs of many low and medium income countries. Transnational corporations have the most important trade transactions and sells. They become an important pole of power for economic world.

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## **CIVIL LIABILITY FOR IMPROPER ADVERTISING**

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Promotional activities are very important for successful promotion of goods and services in the market. Development of the market determined the development of a new business - advertising. Since 2006 there is the Federal Law № 38-FL "On Advertising" (The Law "On Advertising").

The purpose of this work is to consider the notion of improper advertising in view of the current Russian legislation and possible civil liability. To achieve the purpose the following objectives were set: to consider the notion of improper

advertising and its types, to define the grounds and procedures for the prosecution of violations in Russian legislation on advertising.

Civil liability for violation of legislation on advertising can be defined as a legal relationship, which is expressed in the form of the adverse effects of the property or non-property on the side of the offender (the debtor), secured by state coercion or conviction of an offense involving his subject.

First of all, it should be noted that civil liability is incurred for the spread of improper advertising. The law "On Advertising" does not directly determine what is meant by the spread of improper advertising. However, based on the concept of advertising, as it is set out in paragraph 1 of Act. 3 of the Act, it can be concluded that the spread of inappropriate advertising will be disseminated in any way, in any form or by any means, addressed to the general public and directed to drawing attention to the object of advertising, formation or maintenance of interest in it and its promotion to the market.

Improper advertising is presented in two versions of the legislation - an unfair and unreliable (Part 2, 3 tbsp. 5 of the Federal Law "On Advertising"). Unfair advertising discredits those who do not use the goods; mislead people regarding the product advertised, contains incorrect comparisons with competitors. Misleading advertising is defined as one in which there are no corresponding reality (including inaccurate, exaggerated) information with respect to certain information in the law.

It should be taken into account that in determining the manner and means of consumer protection in the event of injury as a result of improper advertising, the Law "On Advertising" does not set any special civil consumer protection.

According to Art. 38 of the Law "On Advertising" violation of individuals or companies is prohibited by the civil law.

Those, whose rights and interests are infringed by the spread of improper advertising may apply to the established order in court or arbitration, including claims for damages, lost profits, compensation for harm caused to health of individuals and (or) property, compensation for moral damage, public refutation of false advertising (counter-advertisement).

Thus, to identify possible ways of protecting the rights of consumers affected by false and misleading advertising, the general provisions of civil law on liability for damage, the invalidity of transactions, etc. should be used. Thus, when it comes to citizen-consumers, characteristics defined by the legislation on the protection of consumers, in particular, the possibility of claims for compensation for moral damages in causing damage to property should be considered (Article 15 of the Law on Consumer Protection).

The use of civil remedies depends on the nature of violation and the consequences of misconduct advertiser (commercial producers of advertisements). For example, if a citizen had the wrong idea about the product being purchased as a result of false advertising you can request that the transaction will be void on the basis of Articles 178, 179 of the Civil Code. Article 178 of the Civil Code will be applied in the absence of an intent to mislead, when it was not the result of an



understandable form or mode of advertising media, etc. The absence of significant information which should be provided by law should be regarded as an intentional misrepresentation, i.e. deception. Deceit will be deliberate false information about the object or the subject of advertising, is a manufacturer, retailer or contractor works (services). In this case the article 179 of the Civil Code can be applied.

When deciding about the compensation for damage caused to the consumer by improper advertising, it should be kept in mind that advertising is not always an offer, and is often directed to drawing attention to a particular product. Therefore, if the person who gets the goods, refers to the presence of errors resulting from incomplete advertising information, it should be considered, whether the information is provided in the sale of goods (works, services) with the requirements of Articles 8-11 of the Law on Consumer Protection. If the information was not provided to the consumer in an accessible form at the time of the contract concluding, the immediate cause of violation of consumer rights should not be considered an advertising message and non-compliance with the Law on Consumer Protection for information. Responsibility in this case will be determined by Art. 12 of the Law on Consumer Protection.

If the advertisement is also the offer, i.e. includes a proposal to conclude a contract, it must contain all the information that is provided by the Law on Consumer Protection, and the responsibility for the lack of necessary information or misleading information should be determined according to the article. 12 of the Law on Consumer Protection.

Attention should be paid to the fact that consumer rights can be violated by certain promotional products. These are promotional CDs, brochures, T-shirts, etc. There are no special provisions governing the responsibility of the advertiser or the manufacturer of promotional products, the legislation does not set them. These advertising products are gifts in fact. So this involves a limited liability for the harm caused. According to Art. 580 of the Civil Code the damage to life, health or property of the donee as a result of the donated items deficiencies should be compensated by the donor in accordance with the rules provided by Ch. 59 of the Civil Code, if it is proved that these deficiencies arose before transferring them to the donee, and when the donor, did not warn the donee even though he knew about them. It should be kept in mind that liability under § 3 of Ch. 59 of the Civil Code and the Law on Protection of Consumer Rights can be assigned not only to the person that gave poor-quality item for promotional purposes, but also for its manufacturer.

Thus, the current advertising and other legislation includes a set of rules that protect consumers from false and misleading advertising. However, there are still many problems to be resolved by the legislator. One of the drawbacks is the presence in the Law on Advertising valuation concepts that allow different interpretations, in particular, the concept of essential information about the advertised product, the concept of product placement. To protect the consumers rights legislation does not set particular responsibility for violation of consumers rights as a result of improper advertising, there are no special rules governing the responsibility for distribution of

low-quality promotional products, although it appears that in such a situation, the use of common rules of Art. 580 of the Civil Code of the donor's responsibility is ineffective and hardly justified, given that such a gift is a business entity in connection with such activities.

## **CHANGES IN CURRENCY REGULATION**

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Currency regulation – the activity of the state directed on a regulation of international payments and an order of improvement of transactions with currency values. In the Russian Federation the legislation characterizes currency regulation as set of rules of law which define as an order of improvement of transactions with currency values within the country, and an order of import, transfer and transfer from abroad and abroad national and foreign currency and other currency values. The following substantial and organizational components are provided: protection of currency of the Russian Federation, the property right to currency values, the domestic currency market of the Russian Federation, the account of residents in foreign currency, currency transactions of residents in the Russian Federation, accounts of nonresidents in foreign currency and in currency of the Russian Federation, currency transactions of nonresidents to the Russian Federation, the Central bank Russian Federation as body of currency regulation.

The subject of currency regulation is actual that for the last period there were essential changes in policy of the state regarding foreign economic activity of the enterprises.

The purpose of this work to show changes in standardly acts for currency regulation.

Standards of the law of 06.12.2011 № 406 – Federal Law "About Modification of the Federal Law " on Currency Regulation and Currency Control " regarding Simplification of Procedures of Currency Control" № 177 – Federal Law. But its separate provisions demand specification at subordinate level. In particular, an order of transfer of data on a date of performance of the contracts, a new form of the transaction certificate, an order of electronic document flow between bodies and agents of currency control. As for the volume of duties of residents before bodies and agents of currency control, it remained the same, except for a duty of residents to present to authorized banks of data on expected dates of performance of contracts on the foreign trade activity. However and this duty, is directed finally on reduction of procedure of currency control as there is no need for transaction certificate renewal at change of data on transaction terms.

According to the federal law № 406 – Federal Laws were made changes to definition of nonresidents, now citizens of the Russian Federation who constantly live abroad not less than one year, including on the basis of residence permit in the foreign state or the working or educational visa with validity period not less than a year treat nonresidents. This amendment conducts to expansion of a circle of nonresidents, and this amendment allowed to exercise control more carefully. Changes concerned also residents: now they obliged to provide information on dates of performance of the foreign trade contract that will improve control of carrying out currency transactions.

There was an opportunity to carry out electronic document flow between bodies and agents of currency control. But it has to be made no later than three working days from the date of, following a date of issue of goods. Thus, there is a toughening of an order of a document transfer on the foreign trade organizations.

According to standards of the law No. 406 – Federal Law is specified an order of reclamation of documents by bodies and agents of currency control, now residents and nonresidents have to provide documents on the business activity that will help to supervise activity of residents and nonresidents, having thus documentary confirmation. Thus, changes of the legislation are directed on improvement of control functions of the state in questions of currency regulation of the external economic operations.

## **BUSINESS REASONS FOR REENGINEERING THE PROBLEM-SOLVING PROCESS**

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Many commonly accepted notions about the proper way to solve problems are of questionable value in today's world. The problem-solving process underlies all deliberate, goal-oriented behavior. It is the core competency for all human beings, and it is the core process for all organizations. Instead of focusing on defining and analyzing the problem, the problem solving process should focus on specifying the solved state and finding ways of achieving it.

The problem solving process is often seen as an attempt to fix what has gone wrong. That is not quite so. Fixing what has gone wrong is only one approach to problem solving. In a fast-paced, rapidly changing world, attempts to restore what was earlier are often useless and frustrating. The ability to quickly reengineer new solutions is of much greater value [1].

To reengineer is to rethink, to redefine, to redesign, to radically change the way work gets done [2]. It also means challenging and perhaps throwing out many appreciated notions and assumptions. Reengineering efforts were typically focused

on large-scale business processes such as purchasing, business acquisition, and product development, later attention was bound to problem solving.

Of special significance to problem solving efforts in an organizational setting is the recent shift in the locus of work and working from the managed individual to self-managed teams [3, 94]. There are two very good business reasons for reengineering this problem-solving process in such a way:

1. The most obvious of these is to make the process more efficient and more productive, so that more problems can be better solved for the same expenditure of time and energy.

2. Reengineering also yields speed. The more quickly a viable solution is found and put into effect, the more quickly the problem is solved. This reduces the costs of the problem as well as the time and costs of solving it.

There also are good personal reasons for reengineering the problem-solving process.

- Finding good solutions fast frees up time to tend to other matters.
- Proficient and efficient problem-solving efforts help establish your credibility with your colleagues. Perhaps you're a relative newcomer to the world of work and working, and you're trying to make your mark in an increasingly competitive and uncertain workplace. Finding good solutions fast is a time-honored way of establishing a reputation for general competence.
- If there is any job security left in the workplace at all, it is probably tied to your ability to quickly, effectively, and efficiently solve problems.
- Finally, problem solving can be just plain fun, especially if you're good at it and getting better.

You can search for the solution path for a given problem in one of three ways: you can work forward from the problem state, you can work backward from the solved state, or you can hope for a blinding flash of insight. Insight is wonderful when it happens but it is notoriously unreliable. Therefore, for the most part, problem solving in an organizational setting is best approached as a rational, purposeful, structured, and systematic information-based search activity [4, 22].

If you're going to do something about a problem, no matter the kind of problem or how it came about, eventually you have to take action, you have to change targets, goals and the means of making the specified changes. These factors are very important in figuring out what to do about a problem.

The first measure of a good solution is that it gets implemented. Once implemented, the chief measures of a good solution are whether or not it produces the desired effects. The first of these measures may be thought of as solution effectiveness. The second one may be thought of as solution efficiency.

Thus, the key factor to consider in reengineering the problem-solving process is that the process should be solution-centered, not problem-centered. The goal in solving a problem is the solved state and the search for a solution, a course of action that leads to the solved state.

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## **PROBLEMS OF MODERN AGRICULTURAL LENDING IN RUSSIA.**

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Developed and implemented by the state in the mid-2000s, political and economic measures to restore the building and support the further development of agriculture in the country have resulted in significant quality and scope of large-scale renovation of agricultural lending. The adoption of the Federal Law of December 29, 2006 № 264-FL "On the development of agriculture", the implementation of the priority national project "Development of agriculture" and the State Agricultural Development Program and regulation of agricultural products, raw materials and food provided direction substantial budgetary funds and loans on the development of domestic agriculture and related sectors of the economy, all of the social and physical infrastructure of the Russian countryside. At the same time, of course, the program of subsidizing interest rates on loans received by agricultural producers and other members of the agricultural sector in commercial banks and agricultural credit consumer cooperatives played an important role. Program participants concessional lending through budgetary subsidies have access to bank credit, not only to finance their working capital, but were able to renew and modernize its logistical base at the expense of long-term loans. In the wake of increased demand of producers for credit, commercial banks became active with them, Agricultural Bank in the first place, as well as state-owned banks: Sberbank of Russia, Vnesheconombank, Gazprombank, VTB. Only in 2007, lending to agriculture, compared with 2005 increased 3 times, and investment loans - up to 10 times. Rosagroleasing state leasing company played an important task of technical and technological modernization of agriculture for this purpose which referred to agricultural producers equipment, process equipment and breeding animals. Public policies to support rural covered companies, organizations and manufacturers of all

types of property. It should be noted that the concept of "monetary system of agriculture" is not formulated by law and is mainly used only for political purposes. In my opinion, the most accurate wording of RAB Strategy, developed in 2002, National bank-financial service system producers in the area of agricultural production is a combination of credit and financial institutions, including banking institutions, non-banking institutions of financial intermediation including credit cooperatives, as well as organizations of the financial infrastructure, that draw on the full range of means at their disposal tools, provide the financial support of the processes of reproduction in agriculture. However, taking into account the above definition, it must be said that the whole monetary system service producers in agricultural production in the country has not yet established, confirms by the following factors:

- main contribution to the agricultural production loans made five banks with state participation, and, above all, the Agricultural Bank and the Sberbank of Russia;
- numerous regional and community banks deprived large-scale resource and capital replenishment;
- institutions of agrarian sector are not created;
- practically un developed and significantly lost, another "system" system of rural credit cooperatives;
- loudly declared the system of land and mortgage lending is not found its institutional and infrastructural incarnation because of objective difficulties;
- Russian insurance companies do not use the possibility of a substantial increase of its operations in the agricultural sector. There are no programs for real and tangible support of domestic agricultural engineering;
- The network of agricultural cooperative markets formed only declaratively. Do not meet the expectations the practice of grain and commodity interventions involving credit RAB;
- Full conditions are not created for the operation and regional guarantee and mortgage funds.

All these facts, in my opinion, show that there was a substitution of concepts. State instead of the credit and financial system headed for massive support created with his participation structures, in fact, put them on a set of functions that form them as "kvizisystems." Only state-owned bank, running states and participation in social rather than economic programs can afford the huge, inefficient regional network. In the mid-2000s in the system lending to agricultural producers to subsidize interest rates was attended by over 200 Russian commercial banks, with a significant number of them is Russian Agricultural Bank could cooperate in the first place in order to save operating costs and the transfer of the risks that are the bank has to take over. However, this approach does not meet the bank's development strategy and the associated organizational structure.

In my opinion, the modern agricultural credit and related institutions are not willing to solve the problems that emerging practice of management in the country and the changing situation in the world economy. Perhaps now is the time to design a

strategy creation and development of a national system of agricultural credit. It is necessary to do:

1. Legally define the status of a national system of agricultural lending market.
2. Include in the national system of agricultural lending market all commercial banks in the credit portfolios of which the share of specialized clientele higher than 25%.
3. Provide dynamic capitalization of credit institutions and agricultural credit consumer cooperatives, within the national system of agricultural lending market.
4. Recommend by the Bank of Russia and the Russian Ministry of Finance to apply to members of the national system of agricultural lending market legal, regulatory, supervisory and tax rules that take into account the specificity of their interactions with agriculture.
5. Create Agricultural Development Bank of the Russian Federation, which operates under a special federal law.

## **DEVELOPMENT OF DIAMOND INDUSTRY IN RUSSIA**

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In the economy of the Russian Federation, the diamonds are among the major strategic resources, which form a significant share of gross domestic product and currency earnings. Any achievements of the reforms conducted in industry, strengthening of Russia's position in the global diamond market will remain a priority task of the state in the long term. Taking into account the need to improve the stability of the regional economy, maximizing competitive advantages of territories is an extremely important problem.

The purpose of this article is to determine the characteristics of territorial structure and trends of the Russian diamond industry in the contemporary economy. According to the purpose, we tried to solve three main tasks: to identify territorial features of diamond industry in Russia, to consider real situation in the diamond mining industry in Russia and to review key trends in the diamond industry of the country.

By volume of forecast resources and proven reserves Russia ranks first place in the world, according to various estimations, it has 35-50% of the world resources. However, the resources that serve the immediate reserves for stock growth do not exceed 16% of the total. The main part of the expected resources of the country (about 65%) is in sub-polar regions of Western Yakutia with poor infrastructure. Not more than 10% of them are in the areas of existing diamond producers. About 20% of the resources are located in the Arkhangelsk region, and only 10% - in the industrialized regions of the European part of Russia. Diamond reserves, which may

be put in operation without major capital investment, make about 30% of Russian stocks. It is important to explore all diamond territories.

By production of diamonds in terms of value (1.61 billion dollars), Russia takes the second place in the world - 18% of world production. During the last decade the volume of diamonds produced both by value and by weight grew steadily. It is assumed that this trend will continue in the future. So, in terms of weight the volume of diamond production in Russia will increase up to 24 million carats by 2008. In terms of value - up to \$ 1.9 billion. The average price of diamonds mined Russia is also increasing (in 2001 - 78 \$ / ct., 2003. - 86 \$ / ct). About 99% of Russian diamonds are mined in the Republic of Sakha (Yakutia), 1% - in the Perm region. In general, the diamond mining industry of Russia currently produces diamonds worth \$ 1.7 billion, over 60% of which are exported. In order to improve the activity of the diamond industry it is necessary to develop new methods for diamonds extraction.

The main trends in the diamond mining industry of Russia include:

1. Growth of production.
2. Sharp increase in price of diamonds.
3. Possible increase in diamond exports by cutters.
4. Reduction of open-pit mining in the traditional areas.
5. Reconstruction of mines.
6. Work for underground diamond mining as an alternative.

So the diamond industry in Russia is one of the most promising industries in the country. Its development is of great strategic and economic importance. As direct and indirect regulation of the diamond industry in Russia is done by the state, it should be the state to contribute directly in improving of the diamond industry.

## **MODERN SOCIAL AND ECONOMIC PROBLEMS OF YOUNG FAMILIES**

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In our time, there is a problem for young families. Especially it concerns the problems associated with the transformation of the public life of the country's economic situation. Most of these families have a low standard of living, sometimes below the poverty line, most of them live below the poverty line. As for the young families income, it is two times lower than required for the needs. In addition, many young people are unemployed or have part-time jobs.

Due to the economic crisis, young families have unstable earnings. It is especially difficult to those families who have children, much less incomplete or large families. A very small number of young families have their own accommodation. Most of them live in hostels or rented accommodation.



All problems are not conducive to the positive dynamics of marriage, because such a family is not independent, the relationship in it depends on external factors. The same, affects the most important function of the family - the reproductive function. Most of them postpone having children, waiting for a better future, a large number of solved for only one child, nurture and maintain that help parents.

Unfortunately, the material needs determine the psychological climate among the young family. If such difficulties arise, the climate may not be favorable. The state is the problem of dealing with these issues in the context of social policy.

The state should take the following measures of socio-economic support:

1. Direct government financial assistance to families with child-rearing. It is provided in the form of government cash benefits, scholarships, benefits, money for the children in foster care and pensions.

2. Natural issue for families with children, are set at the federal level in the form of free food and free medicines for certain categories of people and children.

3. Labor, pension, tax, housing, transport, health and other guarantees and benefits, compensation and subsidies to citizens with children.

4. Social services provided to families with children of various social service groups.

These public support for the family is a reflection of social policies to address family issues. Socio-economic support in its various forms can provide an environment for the family in coping with its most important tasks, especially in the establishment of domestic comfort for the whole family. This helps to stabilize family relationships, to take timely action to prevent family problems.

## **ABOUT THE FORMATION OF ACCOUNTING INFORMATION ON RECEIVABLES MANAGEMENT**

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Receivables, which is the debt of entities or persons to subject company, is one of the assets that form the financial strength and investment attractiveness of company and increases the risk of financial loss of company.

In stock of receivables on the balance of the company can be seen as positive so negative aspects.

Advantages of receivables:

1. Allows you to extend the range of customers by providing a delay of payment.

2. A positive effect on indicators of liquidity, which improves the "face" of the company.

Disadvantages of receivables:

1. Leads to a lack of equity in the company.
2. The risk of non-repayment of funds.
3. The need to tax the uncollected accounts of receivables.
4. Borrowing sources of financing for the production process and the costs associated with their providing.
5. Reducing the company's solvency, etc.

Therefore it is particularly important to work on its optimization.

Stability and a competitive advantage in a market economy is largely dependent on the completeness, accuracy and timeliness of the information on which are formed and implemented management decisions.

In the management of receivables the main provider of such information is the accounting system of the company, which should provide the classification and grouping of commitments on various grounds, the usage of special methods of accounting and valuation receivables, the organization of permanent control over its repayment to prevent the formation of overdue and bad debts collection, forming a reliable prediction of the future situation.

The implementation of these destinations is possible only with an effective system to ensure the synthetic and analytical account of receivables.

In the development of analytical procedures it is particularly important creating a detailed chart of accounts.

Developed a number of different methods of accounting and control of receivables which are aimed at improving the quality and timeliness of information, to ensure the effective control over the state of settlements with debtors and reduce risk of formation arrears, on the formation of a rational policy of granting loans to strengthen the financial position and increase efficiency of companies in a rapidly changing market conditions.

For example, to improve the effectiveness of control and analysis over receivables it is reasonable to use in accounting department the form of statements - "Analysis of the state receivables on terms of its occurrence." This will allow the accountant to provide a clear picture of the state settlements with various debtors, timely identification of overdue debt and to take action to address it.

Only the correct work with receivables is the key to success of company.

## **PROBLEME DES SCHMUGGELS IN DER MODERNEN UKRAINE**

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Die Zollpolitik hängt mit den Fragen von der Zoll-Sicherheit des Staates eng zusammen. Selbst die Gewährleistung der Zoll-Sicherheit ist das Schlussziel der

Zollpolitik, bzw. das von ihr erwartete, gewünschte Ergebnis. Der Begriff der Zoll-Sicherheit betrachtet man als der Sicherheitszustand der Zollgrenze der Ukraine und der Interessen des Staates in der Zollbranche.

Das Problem des Schmuggels ist zur Zeit sehr aktuell und seine verschiedenen Aspekte wurden von vielen Inlands- und Auslandswissenschaftlern erforscht (S. A. Hadojbojev, M. H. Voronin, N. V. Katschev, O. M. Omeltschuk, B. I. Tyschkevych u. a.). In der gegebenen Arbeit wird der Schmuggel als sozialwirtschaftliche Erscheinung erlernt.

Die Bekämpfung des Schmuggels war immer und bleibt bis heute eine der wichtigsten Aufgaben von der Zollpolitik des Staates. Der Schmuggel gehört zu den gefährlichen Verbrechen gegen den Staat, er stört nicht nur seine Wirtschaft, sondern auch beeinflusst seine internationalen und politischen Beziehungen wesentlich. Dieses Problem ist ziemlich aktuell für die Ukraine, weil der Schmuggel bedrohende Maßstäbe bekam und die Bekämpfung dieser Erscheinung zu den primären Aufgaben des Staates gehört.

Der Schmuggel hängt mit dem finanziellen Kreditsystem des bestimmten Staates, mit seiner außenwirtschaftlichen Tätigkeit, mit der Besteuerung, Privatisierung, mit dem Unternehmertum und mit den Investitionen eng zusammen. Eine große Menge der Export- und Importwarenströme hat eine Schmuggelherkunft, die den Entwicklungsstand der nationalen Wirtschaft negativ beeinflusst, den Binnenmarkt destabilisiert und als Basis für die Verübung der Korruptionshandlungen in den staatlichen und lokalen Behörden gilt.

Der Schmuggel hat einen negativen Einfluß auf die Gesellschaftsbeziehungen im Bereich des Schutzes von dem Leben und der Gesundheit der Bürger, befreit sie von dem Recht auf die Nutzung kultureller Werte, historischer Erbe unseres Staates usw. Daraus ist es zu behaupten, dass der Smuggel eine der gefährlichsten Drohungen der nationalen Sicherheit der Ukraine ist.

In den modernen marktwirtschaftlichen Bedingungen, wenn die Wirtschaft der Ukraine „offen“ wurde, die Staatsgrenzen „transparent“ wurden, stieg der Umfang des Schmuggels neben den wirtschaftlichen Verbrechen stark. Eine der Arten der organisierten Kriminalität wurde die illegale Migration, die sich zum ernststen internationalen Problem verwandelte und nach seiner Bedeutsamkeit den dritten Platz im Gebiet der internationalen Kriminalität einnimmt.

Der Schmuggel ist die illegale Bewegung der Waren über die Zollgrenze der Ukraine außerhalb der Zollkontrolle oder mit der Verheimlichung von der Zollkontrolle, die in großen Umfängen getan wurde [4].

Der Verbreitung des Schmuggels fördern die binnenwirtschaftliche und politische Situation in der Ukraine, und auch in den Nebenstaaten, der Unterschied der Wirtschaftsentwicklung, die Korruption in den Staatsbehörden der Ukraine und ungenügende Handlungen der beauftragten Organen was für die Bekämpfung des Shmuggels.

Nach den Angaben des Sicherheitsdienstes der Ukraine gibt es eine große Menge der Schmuggelerzeugnisse auf dem Markt: Audio-, Video-, Computer- und

Haushaltstechnik, Erzeugnisse der Leichtindustrie, Lebensmittel (vor allem Fleischerzeugnisse), Tabak, Alkoholerzeugnisse, Erdölprodukte, Juwelierwaren (meistens aus der Türkei) [2, 9].

Die vom Autor gemachte Analyse erlaubte folgende Tendenzen der Gründe und Umfänge des Schmuggels in der Ukraine zu finden [5; 3, 9-10]:

- für 11 Monate 2012 wurden 172 kriminelle Geschäfte über den Schmuggel im Betrag von 28,78 Millionen Hrywnja von der Zollverwaltung der Ukraine gestossen;

- heutige Unternehmer bevorzugen die „grauen“ Schemas, die keine gerade Merkmale des Verbrechens haben;

- die verbreitetsten Schmuggelwaren bleiben Tabakwaren, Autos, Fleischwaren, Valutawerte, Kleidung, Industriewaren und Autoersatzteile;

- Tabakwaren bleiben einer der Hauptgegenstände des Schmuggels.

Die Handlung der Schmuggler haben einen großen Maßstab und ihre Folgen bewirken alle Branchen der Wirtschaftstätigkeit von der Ukraine. Der moderne Schmuggel der Ukraine überholte seine früheren klassischen Formen schon längst und ist heutzutage einer der Bestandteile der organisierten Kriminalität im Bereich der einheimischen Wirtschaft.

Es besteht die Notwendigkeit ein gründliches Programm des Widerstandes dem Schmuggel auszuarbeiten. Dazu ist es dringend, die Koordinationsüberwachungszentren zu bilden, die den Prozeß des staatlichen Grenzübertrittes der Bürger kontrollieren können. Es ist auch möglich mittels der Bildung von dem bestimmten Algorithmus – die Zeitnormalisierung jeder Operation von dem Übertritt der Ladung über die Zollstelle – um den Schmuggel zu bekämpfen.

Der Staat soll die Bedingungen bilden, um die Subjekte der wirtschaftlichen Tätigkeit im legalen Grenzübertritt der Ladungen und Waren zu interessieren.

Um die negative Erscheinung – den Schmuggel – in der außenwirtschaftlichen Tätigkeit zu vermeiden, muss man:

- eine richtige rechtliche Basis bilden;

- das Niveau der beruflichen Vorbereitung der Arbeiter vom Zolldienst bedeutend erhöhen;

- die Korruption kompromißlos bekämpfen;

- die Effektivität der Zoll- und Grenzkontrolle steigern;

- die Zusammenarbeit der Ministerien und anderer staatlichen Verwaltungsorgane im Kampf gegen den Schmuggel und gegen den Verstoß der Zollregeln verbessern;

- den ständigen Informationsaustausch mit World Customs Organisation, mit dem Informationssystem Balkan-Info, mit Interpol und mit den Rechtsschutzorganen von ausländischen Staaten sichern.

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## THE ROLE OF INTERNAL AUDIT

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Carefully analyzing the role of internal audit, Joanna Viella comes to the conclusion that the most important role of internal audit is to improve the efficiency of the business.

Internal audit is the provision of independent and objective assurance and consulting services, aimed at improving the activities of the organization. The internal audit activity helps an organization to accomplish its objectives, using a systematic and consistent approach to evaluate and improve the effectiveness of risk management, control and corporate governance.

Internal audit is an independent and objective activity of consultative character, providing concrete results, aimed at increasing the value and improving the work of the organization.

The concept of internal control (which later was transformed into the form of the internal audit) appeared in the vocabulary in the early XVIII century, it has evolved over time. As the system of controlling the enterprises' activity this concept was formed in the beginning of the twentieth century in the form of a set of three elements: the separation of powers, staff rotation, usage and analysis of accounts.

Later the internal audit function has expanded dramatically transforming itself into formation and coordination of actions aimed on ensuring the security of assets (in the financial component of the audit), verification of the reliability of accounting information, increasing the efficiency of operations and activities, adherence to the prescribed policies and procedures of the company.

There is an opinion that the internal audit is an x-ray of production. It "highlights" the strengths and weaknesses of the enterprise activity, is the source of its life-force, contains within itself the potential which enables the enterprise to operate and survive in the conditions of the market.

The most important thing - the internal audit activity should improve the efficiency of the activities of the organization. As it is, depends on many factors, such as the sphere of activities of the organization, the level of its development, its weaknesses and threats that it faces with, the overall economic climate, etc.

To calculate the value of internal audit is not easy for a number of reasons: Internal auditors, first of all engaged in the evaluation of the weaknesses of the organization's activities, and the providing advice, and not the calculation of the value of the results of its work;

Invisible presence of the internal audit service are often in itself prevents undesirable events (for example, fraud);

Some, and sometimes - most of the recommendations of the internal audit service cannot be quantified (for example, improving the image of the company); Effectiveness of internal audit can be achieved by processes of annual planning of the audit, which should be carried out taking into account the risks and contain elements integrated increasing the effectiveness taking into account actual business requirements.

Improving the effectiveness of the internal audit depends on the correct organization of its work.

The more internal auditors are involved in various processes and working groups, the greater the access to the information they have. Thanks to the participation in different working processes and presence at the various levels of organization, internal auditors can improve the effectiveness of risk determination and correct, logical way to use the available information for the development of practical recommendations. Moreover, the Director and the Board of Directors may derive greater benefit from the work of the internal audit service, informing it about their immediate needs and expectations, especially in the period of planning the audit cycle, when this information can be immediately put into the plan. Optimal access to the information would have helped considerably to improve the work in all the cases mentioned in the article.

Thus, creation the effective functioning internal audit service of the enterprise in a crisis situation, will allow to provide:

- 1) reliable diagnostics of crisis;
- 2) the development of anti-crisis program;
- 3) monitoring and evaluation of the effectiveness of its implementation;

- 4) the implementation of subsequent monitoring of the activity of the enterprise;
- 5) timely informing of its management of hazards and their neutralization.

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## **PROBLEM OF OIL-DEPENDENT ECONOMY**

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The problem of oil-dependent economy is one of the key problems for Russia.

According to the Energy Information Administration forecast (EIA), crude oil, natural gas and coal will remain the main energy sources to be used by mankind. This means that most likely, our country will continue to sell its oil and gas (the main resources of the whole economy), that is, the economy will depend on the raw materials and will have no incentive to avoid resource policy, the development of other economic sectors.

Among the six largest oil companies in Russia, three are under state control. Other companies have to reckon with the policies as implemented strategically important product. If the state does not go away from this policy, then the fall in world oil prices, or replace it with another power source in the Russian economy will crash, as the profits from the oil helps to balance the budget and does not go into debt.

Russian government approved the three scenarios of socio-economic development of Russia up to 2014. Basis for each of the three scenarios of socio-economic development of Russia until 2014, contain different oil prices. Thus, we can say that Russia's dependence on oil needle is still very strong, and the country's

economic transition to innovative development, seems a distant prospect. In 2013-2014, in the base case it is projected that following the increase in oil consumption resumes the trend of moderate price increases to \$ 95 and \$ 97 per barrel, respectively. This version reflects the economic development in the implementation of an active government policy aimed at improving the investment climate, increase competitiveness and business efficiency, to promote economic growth and modernization, as well as to increase the efficiency of budget expenditures, according to RBC. This option the growth of bank lending and saving restrained policy of tariff regulation involves. Russia's GDP growth in 2012-2014 is projected at 3.5-4.6%.

In the second scenario, we assume that oil prices will rise to \$ 150 per barrel, and then by the middle of 2012 will fall to \$ 70 a barrel. Given the increasing dependence of the Russian economy on oil prices, this scenario, according to the government, to the greatest extent exacerbate the risks of the banking system stability, balance of payments and the overall level of confidence of economic agents.

The third scenario assumes a gradual rise in oil prices to \$ 117 per barrel in 2014. In contrast to the second option, in the third scenario, there are no substantial price shocks, the price of oil over the forecast period, is higher than the \$ 100 per barrel. Russian GDP growth rates in 2012-2014 are estimated at 3,8-4,6% per year. Russia will be able to come to a zero deficit in 2015, with oil prices at \$ 100 a barrel, whereas the price of \$ 90 per barrel, it will be hard to do. By the way, without such expensive oil as now, the budget deficit would exceed 10%.

The main task of the Russian economy is changing its structure based on the goals of national development. The economy should finally get away from the line of feed and change their structure in the context of the global division of labor. The Russian economy has become a high-tech, innovation, research and the whole modern, uniform development in all its branches. But it is not so as nowadays , when there is only one-sided dependence on oil and gas.

## **THE CURRENT STATE OF RUSSIAN ECONOMY**

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**The purpose of the article:** to examine the current state of Russian economy

**Objectives:**

- to identify key economic issues;
- to analyze the evolving situation in the Russian economy

Russia's economy faces serious challenges. Russian industry is unlikely to play an important role in the global world economy that requires maximum performance and efficiency. Thus, the export of raw materials, probably for a long time will be the basis for economic development. International investors, including major investment



banks, commercial investors and companies are interested in expanding their business in global markets, while staying away. Russia's government and leading economists have reached consensus on the various types of administrative changes. Problems such as corruption are a failure for the administrative structure of the state. There is an opinion that the country needs to strengthen the institutional and legal framework of market economy. Improving the regulatory framework can serve as a sound basis for good governance, rule of law, combating corruption, as well as long-term capital required for a deep restructuring and sustainable growth. The country also needs to improve its tax system to improve tax legislation. The Government should avoid pressure by using central bank money to finance its budget deficit. Further reforms are needed in the banking sector, including the legal sector to facilitate and close troubled banks.

Positive sign of the revival of the Russian economy is that, in mid-2000 Russian government adopted a strategy of development for the period 2000-2010. The strategy has identified economic policies aimed at ensuring equal conditions of competition, protection of property rights, elimination of administrative barriers to entrepreneurship that makes the economy more open to tax reform. The strategy has identified the establishment of an effective state, acting as a guarantor of internal and external security, as well as in relation to social, political and economic stability.

Russia's economy still remains very fragile, with external problems it failed to create a sustainable base for future growth and reduce the number of poor people. Although these data are not yet solid, to thoroughly assess the impact of economic crisis on the business sector, in addition, there are signs that the industrial growth is starting to slow in the economy. Consequently, the support of the real exchange rate, control inflation, should remain a policy priority for recovery and for the future growth of the real economy. Strong fiscal discipline should be maintained. Deterioration of infrastructure in Russia is concern of the present.

Russia's economy during 2010 continued steadily growth after the crisis, fixing a high rate for the current phase of growth, according to today's annual "transition report" European Bank of Reconstruction and Development (EBRD), the 2010 "economic recovery was supported by high prices on oil, as well as tax incentives, increased pensions and the provision of liquidity of the banking system "- the document says. Indicator of positive developments in the Russian economy was the placement in April, five-year and 10-year bonds of the Russian Federation on the \$ 5.5 billion under the record low interest rates. The EBRD forecast that this year the GDP growth in Russia will be 4,4% and will increase slightly in 2011. Meanwhile, in the Russian economy, there are certain risks, among them -the volatility of world commodity markets, in particular oil prices. In these circumstances, the most important task EBRD experts called diversification of the economy, avoiding high commodity dependence and increased innovation component. In this regard, the Bank sees its primary task in working with the Russian government and business to reform the energy sector, including attracting, new investment. According to the report of the Bank the main priority is turning Moscow into an international financial center. To

realize this task is necessary to strengthen the banking sector by clarifying the legislation and the establishment of appropriate infrastructure. Russia's economy is recovering from a deep recession but the recovery is fragile. Economic growth in the second half of 2010 will be somewhat weakened by the consequences of heat and drought, said the economic forecast for 2010-2012, prepared by the European Commission.

## **ACCOUNTING OF EXPENSES OF THE ORGANIZATION**

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The main purpose of the entity is the production of goods, works or services. The production process is a set of business transactions related to the creation and sale of the finished product. At the time of its creation and implementation expenditures are necessary.

Expenses of the organization is a reduction of the economic benefits resulting from the disposal of assets and the creation of obligations, leading to a decrease in capital of the organization, except for the decision to reduce the contributions of participants.

Retirement funds are not recognized as an expense of the organization:

- Disposal of assets in connection with the acquisition and creation of non-current assets (fixed assets, intangible assets, etc.), in connection with its investments (investments in capital, the acquisition of securities of other organizations, etc.), and commission contracts, agency and other similar agreements in favor of the principal;
- Disposal of assets in the form of an advance deposit payment of inventory and other assets (works, services) in repayment of loans received by the company.

All expenses of the organization can be divided on ordinary activities, and other expenses.

Expenses from ordinary activities: the cost of manufacturing and selling products, the acquisition and sale of goods, providing services or performance of work, i.e. carrying out the activities for the implementation which create an entity (organization, business).

Other costs are expenditures made by the organization in the course of business, but other than the cost of ordinary activities.

All expenses of the organization are recognized in the accounting records under the following conditions:

- A) expense is done in accordance with a specific contract, with laws and regulations, business practices;
- B) the amount of costs can be determined;

C) they think that in a result of specific operation there will be reduction of economic benefits of the organization.

If, in respect of expenditure undertaken by the organization, at least one of the above mentioned conditions is not fulfilled, the accounting costs are not recognized as a receivable. Mandatory precondition for costs is attributing them to a particular accounting period. Expenses are recognized in the accounting period in which they are incurred, regardless of the time of actual payment of cash.

Russia has a uniform nomenclature of economic elements expenses from ordinary activities for all organizations:

- material costs;
- labor costs;
- social contributions;
- amortization;
- other costs.

The section entitled "Material costs" reflects:

The cost of the acquired and expended for business purposes material resources (raw materials, intermediate goods and components, spare parts, tools, etc.). Tangible expenses include the cost of fuel and energy of all kinds. The quantity of material is formed on the basis of the cost price of the purchase (excluding value added tax), extra charges, surcharges, costs of external services (customs, commodity exchanges, warehouses, transportation companies, etc.).

The section entitled "Labor costs," stated:

Salary costs of main, auxiliary and administrative personnel in the organization called by labor agreements (contracts), in combination, under civil-law on other grounds. These costs include awards for production results, incentives and compensation. Labor costs are recognized in the accounting when earned and recognized as liabilities of the organization.

Element of "Social contributions" reflects:

Compulsory contributions to bodies established by legislation of the state social insurance, pension and health insurance. These contributions are made to the amounts of the expenses of labor workers, which were included in cost of goods (works, services) on the item "Wages." For certain types of wage premiums are not charged (these types of payments are specified in the regulations).

The item "Depreciation" reflects:

Depreciation of production plant and equipment, intangible assets and other depreciable assets. This element also reflects the sum of costs of accelerated depreciation of organization, depreciation of leased fixed assets, depreciation of the value of accommodation provided free medical facilities and food service, service providers, etc.

The item "Other costs" includes taxes, fees, charges, contributions to insurance funds (reserves), the cost of interest payments on loans, for travel, for training and retraining of personnel, communication charges, banks, information services, etc.

## **RATING OF KRASNOYARSK TERRITORY AMONG REGIONS OF RUSSIAN FEDERATION**

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Currently, there are a number of indicators to monitor the situation in the region and on this basis to make certain conclusions, but any system performance is a reflection of the region's position in the multidimensional space, which complicates an adequate comparison of the regions in the whole system of coordinates. Rating socio-economic status of the RF subjects, built by experts on the basis of the aggregation of key indicators of regional development, answers the question of the position of a region on the economic map of Russia.

Relevance ranking is determined by the need to increase transparency of subjects of the Russian Federation, as well as demand for information on the real situation in the regions of the local government, federal government, and business. It is fundamentally important that the rating systems on the basis of objective indicators of official statistics available to a wide range of interested users. The rating does not use expert estimates. On the one hand, it is somewhat smaller set of indicators, but on the other hand, what is more important argument, to avoid errors of judgment and bias.

In 2011, according to the rating, prepared by experts RIA, which is based on a comprehensive analysis of the socio-economic situation in the regions of Russia, the position of the Krasnoyarsk territory, in terms of socio-economic development, is on the eighth place. The first five in the rating were Moscow, St. Petersburg, Khanty-Mansiysk, Tyumen and Moscow region. Experts attributed our territory in the agro-industrial group, experts noted that the territory also compete through the development of industry.

Despite the fact that the Krasnoyarsk Territory is one of the most dynamic regions of the country, most of the economically active population tends to move to other regions for a higher salary. One of the most pressing problems of the region is to find jobs for graduates of higher and secondary educational institutions, many young people cannot find jobs in their field. Above all, an aging population, according to some experts, in the near future to every working person will be several retirees, resulting in a significant increase in the different types of pension fees.

Development of the Krasnoyarsk region is inextricably linked to business activity, now number of people who open their own business increases, but, unfortunately, not all of them can successfully develop their business.

Another problem of the Krasnoyarsk Territory is a gradual decline in agriculture, as this area is one of risky agricultural zones, and farmers are not always able to grow a good crop.

For a long time the Krasnoyarsk Territory occupied one of the leading positions in the production of various industrial products in our country, but in the early nineties, many large enterprises have declined, and now one of the challenges facing the leadership of the region, is the modernization of the various major enterprises.

Currently, the problem of the Krasnoyarsk Territory are constantly discussed at various state levels to help solving the most pressing problems funds are allocated.

To solve the above mentioned problems of the Krasnoyarsk Territory, the government and researchers develop concepts to solve them.

The Government has developed the concept of industrial policy of the Krasnoyarsk Territory for the period up to 2020. The Government proposes to form a concept of innovation industrial policy that will ensure the creation of institutional conditions and technological groundwork for sustainable socio-economic development of the Krasnoyarsk Territory. [1]

Industry of Krasnoyarsk region has a strong multidisciplinary character, with a dominant share of the raw material sector. Production of a large number of enterprises is not competitive on the world market. Accordingly, the present task of strategic maneuver is to change the economic structure of the Krasnoyarsk Territory and its transition from a region of predominantly resource type in the direction to the processing based on new technology and high added value.

The representatives of the Agrarian University have developed their ideas on developing agriculture in the Krasnoyarsk Territory. The concept of sustainable agriculture is to develop effective competitive regional agribusiness and its leading sectors of agriculture (livestock and crops) to improve the socio-economic development of rural areas, income and quality of life in rural areas. The main directions are focused on rural development and attract young professionals. And also the development of processing industries on the basis of agricultural production is in progress. In addition, it is proposed to displace the "foreign" manufacturers from the local market and to develop programs that are aimed to support local producers. Another very important aspect is the modernization of agriculture. On the whole complex of all developed measures is aimed at ensuring that the agricultural industry of the territory came to a new level in the Siberian Federal District and took the leading position in the country, among other subjects. [3]

Thus, we note that under the development of the leading industries of the Krasnoyarsk Territory, the region will become attractive for investment and business development in the industrial and agricultural sector. When the subject of the Russian Federation will be attractive for investments in its development inflow of people and experts will start immediately. When the government of the territory will attract highly qualified professionals from other Russian regions, the inhabitants of the Krasnoyarsk Territory will not leave the territory, as they will note the development of the region that will form in the subconscious of every citizen the favorable conditions for living.

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## **DEVELOPMENT OF A UNIFIED ACCOUNTING POLICY IN A FIRM FOR BOOKKEEPING AND FISCAL ACCOUNTING**

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Accounting policy is formed on the basis of fundamental principles and rules. These principles and rules are mission of the bookkeeping in the conditions of market economy. These principles and rules are called to form complete and reliable data about property and financial position of the firm. Also it can be a communication method for businessmen, be a part of the national macroeconomic indexes system. All of these become possible only on the basis of unified approaches and rules of bookkeeping accounting.

Principles and rules set scopes in the system of accounting in the firm, that should be taken at the accounting procedures election and accounting process development. General principles and rules are specified by normative – legal documentation that regulates the system of bookkeeping accounting. In implementing accounting policy of the certain firm is reasonable to come from assumptions of property apartness of firm, continuity of its activity consistent, application of accounting policy, time definitions of economically active facts.

The accounting policy of the firm must provide: plenitude of reflections of all factors of economic activity in the accounting report (requirement of plenitude); requirement of prudence (expenses and liabilities are recognized as soon as possible, but revenues are only when realized and assured); reflection of economic activity exist not only in their legal form but also in economic maintenance and management (requirement the priority of substance over form); identity of analytical accounting data on calends and indexes of accounting control to data of synthetic and analytical account (requirement of consistency); rational and economical bookkeeping on the

basis of the terms of economic activity and size of the firm (requirement of rationality).

As a rule new bookkeeping methods come into force since the first of January of the year next to the year of the document publication. However it is possible that the document beginning date is not the first of January depends on the type of the document. The special attention must be spared to the accordance of accounting policy to the economic situation that means the internal and external firm operating conditions. In particular different events in economics can have influence to accounting policy such as: prohibition or limitation of one or another activity; change of the conditions of the agreement, concluded with public organs, and suppliers of material and technical resources; rate of inflation and other.

External users of financial information should have an access to the firm's accounting policy. It means that information must be open. Applying accounting policy is a question about description the major methods of accounting in accounting control. To analyze the state of the firm on the basis of its financial reporting it is necessary to know how one or another indexes were formed that reflects their change: the real improvement of the situation or correction the calculation methods of these indexes.

In other words, the interest user of accounting control must have the opportunity to understand and estimate data released in it.

The basic providing of accounting policy can be opened in accounting by two methods: by description of each of them or by deviation indication from general rules. In first case explanation to accounting control includes the exposition of all basic providing of accounting policy, regardless if they are universally recognized or not.

## **THE COMPETITIVENESS OF RUSSIAN COMPANIES ON FOREIGN MARKETS**

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Modern economic science pays great attention to the study of competitiveness of national produce. In numerous scientific works authors make attempts to "detach" this category on plenty of multiple factors to identify the key ones and on this basis - to evaluate the level of competitiveness of a given product (or manufacturer).

The priority task facing the domestic economy is to increase the competitiveness of national manufacturers, including industrial enterprises and industries.

The intensification of foreign-economic activity of economic entities is impossible without output of high-quality, competitive products that meet

international standards, confirmed by international certificates. The current condition of the majority of Russian enterprises do not correspond to the scientific and technical level of the economically developed countries. Having enormous potential of economic resources of all types, the Russian economy takes, however, a very modest place in the international division of labour. [1].

**RATING OF GLOBAL COMPETITIVENESS IN 2012-2013**  
World Economic Forum, 2012. The Global Competitiveness Report 2012–2013.

ECONOMY	INDEX OF GLOBAL COMPETITIVENESS 2012-2013		INDEX OF GLOBAL COMPETITIVENESS 2011-2012	CHANGE OF POSITION
	RANK	ESTIMATION	RANK	TREND
Switzerland	1	5.72	1	0
Singapore	2	5.67	2	0
Finland	3	5.55	4	1
Sweden	4	5.53	3	-1
Netherland	5	5.50	7	2
Germany	6	5.48	6	0
The USA	7	5.47	5	-2
The UK	8	5.45	10	2
Japan	10	5.40	9	-1
Denmark	12	5.29	8	-4
Norway	15	5.27	16	1
Austria	16	5.22	19	3
Belgium	17	5.21	15	-2
France	21	5.11	18	-3
Luxembourg	22	5.09	23	1
Ireland	27	4.91	29	2
China	29	4.83	26	-3
Iceland	30	4.74	30	0
Estonia	34	4.64	33	-1
Spain	36	4.60	36	0
Czech Republic	39	4.51	38	-1
Poland	41	4.46	41	0



Italy	42	4.46	43	1
Turkey	43	4.45	59	16
Latvia	45	4.41	44	-1
Azerbaijan	46	4.41	55	9
Portugal	49	4.40	45	-4
Lithuania	55	4.35	64	9
Slovenia	56	4.34	57	1
Cyprus	58	4.32	47	-11
Hungary	60	4.30	48	-12
Bulgaria	62	4.27	74	12
The Philippines	65	4.23	75	10
<b>Russia</b>	<b>67</b>	<b>4.20</b>	<b>66</b>	<b>-1</b>
Slovakia	71	4.14	69	-2
Montenegro	72	4.14	60	-12
Ukraine	73	4.14	82	9
Romania	78	4.07	77	-1
Macedonia	80	4.04	79	-1
Croatia	81	4.04	76	-5
Bosnia and Herzegovina	88	3.93	100	12
Albania	89	3.91	78	-11
Serbia	95	3.87	95	0
Greece	96	3.86	90	-6
Burundi	144	2.78	140	-4

[2; 4].

This year competitiveness rating of Russia, which comes after Rwanda, Jordan, the Philippines and Iran, was 4.20 points. It should be noted that in recent years our country has consistently received rates close to this indicator. The deterioration of Russia's position in the ranking of WEF proceeds due to the fact that the majority of other countries gradually increase their ratings.

In the current year rating Russia has shown a sharp rise in the group of macroeconomic indicators and raised from the 44th position to the 22nd place. Such successful results are largely explained by the low level of public debt and surplus of the federal budget. A positive contribution has also been made by the size of the

internal market (the 9th place in the world), the prevalence of higher education (the 12th) and the quality of railways (the 30th). Moreover, our country is ranked among the leaders by the number of mobile phones per capita (the 5th position), the absence of the disease of malaria and its zero impact on business.

We were pulled down by weak institutions (the 133d place), low efficiency of the market of goods (the 134th) and the financial market (the 130th), a low level of competition (the 136th) caused by ineffective antimonopoly policy (the 124th), high customs barriers (the 137th) and weak protection of property rights (the 133d position). These factors, as it reported in the research of WEF, lead to inefficient use of enormous natural resources of Russia and impede the growth of labour productivity.

On the whole the countries of Western and Northern Europe dominate among the top ten of global competitiveness Index. [3].

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## **THE PROBLEM OF HIDDEN UNEMPLOYMENT AND STANDARD MEASURES OF UNEMPLOYMENT**

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It is well-known that the official unemployment rate is defined as the number of unemployed persons divided by the total labor force (which is the sum of unemployed persons and employed persons). Unemployment is an economic condition in which individuals actively seeking jobs remain un-hired. While this would seem to be straightforward, there are several complications in both measuring

unemployment within a country and in comparing unemployment rates from country to country.

In this article we'll try to define and analyze the term 'hidden unemployment' as well as present some measures of unemployment.

Definitions of 'employed person' and 'unemployed person' can make this concept complicated and can contribute to what some economists call 'hidden unemployment'. For example, a person who loses well-paid, full-time work cannot find similar work and settles for a job at one-tenth of the pay doing part-time work is classified as 'employed'. Correspondingly, a person who loses a job, actively seeks work for a year and then takes a couple of weeks off from his or her job search (called 'a discouraged worker') not only may no be longer considered unemployed but might not even be counted in the labor force.

Therefore, many economists assert that, if the 'hidden unemployed' or the 'underemployed' (which are difficult to measure) are taken into account, the actual unemployment rate may be much higher than official statistics suggest [1, 8].

Economic reports from individual countries or compiled by different organizations may involve different measures of unemployment. Examples of the various measures are:

- a census-type measure of the full labor force, which some critics say may lead to distortions;
- employment office records, which count those unemployed who are registered in the employment office;
- surveys of a sample of the labor force: proponents consider this the most comprehensive, as the surveys can be designed to cover virtually the entire population, all branches of economic activity, all sectors of the economy and all categories of workers, including, for example, own-account workers and unpaid family workers.

The 'normal' or 'acceptable' rate of unemployment within one country can be different from that in another country, or between countries at different points in an economic cycle. This is why, to get a truer picture, most economists prefer to look at a variety of statistics, including, for example, labor market participation rate, the percentage of people aged 15 to 64 who are currently employed or searching for employment, the total number of full-time jobs in an economy, and the total number of person-hours worked in a month compared to the total number of person-hours people would like to work [2].

The unemployment rate has both social and economic implications. Among them are:

- 1) rising unemployment results in loss of income for individuals, reduced collection of taxes for governments, and increased pressure on government spending on social benefits;
- 2) beyond its financial and social effects on personal life – long-term unemployment negatively affects social cohesion and hinders economic growth, of particular concern to policymakers;

3) the effects of high (and particularly prolonged) unemployment go beyond the borders of a particular nation and can have a major impact on the economies of its trading partners of that nation as well, because reduced employment in one country leads to a decrease in demand for exports from its trading partners.

Thus, official unemployment rates and the 'hidden unemployment' reflect the overall state of the economy of any country and unemployment rates remain a useful measure of the health of a particular economy over time.

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## **FINANCIAL ACCOUNTING**

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The purpose of accounting is to provide the information that is needed for reasonable economic decision making. The main purpose of financial accounting is to prepare financial reports that provide information about a firm's performance to external parties such as investors, creditors, and tax authorities.

The four financial statements are reports that allow interested parties to evaluate the profitability and solvency of a business. These reports include the following financial statements:

- Balance Sheet
- Income Statement
- Statement of Owner's Equity
- Statement of Cash Flows

A large amount of effort goes into the preparation of the financial statements. The process begins with bookkeeping, which is just one step in the accounting process.

In the balance sheet you enter all what you own, and all what you owe. The difference is called Net Capital. The Balance Sheet is an important part of the accounts, because errors influence directly on the period's result.

The Balance Sheet is an important part of any accounts: you can make accounts containing only of two Balance Sheets plus information of how much money paid to the owner.

To make regular accounts for a period is needed Balance Sheets at beginning and at end. In the Balance Sheets you enter all what you own, and all, what you owe. The difference is called net capital (or net debt, if negative)

The balance sheet is based on the following fundamental accounting model:

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

Assets can be classed as either current assets or fixed assets. Current assets are assets that quickly and easily can be converted into cash, sometimes at a discount to the purchase price. Current assets include cash, accounts receivable, marketable securities, inventory. Fixed assets include land, buildings, and equipment. Such assets are recorded at historical cost, which often is much lower than the market value.

Liabilities represent the portion of a firm's assets that are owed to creditors. Liabilities can be classed as short-term liabilities (current) and long-term (non-current) liabilities. Current liabilities include accounts payable, notes payable, interest payable, wages payable, and taxes payable. Long-term liabilities include mortgages payable and bonds payable.

The results shown in the accounts are historical. You cannot correct earlier errors and make last year's result nicer, but you can learn from your errors, so that you are not repeating them (without knowing it).

If you want to know the efficiency in the single productions, you must make an analysis, especially of costs. The costs are divided into two main groups

Variable Costs: Costs, that are directly connected with the size of production and will disappear, if you stop the production. Foodstuff and fertilizers are typical examples of variable costs.

Fixed Costs: Other costs are partly variable or fixed costs, and will only to a certain degree depend on production and management

By distribution the Variable Costs, you can calculate how much every kind of production yielded to cover the common, fixed costs. This yield is called Gross Margin.

## **THE NECESSITY AND OPPORTUNITY TO IMPROVE FINANCIAL MANAGEMENT OF BUSINESS STRUCTURES: THEORETICAL SUBSTANTIATION**

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Organizations that act as business entities are the main units in the economy in the economic market conditions. For the economic activities, receipt products,

income and savings they use certain types of resources: financial, human, financial, and money.

Availability of sufficient financial resources, their effective use determine a good financial position, financial stability and liquidity. In this regard, the most important task is to find companies to increase the reserves of their own financial resources and the most efficient use of them to improve the effectiveness of the enterprise as a whole.

At all stages of development of the enterprise an important role belonged and belongs to the finance. At the present stage the role of finance in companies increased as increasing the scale of production, rapidly developing science and technology, increased requirements for planning, management, methods of management, increasing the concentration of financial resources. The value of finance in the economy increases due to increased financial resources of enterprises, increase funds left to expand and improve production as well as increasing the responsibility of enterprises for the formation of funds. With the active participation of finance it is possible to increase the efficiency of production on the basis of productivity growth, accelerating scientific and technical progress, the intensification and specialization of production, the development of the leading and most advanced of its branches, improving the use of production assets, compliance savings in expenditure of financial resources. In the structure of the financial relationships of a market economy finance companies reposition indicating the position as the main unit in the public service production, where the tangible and intangible benefits and the predominant mass of financial resources are formed. Corporate finance - is not only a component, but also a specific part of finance. They share features that characterize the economic nature of finance in general, and especially due to the operation of finance in various spheres of social production.

As you know the main purpose of any business is to maximize profits. To achieve that, you need to manage finances of the organization properly, and to seek direction hanging their effectiveness. Financial management has become a critical area of activity of any subject of social market economy, particularly enterprise and joint-stock company, leading industrial and commercial activities. Changing technology, access to new markets, expansion or curtailment in production volumes are based on deep financial calculations on a strategy to attract, distribution, redistribution and investment funds.

In today's environment the majority of enterprises have reactive form of financial management, management decision as a response to the current problems. This form management raises a number of contradictions between: the interests of the

company and the fiscal interest of the state, the cost of money and the profitability of production; return on production and profitability of the financial markets, the interest of production and financial services.

At the present stage of development of market relations tasks of financial management companies operating in a dynamic environment, the development of innovative processes occurring, lead to the implementation of a systematic approach. The task is to highlight key, strategic factors of financial policy. They may make such integral parameters as liquidity, financial stability of the enterprise.

The basic concept of the standard control system - to meet the market demand for the company's products and increase customer service levels while minimizing inventory of materials, components, work in process, reducing lead times and reduce customer cost of finished products. Effective financial management system can be constructed on the basis of budgeting processes. The systems view of the business processes of an enterprise in terms of budgeting helps to increase the transparency of financial flows, reduce costs, identify responsibility centers, and effectively allocate finances.

Enterprise uses the financial resources in many directions, the most important of which are:

- Payments to the financial and banking system caused financial commitments;
- Investment of funds in securities purchased in the market;
- The direction of the financial resources of funds for education and social incentive.

The most important aspect of the financial activity of the company is in the rational use of free financial resources, finding the most effective ways of investing, bringing the company more revenue.

To improve the management of financial resources, you can do with the help of such events:

- Developing financial strategy to build their own financial resources by optimizing the product portfolio and reduce the cost of sold goods.
- Development of payment schedule and monitoring of payments from customers and clients.
- Development and improvement of the existing depreciation policy of the company, including the selection of the optimum for a particular company Depreciation methods, timing and methods of revaluation of fixed assets in accordance with accounting standards.

Thus, the conduct of these simple but effective measures, will allow anyone to strengthen its financial position, reduce the cost of manufactured goods and thus increase the amount of recoverable profits.

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## **COMPETITION AND ITS ROLE IN THE MARKET ECONOMY**

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Competition is the one of the most important elements of a market mechanism. Without it, there is no meaningful market. Therefore, the protections of competition, creating a competitive environment are a burning issue for the emerging market economy

The aim of this research is to analyze the role of competition in a market economy.

Competition is an economic competition for achieving the best results in any activity, the struggle of producers for more competitive business environment, market share and profits received by a particular order.

In the economy competition performs several functions:

- Identify and establish the market value of the goods;
- A set of specific work to socially necessary;



-Promotes the alignment of individual values and profits, depending on the productivity and efficiency of production management.

Competition is not only the distribution of production factors, but income in accordance with the contribution and efficiency of economic entities. Efficient use of resources allows manufacturers to make high profits, and inefficient use of resources; they incur losses and may be ousted from the market.

On the other hand, competition is a strong factor in the concentration and monopolization of the production, which could lead to its weakening. Limit the ability of monopolistic tendencies.

In Russia, the beginning of the creation of antitrust laws was the "Law on competition and limitation of monopolistic activity on commodity markets."

In antitrust law define the boundaries of the assumptions of monopolistic activities, provides for liability for its breach - up to the criminal.

Actually existing practice of economic life in the world shows that the market and competition are the main mechanism of modern economy, more powerful and efficient than any other factor in its motion. Market performance, the higher the intense of competition the better conditions exist for its manifestation. The competition requires certain, preferably an optimal combination of economic, technological and social backgrounds. Violation of this condition hampers the manifestation of competition and even reduces it to nothing. The result is a sluggish economy, reduced its effectiveness, possible drop in living standards of the population.

Competition is the core of the modern market mechanism, not only because the scope of its manifestations over the past decade have grown immeasurably. The main thing is that the competition this is an organic property market, its inherent feature of. The absence of a "normal" competition, it's destructive or, conversely, weak manifestation is a clear indicator of trouble to clear the market, the emergence of large imbalances in its development.

Without competition, the market cannot thrive and compete, then the Protection of Competition received considerable attention. Over the past decade, increased competition actually observed around the world. Not so long ago it was absent in many countries and industries. Markets are protected and dominated by them have been clearly defined. And even where there was rivalry, it was not so fierce. Increased competition constrained by direct intervention of government and cartels.

Today can be called very few areas of the economy, are able to withstand the impact of competition and the market. No country and no company can afford to ignore the objective need for competition.

# **FACTORS IMPROVING REDUCTION OF COSTS AFFECTING THE ORGANIZATION**

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Quality of costs is very important for any organization. It is well known that low quality increases the cost of production. The cause of costs related to poor quality of products is the creation of complex system of products controlling, waste of resources at all stages of production. However, the growth of direct production costs of enterprises is only the part of the total costs associated with the lack of quality. The same, if not a greater share of these costs is made by hidden costs. These include costs that are rarely discussed in the literature - "operational". These costs related to the participation of management in solving the problems of quality, and they can be divided into two main components. The first is connected with the study of quality and condition of the problems identified, and the second, which is less expensive, with their elimination.

The purpose of this study consists in the consideration of costs and identifying ways to reduce costs at the enterprises. If the production process is organized in accordance with plans and schedules, the company's management is rarely involved in the daily management of production. Streamlined production mechanism works smoothly, usable products leave the production lines and go to customers. The top managers are searching for the best strategies for the development which are targeted, for example, to finding the ways that would help to surpass the most serious competitors. As soon as problems with product quality found, managers must take measures relating to the direct control of production processes. Any problem with the quality of management requires action, since its solution needs supplementing the established manufacturing process with the new procedures. These actions can be described by the term introduced by Ronald Coase "coordinating role of management". Enabling managers to deal with these problems requires certain costs, including salaries for managers as well as additional costs when managers have to break away from their regular duties to resolve quality issues.

To classify the transaction costs associated with product quality, we represent a company passing consistently certain stages in solving problems of improving the quality of products. At the first stage, there is the identification of the problem in terms of quality, such as the increasing number of detected products defects. As the company does not have sufficient information to establish the causes of the problem, the management of operational level is busy with coordinating efforts to overcome its effects.

The next stage is the creation and introduction of a system of products checking. Here the management of strategic level planning the system, and these are

the operational-level managers who coordinate its work. At the third stage the established system of checks starts rejecting products that do not meet current standards. Managing the phase of processing such units, as well as managing the system of control requires the participation of managers of strategic and operational level. At last, the fourth stage there may be taken a decision about the inadequacy of the approach, since the introduction of a system of checks provides culling of worthless products, but does not prevent the occurrence of defects. As a result, the company can develop a program to improve the quality of products, which should also be involved in management of both levels.

Competent in matters of quality companies know that it is possible to get rid of the most of costs associated with quality, focusing directly on improving the quality of products. But even companies with a reputation of the highest quality suppliers of products are not insured from the emergence of new problems in the field of quality.

## **INTERNATIOHAL ECONOMIC RELATIONS**

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The current stage of international relations is characterized by a rapid change and new forms of power distribution. Confrontation between two superpowers - the USSR and the USA is a thing of the past. The old system of international relations, known as bipolar is destroyed. In the breaking of old and building of new international relations it is still possible to identify several trends.

The first trend is the development of modern international relations - the dispersal of power, the process of becoming multipolar world. Today new centers acquire an increasing role in the international life. Japan, which is an "economic superpower" loses its role on the world stage today. There are integration processes in Europe. In Southeast Asia there are new postindustrial states - the so-called "Asian tigers".

The second trend in the development of modern international relations is globalization which is the internationalization of the economy, the development of a unified system of global communication, change and weakening of the functions of national states, the revitalization of transnational non-state entities. In the international area of this trend is rapidly being implemented in the form of an explosive growth of international cooperation, the impact of international institutions is political, economic, and humanitarian and the creation of inherently supranational bodies.

The third trend in the development of international relations was the increase in global issues, and therefore the desire of the world to share their solution. It has contributed to a sharp increase in productivity has led to a huge increase in the need

for those products. All global problems facing humanity can be divided into four main groups: political, economic, environmental and social.

The most important of them, are the rapid accumulation and improvement of mass destruction weapons, which radically changed the situation in the world. The nature of nuclear weapons does not allow any non military means to ensure the reliability of his defense. In other words, security in the world can only be achieved through joint efforts. It can be either common to all countries, or it can never be.

The important concerns of all humanity is international terrorism, including various forms of the most dangerous of which is state terrorism. Environmental problems are closely linked with the economic, with the problems of social production growth, and increased in connection with the requirements of energy and raw materials. Natural resources are not limitless and therefore require a rational and evidence-based approach to their use, however, the solution to this problem is connected with considerable difficulties.

## **DEMOGRAPHIC PROBLEMS IN RUSSIA**

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There are many problems in the modern world. Among them are backwardness of developing countries, prevention of nuclear war, elimination of dangerous diseases, food and energy problems, pollution and other problems. One of the most urgent of them is the demographic problem. It leads to the development of almost all other global problems. Importance and significance of the demographic problem is recognized by all states. The stabilization of the world population is one of the important conditions for the transition to sustainable environmental and economic development.

The purpose of this paper is to examine the demographic problems in Russia and to find the ways of their possible solutions in terms of national security.

To achieve this goal in particular the following objectives were addressed to:

- identifying the roots and the components of the demographic problem in Russia;
- searching the possible ways of these problem solving.

The roots of demographic problem in Russia are the level of economic development of the country. The long period of low economic development resulted in:

- high level of mortality;
- low level of the birth rate;
- the lack of skilled workers;
- ethnic conflicts.

Some measures are taken by our government in order to cope with the situation. One of the measures that can help to low the level of mortality is to reduce the number of smokers in Russia by increasing prices and taxes. By different estimations about 400 thousand people die a year from diseases caused by smoking. Besides it is necessary to develop more programs on suicide prevention, treatment of fatal illness, first aid training programs for police officers, traffic police, vehicle drivers, herders, hunters and fishermen.

One of the few measures that will ensure the birth rate is the differentiation of taxation. For example, the introduction of the higher rate of the income tax for people who have no children than for those who have. In other words, all tax burden in the context of individuals should go to the "childless" and "one-child". This approach has an important advantage - it encourages procreation of only those who pay taxes. People need to understand that the lack of family with two children overrides them to get high legal income in the future.

The lack of skilled workers is most associated with corruption. To solve it, it is necessary to strengthen the teaching staff in higher education institutions, to increase their salaries; to educate not for money, but for the future of the country. Thus, there will be no false credits, examinations, and diplomas, the students will know they need to study hard to be successful and to have a job.

Ethnic conflicts can also be referred to as demographic problem. It is necessary to achieve practical implementation of the civil equality principle. National states should adopt zero option of citizenship, which means that all the people living in the country should be able to obtain citizenship. The discrimination has taken place before the policy of socio-economic conditions of all ethnic groups alignment. It is urgent to implement the principles of federalism equally to all ethnic groups.

Currently, the population policy can be understood as a system of generally accepted ideas and conceptually unified means in the state and society by which it is supposed to achieve certain quantitative and qualitative goals of reproduction and population dynamics. It follows that conducting population policy requires compliance with certain conditions. Three of them are inseparable. First, the presence of the concept itself, which describes the goals, objectives and timing of the policy, and secondly, the resources that can and should be spent for financing the policy measures and, finally, the society, that would support the idea of the main strategic policies.

# CULTURE INFLUENCE ON INTERNATIONAL MARKETING

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Cultural environments consist of the influence of religious, family, educational, and social systems within the marketing system. Marketers who intend to market products overseas must be sensitive to foreign cultures. While the differences between our cultural background in the United States and those of foreign nations may seem small, marketers who ignore these differences risk failure in implementing marketing programs. The following are a few cultural differences that may cause marketers problems in attempting to market their products overseas.

**Language.** The importance of language differences cannot be overemphasized, as there are almost 3,000 languages in the world. Language differences cause many problems for marketers in designing advertising campaigns and product labels. Language problems become even more serious once the people of a country speak several languages. General Motors' "Body by Fisher" slogan became "Corpse by Fisher" when translated into Japanese. When Kentucky Fried Chicken entered the Chinese market, to their horror they discovered that their slogan "finger lickin' good" came out as "eat your fingers off".

**Colors.** Colors have different meanings in different cultures. For example, in Egypt, the country's national color of green is considered unacceptable for packaging, because religious leaders once wore it. In Germany, the drivers' uniforms were changed because no one in that country had been required to wear a brown shirt since 1945.

**Education.** The level and nature of education in each international market will vary. This may impact the type of message or even the medium that you employ. For example, in countries with low literacy levels, advertisers would avoid communications which depended upon written copy, and would favor radio advertising with an audio message or visual media such as billboards. The labeling of products may also be an issue.

**Customs and Taboos.** All cultures have their own unique set of customs and taboos. It is important for marketers to learn about these customs and taboos so that they will know what is acceptable and what is not for their marketing programs.

**Values and Attitudes.** Values and attitudes vary between nations, and even vary within nations. So if you are planning to take a product or service overseas make sure that you have a good grasp of the locality before you enter the market. This could mean altering promotional material or subtle branding messages. There may also be an issue when managing local employees. For example, in France workers

tend to take vacations for the whole of August, whilst in the United States employees may only take a couple of week's vacation in an entire year.

**Aesthetics.** The phrase "Beauty is in the eye of the beholder" is a very appropriate description for the differences in aesthetics that exist between cultures. For example, Americans believe that suntans are attractive, youthful, and healthy; however, the Japanese do not.

**Time.** Americans seem to be fanatical about time when compared to other cultures. Punctuality and deadlines are routine business practices in the U.S. However, salespeople who set definite appointments for sales calls in the Middle East and Latin America will have a lot of time on their hands, as business people from both of these cultures are far less bound by time constraints. To many of these cultures, setting a deadline such as "I have to know next week" is considered pushy and rude.

**Business Norms.** Business norms also vary from one country to the next and may present challenges to foreigners not used to operating within the particular norms of the host country.

**Religion.** The nature and complexity of the different religions an international marketer encounter is pretty diverse. The organization needs to make sure that their products and services are not offensive, unlawful or distasteful to the local nation. This includes marketing promotion and branding. In 2005 France's Catholic Church won a court injunction to ban a clothing advertisement (by clothing designers Marithe and Francois Girbaud) based upon Leonardo da Vinci's Christ's Last Supper.

**Social Organizations.** This aspect of Terpstra and Sarathy's Cultural Framework relates to how a national society is organized. For example, what is the role of women in a society? How is the country governed – centralized or devolved? The level influence of class or casts upon a society needs to be considered. For example, India has an established caste system – and many Western countries still have an embedded class system.

**Technology and Material Culture.** Technology is a term that includes many other elements. It includes questions such as is there energy to power our products? Is there a transport infrastructure to distribute our goods to consumers? Does the local port have large enough cranes to offload containers from ships? How quickly does innovation diffuse? Also of key importance, do consumers actually buy material goods i.e. are they materialistic?

**Law and Politics.** As with many aspects of Terpstra and Sarathy's Cultural Framework, the underpinning social culture will drive the political and legal landscape. The political ideology on which the society is based will impact upon your decision to market there. For example, the United Kingdom has a largely market-driven, democratic society with laws based upon precedent and legislation, whilst Iran has a political and legal system based upon the teachings and principles Islam and a Sharia tradition.

Religion, tradition and local customs are important considerations. You need to make yourself aware of the local culture to ensure that you don't accidentally or

carelessly offend people. It is important that you remain sensitive and tolerant to different points of view and ensure that your brand doesn't contain any symbolism that could be offensive in the local culture.

## **ACCOUNTING FOR SIMPLIFIED TAXATION SYSTEM**

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In Russian standards accounting is defined as an ordered system of collecting, recording and summarizing information in monetary terms of assets, liabilities of organizations and their movement by comprehensive, continuous, documenting of all business transactions.

The fact that organizations using simplified rates of taxation (SRT), shall keep accounts in full, is having been mentioned for a long time. The last position of the officials on the subject is reflected in a letter of the Ministry of Finance of Russian Federation from April 13, 2009 № 07-05-08/156. In this document financiers are once again trying to convince us that the release of "simplifiers" from the obligation of accounting in the Accounting Act virtually devoid of practical meaning. And since the Act of February 8, 1998 № 14-FL "On Limited Liability Companies" (hereinafter - the Law on Limited Liability Companies) and the Civil Code contains standards that can be realized only on the basis of accounting data, then, regardless of the applicable tax regime of joint stock companies and limited liability companies are required to keep accounts. Financiers are based on the fact that the legislation on accounting is common but on JSC and LLC - special. In such cases in their states special has priority.

Most often such obligation to conduct an accounting comes from standards related to the organizational form of legal entity - "simplifier". For example, the Act requires the Company to reduce the size of the share capital or eliminated, if the net asset value is less than the minimum capital. A valuation of the net assets in accordance with the procedure approved by order of the Ministry of Finance and the Federal Commission on January 29, 2003 № 10n/03-6/pz, is based on accounting data. Remarkably, but in the Law on Limited Liability Companies are no direct references to the fact that some firms can not keep such records. But it tells to approve the annual balance sheets, publish reports, inform about the value of transactions and the allocation of net income between the parties, etc. So, if fully followed the law, the accounting is necessary

Thus, regulation of the annual general meeting of shareholders will always include approval of financial statements, but it is impossible without accounting. Easy speaking it is impossible to submit such statements to persons authorized to participate in the general meeting of shareholders, as required by the Company Law.



And this is without mention the fact that Committee directly obliges Company to publish to the public an annual report, balance sheet, profit and loss account. And in order to be, present and publish financial statements, it is necessary to keep accounts "in full."

And to produce a distribution of profits between the members of a LLC or JSC, you must have accurate information about the amount of profit the most, which are also available only on the accounting data. There are other reasons that make organizations using SRT, conduct accounting in full. Here they are:

- The need to keep track of the net book value of fixed assets. The law mandates "simplifier" to keep records of fixed assets and intangible assets, as in the case when the net book value of fixed assets and intangible assets will exceed 100 million rubles, the organization no longer has the right to apply the SRT. Thus, if the organization is working on SRT, it is obliged to keep records of fixed assets and track their residual value;

- The risk that you have to restore accounting, if the right to use the simplified taxation system will be lost. The fact is that losing the ability to use this mode of taxation firm can not only due to an increase of the residual value of the assets, but also because it exceeded the maximum level of income. In this case, the organization after the transfer to the general regime is obliged to keep books in their entirety. Typically, this occurs in the middle or at the end of the year, so we have to restore account, enter opening balances. In practice, this can create a very serious problem;

- The existence of multiple accounts with different counterparties. When bookkeeping company has no problem with the settlement;

- The ability to see a complete picture of the financial condition of the organization. Bookkeeping allows owners of the organization to have complete and accurate information about business activities and financial status of the company. Yet some organizations - "simplifiers" has no practical need to keep accounting.

To keep records in full or not, decides organization itself regardless of the tax regime. And there is a rhetorical question - "why legislators release "simplifiers" from such a hassle, if in practice it is difficult to take this privilege?" Yet management accounting is a necessity. A release referred to in paragraph 3 of art. 4 of the "Law on Accounting", means only that the reports are submitted to the tax authority. Moreover, the problem was so widespread that it may be solved already from the "top" in the nearest future. After all, the new draft law on accounting, was submitted for approval to the government, contains a requirement for bookkeeping in full by all organizations of any form of property and all tax regimes.

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## **SMALL BUSINESS IN RUSSIA IN COMPARISON WITH THE USA**

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Small and medium-sized business is the basis of the economy of most developed countries. In Russia small business is in the stage of its formation. In the USA this sector determines the growth of national product (almost half) and new jobs, but in Russia the similar indicators are significantly lower. If we compare the small business of Russia and the United States, we first of all have to note that our country is lagging behind America by the number of small enterprises in dozens of times, in the times of the share of contribution to GDP and as a share of employed in small business. So that is something to aspire to. In recent years, in Russia for a small business is done a lot. For example, the introduction of special tax regimes, simplification of the procedure of creation of small businesses, the introduction of a variety of benefits, crediting, etc. The concept of «small» enterprises is different in Russia and the United States. In America limit the number of employees for recognition of the enterprise the small up to 500 people (however, firms with 100 to 499 employees belong to the category of intermediate), the annual proceeds of not more than \$ 2 million, and value of assets - no more than \$ 5 million. Small business is recognized as it is, if the average number of employees is between 101 and 250 - medium-sized enterprises; up to 100 small, up to 15 - micro-enterprises. The number of employees is not the only criterion of the attribution of companies to small businesses in Russia. Annual revenue is very important, it should not exceed the limit values set by the Government of the Russian Federation for the various categories of small and medium-sized businesses. From 1 January 2008, they are the following:

- For micro-enterprises - 60 million roubles;
- For small enterprises - 400 million rubles;
- For medium-sized enterprises 1,000 million rubles.

Two committees, which deal with the problems of small businesses operate in the USA. Congress. The administration is in charge of the Congress. In every state of work of the regional offices dealing with state support of this sector of the economy. In such units works for 30-40 people.

For small business by the Federal, regional and municipal programs of development of subjects of small and medium-sized businesses in Russia are developed and implemented. On many of the bodies of state power of the Russian Federation, its subjects and local self-government bodies entrusted with the functions of support of subjects of small and medium-sized businesses.

## **LEGISLATIVE REGULATIONS AND FORMS OF ETERNAL CALCULATIONS OF THE ORGANIZATIONS**

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Accounting – is a basis of functioning of any organization. In Russia for the last decade in this sphere there were considerable changes which concerned activity of all enterprises. Accounting includes a set of elements, and this article will be devoted to consideration of such element as external calculations of the organization.

In modern conditions calculations with suppliers and contractors, buyers and customers represent area of economic activity of the enterprises, bearing in them considerable economic risks. Non-execution of contractual obligations, untimely repayment of debt, and implementation of inefficient policy of commercial crediting are not all problems which the enterprises in daily activity face. These circumstances cause need of constant and close attention to the sphere of calculations with external contractors.

First of all, it should be noted that this branch of economy is regulated by means of regulation system.

Now the four-level system of standard regulation of accounting was created.

The first (legislative) level - Federal laws, government resolutions, decrees of the President. Such laws as "About accounting", "About joint-stock companies", etc., assign the general methodical management to the Government of the Russian Federation, besides, the right to regulate accounting is provided to the Central Bank of Russian Federation, the Federal commission on securities market, Department on supervision of insurance activity of the Ministry of Finance of the Russian Federation.

The second (standard) level is made by provisions (standards) on accounting in which the principles and the basic rules of accounting are stated. These are approved by the Ministry of Finance of the Russian Federation the Accounting regulation "Accounting Policies of the Organization" (PBU 1/98), "The accounting of contracts for capital construction" (PBU 2/94), "The accounting of property and the organization obligations which cost is expressed in foreign currency" (PBU 3/95), "Accounting reports of the organization" (PBU 4/96), "The accounting of material and production stocks" (PBU 7/98), "Events after reporting date" (PBU 7/98), "The conditional facts of economic activity" (PBU 8/98), etc.

The third (methodological) - instructions, recommendations and methodical instructions on conducting accounting which are accepted by the Ministry of Finance of the Russian Federation, federal executive authorities. Book of accounts of accounting and the instruction on its application, the instruction on filling forms of accounting reports, methodical instructions belong to documents of this level on

inventories of property and financial obligations, methodical indications for the accounting of the expenses included in distribution costs and productions, financial results at the enterprises.

The fourth level - the organizational and administrative documents, forming accounting policies of the enterprise which are developed by the enterprise. These are orders, working instructions, directions for the accounting of concrete objects and operations.

Carrying out economic activity, the enterprise faces need to make calculations both in the enterprise, and out of it. Internal calculations are connected with payment of a salary and the accountable sums to workers, dividends to shareholders, etc. External calculations are caused by financial relationship concerning deliveries of production, performance of work, rendering services, purchase of raw materials and materials, payment of taxes, contributions to off-budget funds, receiving and repayment of the loan, etc.

All calculations of the enterprise can be divided into two groups:

1. Payments on commodity operations — these are the operations connected with movement of goods: calculations with suppliers and contractors, buyers and customers, commission agents and committents.

2. Calculations for non-commodity operations — the operations not caused by movement of goods and connected only with cash flow — calculations with the budget and off-budget funds, founders, the shareholders, reporting persons, principals and attorneys, the credit organizations.

Calculations for commodity operations are carried out by the following types of payments:

- payment orders;
- planned payments;
- payment demand;
- letters of credit;
- settlement checks;
- offset of mutual requirements;
- bills;
- oncoming traffic of goods (goods exchange operations).

It is worth as paying attention to systems of calculations with external contractors which exist in other countries. In the European Bank Association (EBA) the program of measures for improvement the organization of system for calculations through ECS (European Clearing System) and to increase its technical equipment is developed and realized. These measures are directed on essential increase in quantity and volume of payment operations through EKS and provide reliability, safety and effective management of system. The European clearing system has to conform to so-called standards of Lamfalyussi completely. The working group under the leadership of A. Lamfalyussi, the former general managing director of BMR, in 1990 developed six minimum standards of the organization and functioning the "mechanism" clearing and calculations for cross-border and multi-currency payments for the purpose of

increase of reliability of payment systems net - calculations and prevention of system risks for service of the international payments.

## **RUSSIA DEPENDENCE ON RAW MATERIAL MARKETS**

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Russia's dependence on the situation on the commodity markets is growing. The largest exporter of energy resources in the world is unprepared for the fall of oil and gas in the coming decades.

Sales of oil and gas account for about 70% of Russian exports. Proceeds from the sale of hydrocarbons form about half of the revenue of the Russian budget. Currently, Russia's economic dependence on raw materials markets is more than in the mid 80-ies of the XX century. Funds from the sale of oil and gas formed when less than half of budget revenues of the Soviet Union. Exports of non-oil products from Russia fell from 15% in 1997 to 8% in 2012. Rector of the New School of Economics Sergei Guriev said: "Russia has not solved the problem of corruption, which is common to all raw states." Mr. Guriev named the country's dependence on oil and gas trap, preventing the development of political and economic institutions.

Russian President Vladimir Putin acknowledged the problem of excessive dependence of Russia on commodity markets for the Federal Assembly on 12 December. Mr. Putin said that the country should reduce exposure to risks associated with a possible sharp fall in hydrocarbon prices. According to experts, the Russian oil reserves, including deposits in the Arctic, are sufficient to maintain production at current levels over the next 20 years.

The dependence of the economic performance of the price of going to the export of oil and gas is the main problem of the Russian economy, and the three-year budget is a mean to start moving from commodity dependence. According to the Minister, the budget is focused on the fact that economic growth will develop in the first place, the processing industry, services, transport, communications, and other non-oil and gas sectors. The total volume of non-commodity growth is estimated at 6% in 2012. Even the record of money in three-year budget will be kept separately from the export of oil and gas revenues. Without the revenue deficit would be inevitable, it will be covered by special funds, where will all the oil and gas revenues of the state. But it is planned that from year to year, these payments will be reduced by the fact that all the major role will be played by other sectors of the economy. The article "national economy" budget will be increased spending by 44%.

## ON THE PECULIARITY OF JOINT VENTURES

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Joint ventures (JVs) are a very important organization in international business. It is caused by increasing global competition, scientific and technological progress and technological development. It is considered that in recent years JVs have lost their popularity. Therefore, our task is to confirm or deny this statement.

The share of JVs in international business has rapidly increased during the last two decades. They are also an important way of implementation of different projects. That is why this type of a partnership gives a chance to use a variety of skills and knowledge for a specific project. In other words it is one of the types of strategic alliances.

The development and the important role of JVs lead to the discussing and analyzing their strategy, transactions and value-creation activities in different spheres.

JVs are extremely popular in some industries. Among them are the following: land development, engineering projects, services, IT-technologies and others. However the greatest amount of such alliances is in the sphere of marketing. Their aim is to get an access to new markets. Complex JVs can combine different types of activities.

The main goals of creating such type of a partnership are the following: first, to capture a new share of the market; second, to share a risk and gain a maximum success in the market. Therefore such equation as  $2+2=5$  is used to explain the essence of a JV. Strange as it seems at the first glance, it is really true because two companies joined together can be more successful than if operating separately. Another important motivation concerns competitiveness. Usually companies that cannot “beat” their competitors join them. Besides a JV is one of the ways of creating new skills and knowledge, which would be impossible without a partner.

However we should also say that in order to get a maximum effect from operating a JV we need to plan it ahead. This planning includes partner selection, the structure of a partnership and management of it. If planning is not efficient, the alliance will crash. The failure rate for JVs and strategic alliances seems to be quite high. One study of 49 international strategic alliances found that two-thirds run into serious managerial and financial problems within two years of their formation [3,346].

According to the recent statistics[2] that shows the share of income from JVs into the country's GDP, the first position in the world as of the year 2011 belongs to

Guyana(with the percent rank 0.97), while Bahrain(0.97) and Mongolia(0.97) occupy the second and the third place, respectively.

This fact proves that the developing countries gain from JVs more than the developed ones, because the former have various sources of income. For example the percent rank of the United Kingdom is only 0.78. But the gain from JVs is really enormous. A vivid example is the following. Siemens AG and Nokia Corp. combined their fixed and mobile network infrastructure businesses in a joint venture known as Nokia Siemens Networks. The JV formation was a reaction to recent mergers in the industry, such as Alcatel and Lucent, and the rise of low-cost Chinese competitors such as Huawei Technologies Co Ltd and ZTE Corp. Nokia Siemens Networks became the second largest company, behind Ericsson, in wireless networks and the third in fixed-line, behind Alcatel and Cisco Systems and is headquartered in Finland.

The current development of JVs is not as intense as it was in the period before the 2008 crisis. In particular the largest number of such strategic associations was observed in the 80's and 90's of the last century. However, a joint venture that creates goods or services for which is there in great demand is beneficial and profitable indeed.

As for trends, according to the dynamics observed in previous years, we can conclude that the number of JV might not increase in the nearest future. However, the benefits and profitability of their activities remain a motivation for the creation of the joint venture planned in details.

Thus, the JVs directly promote the development of both national economies and the world economy. Furthermore, such an association is positive for both companies. But it should be noted that only through mutual efforts and cooperation the desired outcome for all involved can be achieved. In general, there are three components required for successful JV: partner, structure and of course the way and manner the business is organized.

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# **DEVELOPMENT OF METHODOLOGICAL TOOLS FOR THE CREDIT ASSESSMENT OF THE COMMERCIAL ORGANIZATION**

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In the modern economy of Russia in the period of formation and development of a new type of economic relations, when independent entities do their own choice in the majority of their decisions, the need to develop an effective money management is paramount.

Equity capital of organization - is not a guarantee of profit. Even if there is one, it does not mean that it will be enough to invest in the development of production, expanded working capital, etc. Own financial resources are the basis of a stable organization, but it is not enough to consider it as a long-term source of funding for the expanded reproduction of capital assets and intangible assets, or source of replenishment of current assets. In this case, it is risky and as a result of an alternative source of funding appears borrowing.

The concept of "creditworthiness of the borrower" in the formation and development of market relations lenders need to have a precise idea about the creditworthiness of their partner. To achieve this, commercial banks have developed their own methods for determining credit worthiness. However, this should be clearly defined, that incorporates the concepts of the market economy. The process of transition to a market economy has significantly altered the relationship of organizations and their creditors. To the fore the conditions mutually beneficial partnership and common economic interests directly linked to the creditworthiness of the borrower.

There are some differences between solvency and creditworthiness. Solvency - the ability to satisfy creditors' claims in the present moment, and creditworthiness - that ability to forecast the future. Another major difference: the organization to meet its normal obligations (other than the loan), as a rule, the proceeds from the sale of goods (works, services). Repayment of the loan can be done either from the borrower's own funds, and the funds received from the sale of Bank of collateral pledged assets of the guarantor or surety insurance claims.

In addition creditworthiness is determined not only by how much liquid assets of the organization, to repay obligations, but also many other factors that do not depend directly on the entity (counterparties, markets, etc.) and not always quantifiable.

There is also an approach to determining creditworthiness, linking it to pay. Depending on the purpose of the analysis can be considered as a different concept. From another point of view, under the "creditworthy entity" means the presence of



his premises for the loan and return it on time. Yet the prospects for a loan - is not an opportunity to get it: because it ignores the fact that the credit is provided by banks for a fee, and credit must also include the ability to pay interest on the loan, otherwise it will return in full.

In the interpretation of the term "creditworthiness of the borrower," as a rule, takes into account the complex of certain factors, including efficiency and capacity of the borrower to perform credit transactions, its business reputation, whether they are secured, the borrower's ability to earn income - generate cash flow.

It is important to emphasize that the creditworthiness - a system of conditions that determine the company's ability to raise debt capital and repay it in full on schedule. In this case, the credit rating takes into account several key conditions: the structure on capital and financial stability, evaluation of products from the point of view of the demand for it in the current market conditions, the liquidity of assets. Implementing the principle of ensuring the repayment of loans, the bank expects (even at low solvency of the borrower) for the complete or at least partial repayment of loans through secondary sources.

Creditworthiness of the borrower depends on many factors, each of which must be evaluated and understood. Significant and very difficult problem for the analyst is to determine the changes in every factor, reasons and circumstances of creditworthiness in the future. The level of creditworthiness of the client indicates the degree of the individual bank's risk associated with the issuance of a specific loan particular borrower.

By the conditions, on which the credit operation occurs are current or forecasted economic situation in the country, region and industry, political factors (the effect of inflation). These conditions determine the degree of external bank risk and are considered in deciding on the standards of the bank to assess the cash flow, balance sheet liquidity, capital adequacy, level of management of the borrower.

From the foregoing it can be concluded that the importance of the credit assessment is that credit plays an important role in many businesses, organizations, and even nations. Thanks to it, there were credit instruments of treatment that are used in banks. And credit relations give opportunity to develop start-ups that do not have their own funds.

The loans were, and remain one of the major segments of the world economy.

# PRINCIPLES OF IMPROVING EMPLOYEE MOTIVATION

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The article deals with the principles of employee motivation and empowerment in organizations. Motivation is defined as goal-directed behavior. It concerns the level of effort people exert in pursuing their goals. Managers are concerned with this concept because it is closely related to employee satisfaction and job performance. If managers are asked to list the problems they face, the problem of motivating employees is likely to be near the top because it is connected with the success of an individual, an organization and society as through motivational efforts people achieve their personal, or organizational and social goals.

Thus, there are six principles of motivation in human resources management. Let's consider each of them in more detail. By adding these motivation principles to your capabilities you can make the job of leading those around you, and helping others to do the same, a joyful and rewarding activity. Instead of spending all your time and energy pushing and cajoling, you will be able to focus on leading your team, and enabling people to achieve their full potential - themselves.

Motivation 1. One of the most common assumptions we make is that we and the individuals who work for us are motivated by the same factors. Perhaps you are motivated by loyalty to the company, enjoying a challenge, proving yourself to others or making money. One great pitfall is to try to motivate others by focusing on what motivates you. If the leader can tap into and support the team members' own motivations then the leader begins to help people to realize their full potential.

Motivation 2. Most people believe that others are motivated by "extrinsic rewards", such as pay or job security, rather than "intrinsic motivators", like a desire to learn new skills or to contribute to an organization. Numerous surveys show that most people are motivated by intrinsic factors, and in this respect we are mostly all the same. Despite this, while many leaders recognize that their own motivation is driven by factors that have nothing to do with money, they make the mistake of assuming that their people are somehow different, and that money is central to their motivation. If leaders assume that their team members only care about their pay packet, or their car, or their monthly bonus, this inevitably produces a faulty and unsustainable motivational approach. Leaders must recognize that people are different only in so far as the different particular "intrinsic" factors which motivate each person, but in so far as we are all motivated by "intrinsic" factors, we are all the same.

Motivation 3. When some people talk, nearly everyone listens: certain politicians, business leaders, entertainers are people we regard as high achievers. You

may not agree with what they say, but they have a presence, a tone of voice and a confidence that is unmistakable. Many people make the mistake of thinking that the only people who can lead others to success and achieve true excellence are the high-profile, charismatic. This is not true. Each of us has qualities that can be adapted to a leadership role and to achieve great success. Instead of acting the way we think others expect us to, we are more likely to get others behind us and to succeed if we tap in to our natural, authentic style of leadership and making things happen. The leader has a responsibility to facilitate this process.

Motivation 4. Effort should be focused on helping people to align company goals with individual aspirations. Motivation and goals must be determined from within the person, mindful of internal needs, and external opportunities and rewards. You succeed as a leader by helping and enabling people to reach their potential and to achieve fulfilment. If their needs and abilities could be of far greater value elsewhere, let them go; don't force them to stay out of loyalty. True leaders care about the other person's interests (not just about your own interests and the interests of your organization).

Motivation 5. Many managers hope to motivate by setting their people challenging targets. They believe that raising the bar higher and higher is what motivates. Achievement for achievement's sake is no basis for motivation - a person's quality of life must benefit too.

Motivation 6. When you try new things such as new motivational ideas, especially which affect relationships and feelings it is normal for things initially to get a little worse. Change can be a little unsettling at first. But keep the faith. People are naturally sceptical about unconventional motivational approaches. They may wonder why you have suddenly taken such an interest in them. They may feel you are giving them too much responsibility or be concerned that changes in the way they work may lead to job losses. Encourage and help people to grow and develop, and performance improvement is inevitable.

Summing up, the job of a manager in the workplace is to get things done through employees. To do this the manager should be able to motivate people. But that's easier said than done because motivation practice and theory are very difficult subjects. To understand motivation one must understand human nature itself. And there lies the problem as human nature can be very simple, yet very complex too. As we have already noted, if you want to be a successful manager, try to use all the above-mentioned ideas in your practical work.

## **DOLARIZATION IN UKRAINE AND RUSSIA**

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One of the most noteworthy features of globalization during the last two decades has been the rapid increase in de facto dollarization. Dollarization occurs when the inhabitants of a country use foreign currency in parallel to or instead of the domestic currency as a store of value, unit of account, and/or medium of exchange within the domestic economy [3].

The term is not only applied to usage of the United States dollar, but generally to the use of any foreign currency as the national currency. There are two common indicators of dollarization. The first one is the share of foreign currency deposits (FCD) in the domestic banking system in the broad money including FCD. The second measure is the share of all foreign currency deposits held by domestic residents at home and abroad in their total monetary assets [1].

Declaration of independence put a start to dollarization of the Ukrainian economy. Before 1991 dollar remained exotic currency for the vast majority of citizens of our country. It could be bought only from street money changers and with high risk, too. Free circulation of American money started only from the first year of independence. The first exchange points appeared in the country at the same time ensuring access to bucks for citizens. Meanwhile, the article for illegal currency operations remained in the Criminal Code up to 1994, so buying and selling currency Ukrainians still formally violated the law.

The hyper inflation that stormed the country in the first years of independence spurred total love of Ukrainians for dollar that became the favorite financial tool for savings. Because of inflation, dollar quickly grew in price: in the beginning of 1991, while in the USSR, one dollar cost 32 rubles, in the end of 1991 – already 160 rubles. This warmed up Ukrainians' trust in hard currency. Also, servicing of the shadow economy and people's savings were gradually transferred into dollars. By the middle of 1994, the share of foreign currency in the monetary mass was already 13.5% and by the beginning of 1995 – 31.4%. According to the Stats, in 1995 Ukrainians spent 100 trillion karbovanets for buying foreign currency.

The dollarization indicator remains at the same level up to this day. The NBU says that as of April 1, 2011 the indicator was 29.36%. Over 1998-2010 period the volume of cash currency circulating outside the banking sector increased almost by US \$60 bn., central bank said, but analysts claim that at least US \$100 billion is circulating in the country. In fact, 2011 can set a record in the decade in terms of the dollarization rate. In 11 months of 2011, the negative balance (when sale of currency by banks is higher than purchase of currency from the population) reached a record of

US \$12.7 bn. of them only US \$2.1 billion returned to banks as currency deposits. The main reasons of this phenomenon are high devaluation expectations of citizens and also new Tax Code that came into force pushing businesses move to the shadow. According to some assessments, the share of unofficial economy reached 60% of the GDP in 2011. The level of dollarization increased by 29.5% in 2012. It is expected that the level of dollarization will decrease to 29% in 2013 [2].

Financial dollarization is the prominent feature of the Russian economy. In the 1990s, many restrictions on transactions on foreign exchange market were lifted in Russia. At the same time, the country had been going through a prolonged period of macroeconomic instability against a backdrop of sharp devaluations of the domestic currency and galloping inflation, which dampened activity in all sectors of the economy. In conditions of a dramatic drop in ruble purchasing power, the role of foreign currency (mainly the USD) had grown considerably and had since remained strong. The last decade was marked by unstable dynamics of the dollarization of the Russian economy, including periods of both accelerated growth and easing demand for foreign currency [4].

So, we can confidently say that dollarization is the tendency for countries to use the US Dollar (USD) or another foreign currency in local transactions and Ukraine and Russia is no exception. Ukrainian and Russian governments must resolve this problem and restore confidence in the national currency.

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## **ECONOMIC PROBLEMS OF SMALL BUSINESS IN RUSSIA**

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Business based on the activities of small companies, which are not formally members of any association can be called small business. Currently this kind of business faces the greatest number of problems in Russia. The purpose of this work is to consider the problems of small business in Russia. In accordance with it we tried to solve the following tasks: to identify the problems existing; to find the possible ways of their solution.

One of the greatest problems is the problem of taxation, the unresolved part of which is connected with VAT collection. Many small businesses prefer to pay VAT to customers - legal entities have the opportunity to host these amounts to be deducted. Otherwise buyers - legal entities prefer to buy the same product from a company which is a VAT payer. This reduces the competitiveness of the company that uses the simplified system. It is reasonable to allow enterprises to identify the VAT by the general rules and pay its share in compliance with the general tax transferred to the federal budget. In this case the total amount of general tax would have remained the same.

One more problem of small businesses is poor resource base, both logistical and financial. Practically creating a new sector of the economy is spoken about. For decades, there was no such a sector in the economy of Russia. In particular, there was lack of trained entrepreneurs. People could not form a reserve of funds required to start their own business. It is clear that the state budget cannot be the source of such funds. The only way out is loans which are not enough in conditions of constant and increasing inflation. This leads to another problem – problem of lending.

Many small businesses do not have enough external financing, the main obstacle of obtaining a loan are the conditions imposed by the banks. First, the provision of a loan - often banks consider only the real estate, foreign cars, gold and jewelry. Second, the enterprise property is typically estimated 50% less than its actual market value, which greatly reduces the amount of any loan. Third, the interest rates are prohibitively high, usually about 10 times higher than the European mortgage rate, which is around the level of 2-3% a year. At the same time dealing with a request for a loan can take up to several months and requires the provision of a large number of documents.

The comprehensive study of foreign experience shows that an important prerequisite for the success of small business is the policy emphasizing that small businesses need stable, significant government support, which should be implemented in a variety of forms, primarily through the incentives for creating

priority products; competent tax benefits; grants; preferential bank loans; ubiquitous creation of the variety of information, advice and research centers; practical development of insurance system for arranging successful technical and material support.

## **PROVIDING THE CLEANING SERVICES**

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In Russia, the first cleaning companies started their activity since 2002, with the entry into effect of the state standard about cleaning services of buildings. The number of companies are engaged in cleaning has increased in recent years.

Cleaning companies offer services in the field of integrated real estate services: financial management, technical support of building systems, a complex daily cleaning of buildings and grounds, other jobs. This allows the customer to save energy, time and effort, to prevent premature wearout of carpets, upholstered furniture, and office equipment.

Cost of services depends on the amount and complexity of work. Calculation of payment may be made per square meter, or time for the work. The degree of contamination, the area, turnaround time and other factors are taking into account. This allows you to calculate the amount of rendered services.

Cleaning company tends to raise the service to European level. Many of them are not even able to perform tasks on large scale maintenance facilities. Due to the fact that they have no professionally trained staff and new equipment for cleaning, allowing to perform complex work with high quality. This casts a shadow on the entire industry, slowing the development of cleaning.

In our time, the number of customers entering cleaning services increase. Most companies choose two services: one-time or permanent. The client chooses the one which suits him more. These services can be performed with special equipment, or without it. One-off cleaning services are much more popular than permanent.

Thus, the cleaning companies need to develop and expand the team of qualified staff to constantly update professional equipment, purchase new materials and professional cleaning liquids that improve the quality of cleaning and provide additional protection of the surfaces.

## **ECONOMIC GROWTH AND LABOR PRODUCTIVITY IN RUSSIA**

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### **Problem:**

The most important factor in Russia's economic recovery of the last ten years has been the growth of labor productivity: it increased by an average of 6% a year and has provided two thirds of growth in GDP per capita, mainly through increased capacity utilization. Over the past decade, the average performance in Russia has grown from 18% of the U.S. level (for the ten sectors included in the survey in 1999) to 26% in 2007 (in five sectors in the current study).

Branches in the context of labor productivity in Russia is 33% of the U.S. level - in the steel industry, 31% - in retail trade, 23% - in the retail banking business, 21% - in housing, and 15% - in the power industry. Labour productivity as a whole increased in 10 years by 1.7 times, and the gap with the U.S. has decreased. The remaining third of GDP growth per capita is mainly to increase the number of employees, which from 1998 to 2007 increased by 13% due to the growth of the working-age population and the massive influx of immigrants.

### **Decisions:**

To increase the productivity of a nation to achieve the following objectives:

1. Encourage greater competition by removing administrative barriers.
2. Implement a comprehensive approach to the development of territories.
3. Implement programs to support mobility of labor and social protection.
4. Implement measures to support the working-age population.
5. Increase the level of financial development.
6. Modernize the system of vocational education and training.

## **FOREIGN INVESTMENTS INTO THE RUSSIAN ECONOMY**

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Investments are money resources, ear marked cash, shares, stock and other securities, technologies, machines, equipment, licenses, loans any other property or property rights, intellectual values invested in objects of entrepreneurial and other kinds of activity for the purpose of earning income and achievement positive social effect. The subjects of the investment activity in Russian Federation are the newly created and modernized fixed current assets in all branches and spheres of Russian Federation national economy, securities, special-purpose contributions, R&D



deliverables, other items of the property and property rights and intellectual property rights.

The topic of investments in our country is so important that the discussions about them don't cease. This problem is topical, firstly, because it is possible to make a great fortune through investments into Russia but at the same time fear to lose committed finances stops investors. The Russian market is one of the most attractive to the foreign investors, however, it is one of the most unpredictable, and foreign investors rush about trying not to miss their share of Russian market and, at the same time, not to lose the finance.

The different opinions are expressed about the role of the investments into Russian economy. Some thinks the drop in the domestic investments, reduction of the capital and a number of other reasons make impossible carrying out of the economic reforms in the country without investments from abroad. Others consider that foreign investments threaten the economic security of the country and if the process of the "capital flight" from Russia is stopped there will be quite enough internal funds for the effective development of the economy.

Foreign investors are guided, first of all, by Russian investment climate of which is determined by independent experts and serves to assess efficiency of investments in this or that country. The main obstacles for the inflow of the foreign capital into Russia are: the imperfect legislation, excessive taxes, absence of the foreign investments protection mechanism, high crime rate, corruption. Many foreign businessmen name the last reasons as the main and also point at the instability of the "game rules". Until now the effective mechanism stimulating the inflow of the foreign capital into Russian economy is not developed and put into practice.

Only about 25 regions of Russia are the most attractive to the foreign investors. Moscow and Moscow Region, St.-Petersburg and Leningrad region, Tyumen region, Krasnoyarsk region and some other regions which are rich in natural resources account for the main share of the foreign investments. Other regions are considered to be problem areas from the point of view of foreign investors. The major foreign investors of Russia are Cyprus, the Netherlands Luxembourg, Great Britain, Germany, China, Ireland, France and Japan.

The Russian economy is still underestimated though some industries are already overestimated, for example, the petroleum industry. As a whole foreign investments reduced to 21 % and were 81927 million dollars in 2009 in comparison with 2008.

The foreign capital influences Russian economy ambiguously. Capital import in any form supports the lessening of the tensions at the financial field of the country that is a positive feature of the investment process.

Foreign investments support the development of the economy branches that leads to creating more jobs and emerging of the demand for the skilled labor. Besides, foreign capital improves the market methods of the economic management that, undoubtedly, accelerates carrying out the economic reforms in Russia and makes them more effective.

## LABOUR MARKET: UNEMPLOYMENT PROBLEMS

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Unemployment is a macroeconomic problem, it has the most direct and profound effect on everyone. Losing a job for most people means lower living standards, and does serious psychological trauma. It is not surprising that the problem of unemployment is often the subject of political debate. According to the Russian law, the unemployed are considered able-bodied citizens without work and wages, who are registered with employment agencies to find suitable work, seeking work and ready to start. The criterion of demarcation of unemployment, as a rule, tend to serve the cause of its occurrence and duration, and the main types of unemployment are structural, frictional and cyclical; referred to as latent, seasonal, etc.

The current situation on the labor market in Russia is very different from the one that was 4 years ago. At the present time, according to Rosstat about 5775.2 thousand people actively seeking work, out of which are officially registered with the Employment Service as unemployed at the end of 2010 - 1920.3 thousand people. This category is increased first of all with refugees, as well as women with children, youth, persons close to retirement age, the soldiers who were dismissed from the army and do not have any civil profession, people with disabilities. Existing legislation in this area does not comply with the current situation in the economy and the labor market, since it does not contribute to the preservation of jobs. Speaking about the primary system of training and skills development, their structure and organization is not adapted to modern conditions. **The causes of unemployment in Russia.**

The problem of unemployment is intensified with difficult financial situation. It makes housewives, pensioners and students look for a job. In accordance with the Employment Service has gained experience and expert opinion increasing the number of unemployed in Russia will contribute to the following factors:

- suppression of unemployment (an early retire age - 58 for men and 53 for women);
- Partial forced unemployment (reduced working hours, shorter working week, lengthening vacations);
- temporary unemployment (maternity leave, care for disabled children, the elderly and seriously ill, leave without pay);
- unemployment in connection with the release of women from the production of harmful and dangerous working conditions;
- structural unemployment (reorientation, the closure, bankruptcy);

- involuntary unemployment (due to lack of raw materials, energy, components, leading to the stopping of the enterprise);
- primary unemployment (high school graduates, vocational schools, colleges, universities);
- and others

Socio-economic consequences of unemployment are considered along with the problems of poverty and social instability as one of the most pressing global and national issues.

### **The methods of struggle with unemployment.**

Common methods to all types of unemployment measures are

- ♣ creation of new jobs;
- ♣ establishment of labor exchanges and other types of employment services;
- ♣ improvement of information management system for the labor market;
- ♣ creation of special services for this;
- ♣ creating opportunities for training and retraining of unemployed;
- ♣ support for private and public services that are doing this;
- ♣ training of employees;
- ♣ deter technological progress and / or slowing down the implementation of its results.

Unemployment is a complex socio-economic phenomenon. Its story is very durable. It actually began, when the owners of labor were separated from the proper uniqueness in real working conditions.

Economic evidence shows that the unemployment is constant companion of market economy. It can not be canceled, as it is sometimes claimed in the press. At best it can be reduced to the "natural rate", referring to the frictional and structural unemployment.

Assessing the activity of the state as a whole to reduce unemployment, it should be noted that its action is practically aimed at the elimination of unemployment, ie it is now trying to "catch up" event. And this, as you know, always requires more spending than their prevention. The objective should be to pre-emption events - unemployment.

# **PROBLEMS OF SMALL ENTERPRISES IN THE MARKET NANOTECHNOLOGY**

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The scope of nanotechnology is one of the most promising and perspective today. Russia has enormous scientific potential for the development of nanotechnology; however, difficulties arise when introducing scientific developments into production.

The main problem of Russia's nanotechnology market is underestimating the role of small enterprises, their capacity for flexible integration of innovative methods in production and quick response to market demand. Only 1% of Russian small enterprises work in the field of innovation, not more than 15% oriented to the market. For comparison, in the U.S. in sphere of innovation about 50% of small businesses are employed. In Germany, only in one state of North Rhine-Westphalia the number of small and medium enterprises engaged in nanotechnology, approaching five hundred, while in the Central Federal District numbering only 226. Why is this happening?

Small businesses running or planning to start development in nanotechnology face the following challenges:

- the lack of demand in the market. The industry does not feel the need for those developments that offer the company;
- imperfection of Russian legislation on intellectual property and patent protection. The author's idea is not subject to legal protection;
- excessive taxation of the activities and scientific and technical products, set up under the R & D in nanotechnology. Tax relief just need a small nanotech start-ups as a means of attracting investment and reducing the cost of their own products;
- the lack of working capital and investment. Small companies to get a bank loan is almost impossible, the priority is investment.
- the complexity of certification. Obtaining a certificate is a very difficult and expensive process, not yet tuned in the sphere of nanotechnology;
- the lack of , scientific personnel;
- lack of interaction among small, medium and large enterprises. Large innovative businesses in .Russia do not fully exploit the potential of small companies because of the lack of information, the lack of successful interaction, the inability of small businesses to submit their ideas and developments.

In order to solve above stated problems the following actions should be taken:

- create a federal innovation and industrial consulting network support for small businesses. Such system would provide small businesses with a wide range of

services including information on the developments that are in demand in the industry;

- create industry-specific online portals and databases for the purpose of dissemination of information about existing and emerging small businesses in the area of nanotechnology;
- remove any inaccuracies regarding the protection of intellectual property and patent protection in the sphere of legal regulation;
- facilitate the possibility of small businesses in obtaining various certificates and provide an opportunity to participate in the tender for government contracts;
- Create centers for collective use for enterprise developers can immediately begin to implement projects, bypassing the stage of building infrastructure, that will allow it to develop small businesses;
- Develop mechanisms to attract existing small innovative enterprises in the developments in nanotechnology;
- create small nanotech companies based on business incubators and technology parks;
- take measures to stimulate the activities of the regional leadership in the development of nanotechnological start-ups.

## **“FUR NEP” IN TURUKHANSKIY KRAY**

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Export of fur always played a crucial role in the economics of Russia. This kind of export became highly important for the new fledged Soviet republic in the period of NEP. That was the period when the republic tried to restore the undermined economy after the First World and Civil wars. Due to the decline of traditional export sectors of agriculture fur export took the key position in income items and regions rich in fur attracted great attention of the state trade and provision companies.

Siberia always known with its richness had regions that abound in forests and game. One of the most abundant in fur regions was Turukhanskiy kray. This kray located in the North of Yeniseyskaya guberniya covered 1.8 mln square verst and had the population of 15,000 people that accounted for 0.01 people per square verst. Boundless territory, poor density of population, poor development and natural resources formed Turukhanskiy kray as a hunting region which annually could give 3 mln. squirrel fells [1,92] (all variety of fells was counted in squirrel skins). The period of hunting games was usually from December till March when there was hard frost and game wore bushy hair. After this period and before the starting of thaw hunters sold their fells in the trading stations. From there after opening of the Yenisey fur was shipped to Krasnoyarsk and Siberian cities. Then fur transported Eastward

via Chita to Harbin or Westward via Moscow, Arkhangelsk or Irbitskaya fair to London, Leipzig or New York.

The fur procurement was run by many levels of middlemen. The first level was hunters who sold their fells to representatives of provision companies in trading stations on-site. In season 1922-1923 squirrel fell cost 45 kop., white polar fox – 13 rub. 50 kop.; the most expensive was sable which price was 25-500 rub. For comparison 1 pud (16 kilo) of wheat flour cost 1 rub. The next, after trading stations, level was headquarter of company located usually in Moscow, it sold fur to the state export companies which took the product to London or New York fur exchanges. The average price for squirrel in London was 2 rub. 13 kop., polar fox – 80 rub., sable – from 36 rub. and higher. The annual procurement of fur in Siberia was equal to 18-20 mln rub., whereas world price was 60-80 mln rub. The cost the whole nationalized Siberian industry was 81% of the fur cost [2,147].

The amount of procured fur in the season 1920-1921 was unknown. In 1920 via the North Sea Route was shipped:

Table 1 [3,147].

Type of fur	Amount of units
Squirrel	3,457,860
Polar fox	35,099
Fox	16,580
Sable	465
Ermine	135,265
Kolinsky	44,302
Bear	1,161

The soviet republic did not have direct links with foreign countries in that period nevertheless it did not mean that Siberian fur was not sold there. The contraband those days was a wide spread phenomenon. There were some officially witnessed cases when foreign sailors via the Bering Strait and mouth of the Kolyma sailed to Kolyma region or via the Khatanga bay, the Khatanga and the Kheta rivers to the Ayan river where existed the centers of Contraband.

After the liberation of inner trade in 1921 the procurement and trade of fur was still monopolized by the state. Only after passing the law 8April 1922 by SNK it was allowed to procure and sell the fur freely inside the Republic. In the end of 1922 there was a good revival in local fur trade. Appeared new state trade and provision companies (Yengostorg, Sibtorg, Sibdalvneshtorg, Kozhsindikat etc) and the whole net of cooperation. The fur was in great demand among not only state institutions and speculators but and ordinary citizens willing to invest their savings in real and reliable values. All the participants on fur market were poorly supplied with money

and products to run their operations. The most effective in that situation appeared to be the private speculators who managed to do swift turnovers in rather short period of time. They sent the fur to Moscow markets where it was twice as expensive as in Krasnoyarsk and having received money they invested in new fur deals. As a result private capital took over the fur market in the first quarter of season. Fur prices increasingly grew up. Trains leaving for Moscow were stuffed with fur to the full. In that way Yeniseyskaya guberniya procured 3 mln squirrel fells [1,21].

That time appeared the first ideas to reform fur procurement and lead in the state monopoly represented one or two companies based on the principles of NEP. However, in the season 1923-1924 there were even bigger amount of provision companies which number amounted 18. In those days in Krasnoyarsk turned up even foreign firms: RASO (Russian-English stock company), Dova-Britol, Rusgertorg (Russian-Germany trade company), Ratao (Russian-Austrian trade company) etc. From 1 October 1923 to 1 March 1924 there were procured:

Table 2 [1,261].

Type of fur	Amount of units
Squirrel	2,714,541
Sable	3,561
Polar fox	19,261
Ermine	14,407
Kolinsky	15,067
Snow leopard	3

That was the season which broke all records. In the end of 1924 the number of provision companies was past 20. The biggest ones were Gubsoyuz, Hleboproduct, Sibpushnina, TzATO. The local authorities tried to deter the influx of companies which arrived from around all Republic even not knowing local market and how to procure fur. They overpriced fells very much and disorganized the fur market. Among the companies there was heated competition: instead of 60 kop. they gave 1 rub. 40 kop. for one squirrel or some tried to create an alcohol dependency among the natives. Thus they sold one bottle of vodka for 12 squirrel fells to native people addicted to alcohol [1,7].

N. Terenin, the head of expedition arranged by Selskosklad in 1924, had the notes describing the ordinary natives. He wrote: “The native man has a mild character, sensitive to hospitality. He likes drinking very strong tea, feasts on sweets and if does not get a good welcome he goes away saying: “You are not my friend and here you trade no”. If he likes you he will stay near the trading station where he brings all his fells, usually demanding the loan. Loan is his natural evil. He demands a loan even if he does not need it” [1,93]. Actually, the natives were an easy aim for

speculators and old professional northern traders called “tungusniki”. The last started working in the state trading stations, speculating on fur prices, collecting old debts of the tzar period and at the same time avoiding the state taxes as they were registered as workers of the state provision companies.

The local authorities did their best to regulate the fur trade and to minimize the number of provision companies so that Turukhanskiy kray would not become a desert. The population of game after 1924 started to fall dramatically. But central departments and banks did not pay attention to all restrictions and continued to lobby their procurements and push their representatives (shady individuals and middlemen) into the Siberian fur market. As a result the problem of regulation of fur procurement and trade stayed urgent till the end of NEP.

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## **ECONOMIC PROBLEMS OF FRANCHISING IN RUSSIA**

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It is necessary to use new economic mechanisms to solve many economic problems of modern Russia. One of such mechanisms is franchising. Now it is possible to claim that franchising is the only known tool that allows increasing efficiency of small business. It gives the chance to unite advantages of small and large business.

The purpose of this work is to consider problems of franchising in Russia. In accordance with it we tried to solve the following tasks:

- 1) to define the concept of franchising and its features;
- 2) to identify the factors that block franchising development in Russia;
- 3) to find the possible ways of eliminating the effect of these factors.

Analyzing various concepts, and summarizing the features presented, it is possible to formulate the following definition: franchising is the form of business based on system of relationship, fixed by the set of agreements when one party (franchiser) provides the paid right to work on its own behalf (to realize goods) to the other party (franchisee), promoting the expansion of sales market.

Franchising didn't gain a wide circulation though potential possibilities of its introduction are rather wide in Russia.



Franchising is the economic tool which requires corresponding economic preconditions which weren't created in Russia either in general, or partially.

The main things that constrain the development of franchising in our country can be classified by the reasons of their emergence. Among these problems are the following:

- Instability of economic development in Russia. Franchising schemes demand stability and predictability of economy;
- The majority of potential franchisees experience lack of starting capital necessary for entering franchising system;
- Complexity of getting loans for creation of the starting capital.
- Organizational and legal problems. Although franchising is an economic tool and its problems should be looked for in the economic sphere, in Russia it is the legal sphere that constrains the development of franchising. These problems are connected with total absence of legal support for franchising in Russia.
- Social and psychological problems include lack of domestic experience and potential participants' fear to fail; absence of due respect for intellectual property;- fear of franchisee to lose independence and the image of businessman and manager.
- The special position among problems of franchising is taken by education as the mechanism of solving social and psychological problems. This problem is caused by the lack of knowledge about the sphere of franchising.

Summing up the analysis of franchising problems, it is possible to state that there are rather ample opportunities for the development of franchising in Russia. It is necessary to create certain conditions for the realization of these opportunities. The legislative initiative to develop the law in the sphere of franchising and introducing corresponding changes into related laws and regulations is necessary. The governmental program for supporting small business should include the system of franchising development. Creation of tax privileges system for franchisees especially in the initial stage of franchising system development is very important. It is expedient to provide franchisees with the opportunity to apply the simplified system of accounting. Besides it is necessary to open a network of educational advice centers in franchising sphere in different parts of the country.

## **SCIENTIFIC AND TECHNICAL LAG OF RUSSIA**

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Nowadays our country is not among the states, representing the highest boundaries of economic and social development of the modern world. The main reason for the difficulties of maintaining the Russian crisis in the Russian economy and society. Scientific and technological backwardness of Russia from developed

countries increases, the dependence on imports of machinery and equipment increased. If we consider that the Russian economic space confronts powerful, well-organized and well integrated economies of the United Europe, as well as the integrated economies of the Organization for Economic Cooperation and Development (29 states), the competitive position of Russia look particularly weak.

When the gene therapy, rapidly developing in all civilized countries, the problem of effective delivery and monitoring of foreign genes in the human body is resolved, our people and their funds will move abroad, not being able to get help at home. That is when the catastrophic lag of Russia in gene therapy and irrational planning of science will become especially apparent and painful. And we are talking about life and death, literally.

According to the strategic scenario, primary energy consumption per unit of GDP in Russia in the period will be reduced by 38 - 40% per year, about 2 times faster than projected for the industrialized countries. It can be expected that by 2020, Russia's lag behind the U.S. and Canada on this indicator will be minimal, although at present energy intensity of Russia's economy is about 2.5 times higher.

The main reason is the growing realization by modern society Russia lags behind the more advanced Western countries.

Internet access is closely linked to a number of existing large, medium and small individual telecommunications networking. Currently there are more than five thousand different networks that are designed to telnet to the huge information collections online. In different areas of the country the number of users varies. This imbalance shows huge backlog of Russia in this most important area of scientific and technical progress.

## **INFLATION IN TODAY'S ECONOMY**

**Zhabyko M.**

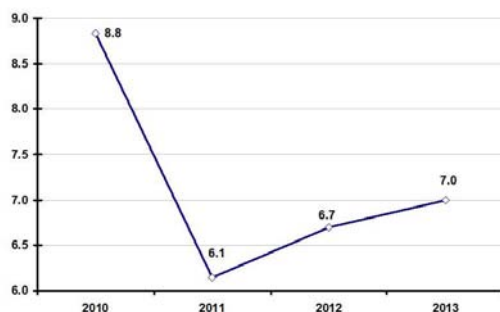
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Inflation is depreciation of money, the falling of their purchasing capacity caused by rise in prices, commodity deficiency and decrease in quality of the goods and services

Inflation consequences are rather ambiguous and represent the difficult, multidimensional phenomena. Among inflation consequences the following social and economic results have the major role.

## **Inflation For 2010-2013**



1. Decrease in real incomes of the population (at non-uniform growth of nominal incomes);
2. Depreciation of savings of the population (increase of percent on contributions, as a rule, doesn't compensate falling of the real sizes of savings);
3. Loss of manufacturers interest in creation of the material goods (release of the goods of poor quality increases, manufacture concerning the cheap goods is reduced).

It is necessary to recognize as the main negative consequence of inflation redistribution of incomes and riches which takes place in the absence of indexation of incomes and by granting of credits without an expected rate of inflation.

Now inflation is one of the most painful and dangerous processes. It negatively influences financial, monetary and economic system as a whole. Inflation means not only decrease in purchasing capacity of money, but also undermines possibilities of economic regulation, brings to nothing efforts on carrying out of structural transformations, restoration of the broken proportions.

Unlike the West in Russia and the majority of other countries which are carrying out transformation of an economic mechanism, inflationary process hardly gives in to restraint and regulation. Inflation is supported by inflationary expectations, infringements of economic equation (deficiency of the state budget, negative balance of the foreign trade balance, growing external debts).

Control of inflation is the major problem of monetary and credit and as a whole economic policy. At all importance of reduction of the State expenditure, gradual compression of monetary weight carrying out of a wide complex of anti-inflationary actions is required. Among them there are stabilization and manufacture stimulation, perfection of tax system, creation of a market infrastructure, increase of responsibility of the enterprises for results of economic activities, carrying out of certain measures on price control and incomes.

Normalization of monetary circulation and counteraction of inflation demand the verified, flexible decisions, that are persistently and purposefully put into practice.