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A Conceptual Framework of Non-Implementation of CSR of Selected Multinational Oil Firms in the Niger Delta Region of Nigeria

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Abstract:

The aim of this study was to discuss CSR from the multinational oil company's perspective to the Niger delta community. To reach it, a secondary data was used in the study. Two main points can be highlighted. First, we looked at four (4) oil firms in the Niger Delta region and discovered that the socio-economic situation among the average citizens of the oil producing community in the Niger Delta Region (NDR), reveals a devastating state of poverty, environmental degradation, high gas flaring social, political and relative economic deprivation etc. which led to The escalating incident of vandalism, hostility and restiveness by community members in the Niger Delta region. The study revealed that management of oil companies in the Niger Delta region pay very little attention to the concept of CSR, which is the reason most of them lose business opportunities.

Keywords: *corporate social responsibility, multinational oil companies, Niger Delta, Nigeria, perception, social economic needs sustainability*

1. Introduction

This study intends to investigate the impact of corporate social responsibility of multinational oil firms in the Niger delta region. Also to determine the viability of multinational oil companies in a condition which CSR philosophy is embraced or not embraced. The level of productivity, market position of these multinationals will also be determined as well as knowing if CSR aims at maximizing the long run beneficial impact on the Niger delta society and finally to know the extent to which various marketing tools could help in managing crisis in the region when it occurs.

Onuoha (2005) argued that, corporate social responsibility helps to improve the public image of oil companies, production capacity, and also the life of the multinational organizations. Rodney (2004) also added that, no social responsibility, no growth of profit; no social responsibility, no peace in the industry. However, Andabai (2010) concluded that, it is the aim of this study to assess the level of social responsiveness in the light of recent hostilities and un-ending demands made by the various host communities in the Niger Delta region of Nigeria. Olukoshi (2004) reaffirmed that, multinational oil companies are expected to imbibe with the concept of social responsibility in the lights of their advanced technology, knowledge and overall enlightenment of the people.

2. Problem Statement

In the opinion of Ojekarotu (2009), the Niger Deltans, the entire members of the communities live in squalor and abject poverty, the staff of these oil firms parade themselves in expensive cars and live in decent apartments.

In literature and in practice, there is still a gap between the concept of corporate social responsibility and the strategies adopted for it to be implemented. Thus, questions were raised concerning how much multinational oil companies in the Niger delta were actually investing in sustainable practices and creating jobs for Niger deltans. The unfortunate situation can be described as a vivid manifestation of short-sightedness on the part of the government, hardness on the part of multinational oil firms, and greed on the part of Niger delta youths. It is true that managing international business in developing nations is very challenging, efforts should be made to compel businesses especially multinational firms to be socially responsible. This could be achieved by making them contribute meaningfully to the improved living standards of the citizens of the communities for mutual co-existence.

3. Theoretical Background Of The Study Of The Impact Of Oil Exploration On The Niger Delta Region

The Niger Delta is made up of a number of distinct ecological zones, typified by a large river delta in a tropical region which comprises of coastal ridge barriers, mangroves fresh water swamp forest and low land rain forest covers an area of some 70,000km². About one third of the land area in wetland contains the third largest mangrove swamp forest in the world. Petroleum production in Nigeria had a modest beginning with the discovery of petroleum in commercial quantities in 1956 at Oloibiri (Rivers State), with an average production of 5,000 barrels per day (bpd) in 1958. Petroleum production reached an all-time peak of 2.3 million barrels per day in 1979 (Shell Petroleum Development Company, Annual Report, 1997).

The Niger Delta region is seen as the engine-house of the Nigerian economy that has been generating billions of dollars for the government since oil was first discovered in 1956. Nigeria is a member of the Organisation Petroleum Exporting Countries (OPEC) and the sixth largest oil producer in the world. Oviasuyi and Uwadea (2010; p. 115), observed that despite this huge amount of money, the local people in the Niger Delta live in abject poverty that expresses a state of deprivation, to the extent that the people have no access to basic social amenities, like good water and electricity. The majority of the Niger Delta people live in creeks, where they watch daily seeing the oil industries making a fortune from the petroleum deposits in the region. Similarly, Ejibunu (2007, p. 10), opines that the region tends to be a place “where time seems to have stood still and

where people live in poverty, leaving the residents of the region without any other option than to be bitter and angry over the neglect of the people by the federal government. Ejibunu reflected on the comment made by Mukagbo, the CNN reporter on Inside Africa. He said: “In Niger Delta, a scene of abject poverty pervades the area, which is very similar to what one is likely to find in a refugee camp notwithstanding the fact that the region fetches the government the money for running the affairs of the state (Ejibunu, 2007, p. 10). Research has revealed that poverty and deprivation are the two major factors behind the agitation of the people of the Niger Delta region.

Corroborating this view, Oviasuyi and Uwadea (2010, p. 115) argue that prior to when oil was discovered in the Niger Delta area, agriculture was the mainstay of the people and the major source of revenue for both state and federal government. According to Aghalino (2011, p.6) the need for and occupation of land by the oil companies which construct flow lines, flow stations and other oil installations is the main driver of acrimony between the oil companies, the government and host the communities. This is due to the socio-cultural significance of land in such communities where some corporate practices clash with the traditional beliefs of the people. A World Bank Report (in PEFS, 2004) observes the level and pattern of poverty in the Niger-Delta thus:

Despite its vast resources, the (Niger-Delta) region remains poor in Gross National Product (GNP) per capita is below the national average of US\$280. Unemployment in Port Harcourt, the capital of River State is 30 percent and is believed to be equally high in the rural areas. The rural population commonly fish or practice subsistence agriculture and supplement their diet and income with a wide variety of forest products. Educational levels are below the national average and are particularly low for women. While 76 percent of Nigerian children attend primary schools, this drop to 30 – 40 percent in some parts of the Niger-Delta, the poverty level in the Niger-Delta is exacerbated by the high cost of living. In the urban areas of Rivers State, the cost of living index is the highest in Nigeria. As rightly pointed out “the poverty indicators are manifestation of the existence of a complete low level of development that has also resulted in high degree of dissatisfaction” (PEFs, 2004).

4. Research Design

The study is a theoretical paper that employs a secondary methods of gathering data. It views the situation of Multinational Corporation stories through newspaper review, magazines and other repositories.

5. Discussion, Conclusion

The escalating incident of hostility and restiveness in the Niger Delta region were as a result of environmental defilement (degradation), total neglect of the oil communities and the alleged non implementation of the CSR programmes for the host by the multinationals which eventually affect oil operations. It is expected that these companies should be challenged to explore more practical means of maintaining a more suitable and healthy environment by protecting it from further dehumanization and to invest in the welfare of the communities by aggressive provision of the people’s oriented social amenities.

It is concluded that whatever operations that are carried out, the companies should be environment oriented.

Based on the findings, the following recommendations were made:

- Management of oil companies in the Niger Delta region should pay greater attention to corporate social responsibility to enhance their marketing performance since the success of their operations depends on how conducive the environment is.
- The oil companies always endeavour to focus only on such concrete and strategic community programmes that not only have direct bearing on the wishes and aspirations of the people, but also involve the community participation both at the project planning and execution stages, through policy dialogue.

- The earlier business organisations learn to live with the obvious fact that CSR is not just a ‘must-pay price’ but “a-sine-qua-non condition for the success of any business organisations, the less hostile their business environments become. This is because taxes and royalties belong to the government, while corporate social responsibility are debts owed to the host communities as no business exists in a vacuum therefore, every right thinking investor should be preoccupied with how best to appease his business environment for better productivity.

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Relationship between Knowledge Management Practices and Intellectual Capital Elements in Russian Companies

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Abstract:

Along with the recent rise of the knowledge economy, intellectual capital (IC) has become the key elements for value creation. As intellectual capital includes different types of knowledge dispersed across different levels and repositories in an organization, it is logical to assume that practices for managing knowledge would positively contribute to the development of IC. The sample comprises 240 Russian companies. The data is collected by a survey using the scales already validated in the international context. The findings of this study might inform managers in their decision-making about allocation of resources to different KM practices, aimed to enhance intellectual capital and ultimately, organizational performance of Russian companies.

Keywords: *intellectual capital, intellectual capital elements, knowledge management practices, organizational performance, Russian manufacturing companies*

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1. Introduction

As soon as the knowledge economy era has come, intangible resources have become the key basis for gaining a competitive advantage through organizational competitiveness, market performance, financial performance, organizational performance, or customer value creation (Poenaru, 2011).

In spite of the fact that there are many researches about intellectual capital and knowledge assets in terms of their influences on firm's performance on developed markets, knowledge management practices are still in an infancy stage, especially in Russia.

This research takes a goal to determine which KM practices facilitate intellectual capital development. In this paper managerial practices are explored from KM perspective, which keep in focus to identify specific managerial mechanisms suitable for Russian companies.

2. Relationship between KM practices and IC

The analysis of the existing literature shows that some scholars have recently studied the question of the relationship between KM and IC (e.g. Hsu and Sabherwal, 2011; Kianto et al., 2014; Lin et al., 2017). Based on the research of Kianto et al. (2014) we choose the following model that describes the relationship between KM practices and organizational performance mediated through Intellectual Capital elements (Figure 1).

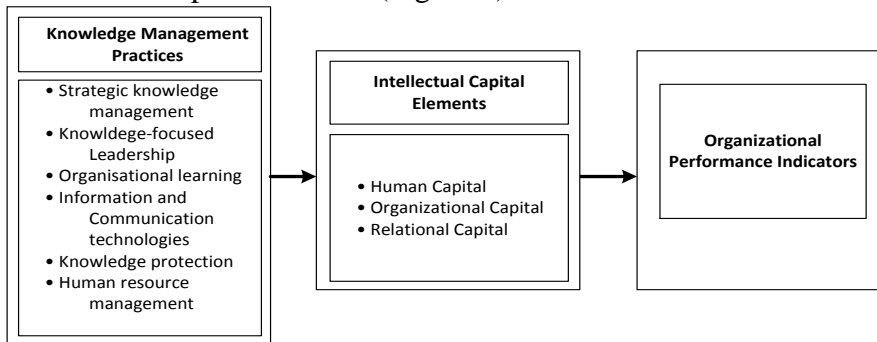


Figure 1. The effect of KM practices on organizational performance mediated by IC elements

From the practical point of view we imply that an effective management of knowledge with various types of KM practices would improve the level of IC elements development that then help companies to gain competitive advantages through better performance indicators. The link was studied previously by some researchers on the developed markets (Cabello-Medina et al., 2011; Youndt and Snell, 2004; Scarbrough, 2003; Yang and Lin, 2009)

3. Methodology and Sample

The data for this project was collected in January-March 2015. As the research questions in this project covered a number of formal management practices, we focused on companies with at least 100 employees, to ensure that such management practices are formalized in the target companies. To ensure relative representativeness and variety of the data, we intended to cover 24 regions of Russia for data collection and target manufacturing companies in 11 sectors. 240 companies responded to the survey, resulting in a 39% response rate.

In this paper we apply the approach that suggests using a questionnaire to estimate IC. The survey was developed by an international team of experts, as part of an international project (Inkinen et al., 2017).

4. Results

As a first step of the analysis, exploratory factor analysis was performed to check for the reliability and validity of the measurement scales (Hurley et al., 1997). Cronbach's α of all scales are over 0.7 indicating good internal consistency and validity of the scales. The relationship between KM practices and IC elements was then tested with the help of econometric model.

Our findings suggest that knowledge-focused rewards, knowledge-focused ICT and organisational learning practices are positively related to human capital, and knowledge-focused training and development is related to it on the level of statistical trend. Structural capital is positively influenced by knowledge-focused ICT, and knowledge-focused training and development (on the level of statistical trend again). Relational capital is positively influenced by knowledge-focused ICT and organisational learning practices. Summarizing these findings, knowledge-focused ICT appears to be the most influential mechanism of knowledge governance that matters for all three elements of intellectual capital in Russian manufacturing companies and has the strongest influence on each of them.

Overall, the research findings demonstrate that Russian companies use knowledge management practices that enhance IC elements development. Being further developed those resources can deliver more value and improve overall business performance. And this paper might be the first step in the empirical investigations towards better understanding of KM and IC elements interrelation in Russia.

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Transformation and Innovations in Business Models: Sustainable Supply Chains Perspective in Russian Context

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Abstract:

The purpose of this paper is to identify specific features of innovative business models (of circular economy and shareconomy type) and to analyze the factors that cause this specificity in Russian context. The paper investigates recent theoretical concepts considering modern sustainability practices of companies, new business models based on them and advanced research on sustainable business model innovation in the field of supply chain management. Through a number of case studies provided in this paper we show how business models based on circular economy and shareconomy concepts are applied by the Russian companies. We analyze how various aspects of Russian context create challenges for companies when introducing and implementing sustainable practices and innovative business models based on sustainable principles discussed above.

Keywords: *business model, closed-loop, shareconomy, sustainability, sustainable supply chains, emerging economy.*

1. Research goal

“Not surprisingly, the fight to save the planet has turned into a pitched battle between governments and companies, between companies and consumer activists, and sometimes between consumer activists and governments” (Nidumolu, Prahalad, Rangaswami, 2012). Companies try to save the license for operation by meeting the increasing demand of sustainable approach from key stakeholders and mitigating the risks that unmet expectations could cause. Besides, under the pressure of global market competition companies have to find the new ways of creating products, processes and business models.

In this paper we look beyond the operational improvements of companies towards sustainability, such as environmental management systems, sustainable supply chains, but we focus more on sustainable business model transformation and on innovation “that enables the firm to capture economic value for itself through delivering social and environmental benefits” (Schaltegger et al., 2012). Business model innovation allows companies to integrate sustainability more radically into value creation process thus allowing companies to create “shared value” (Porter, Kramer, 2011) and to create “win-win conditions” (Halme, Laurila, 2009) both for the company and for the society. Such approach enables companies to integrate sustainable approach deeper into the value creation process and thus to change the elements of their business models. Moreover, today the collaboration with other stakeholders becomes important in the value creation process, as sustainable issues should be integrated not at the level of one organization, but at the chain or even ecosystems of organizations. The transformation of business models could entail radical changes at the supply chain level. In the paper we focus on in-depth analysis of business models based on two conceptual approaches: circular economy and shareconomy in the context of Russian market. The purpose of this paper is to identify specific features of innovative business models (of circular economy and shareconomy type) and to analyze the factors that cause this specificity in the Russian context.

We use institutional theory as an explanatory basis for developing our arguments, for example, in order to be successful for a company, or company’s business model, it has to be legitimized in its institutional environments. Institutional environment is a system of various institutions which are represented by formal rules and informal constraints (North, 1990); these institutions set the “rules of the game” for companies to follow (Scott, 1995). Generally, institutional environment consists of regulatory element (government policy and regulation), cognitive element (knowledge and skills) and normative element (shared values) (Scott, 1995), and it is complete only if both formal and informal institutions are taken into consideration (Dunning, Lundan, 2010). Thus, we analyze each business model from these three angles to identify to what extent it is legitimized, what challenges the company faces and how it overcomes. Also we look into justification and logical reasoning behind choosing innovative sustainable business models in Russian context, as utilitarian view on business model efficiency may be critical in some environments (Asheim et al, 2007).

2. Methodology

In the paper we use systematic approach to literature review on the proposed topic. The empirical research is based on in-depth case studies of two business models application in the Russian context related to circular economy and shareconomy concepts. Despite limited generalizability of the case study method’s results, we are able to investigate a phenomenon in details and to provide valuable insights, which exactly corresponds to our research purpose.

3. Results

The results show that in the context of emerging markets in order to successfully implement sustainability in business models, additional efforts and contributions are needed from a company through developing and building-up local institutional context. The business models which were successfully utilized in developed markets will need adaptation and localization to the specific

institutional context of emerging markets, not only at the level of formal institutions, but also at informal one.

The paper contributes to a more holistic understanding of innovative business model movement towards sustainability in the new, poorly explored context of Russian market. Its theoretical contribution lies in identification of challenges that companies from emerging markets face when implementing business models based on sustainable principles. As a practical contribution paper includes the recommendations on how to adapt to the context and overcome (at least, partly) obstacles posed by the institutional environment.

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Development of Social Entrepreneurship in Nizhny Novgorod Culture Sphere

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Abstract:

The paper is about a process of social entrepreneurship development in Nizhny Novgorod city. The main subject is a culture sphere. The purpose is to open the main regional characteristics of social entrepreneurship. In the course of the observation we saw dynamic rise of attention of people to art spaces in different places, many of them have an historical meaning. The paper introduces results of the sociological survey of citizen's opinion about their involvement in public life of the city. Wide groups of citizens are winning for a better life thanks to various forms of social entrepreneurship in culture sphere.

Keywords: *culture sphere, social entrepreneurship, art-spaces, involvement to public life*

1. Introduction and methods

Social entrepreneurship gets the attention and recognition in Russian regions, because it's a special type of economic activity, there are the main accent moved from commercial to social effect. We analyzed a social economic activity in the city using observation method and presently we are conducting the sociological survey of citizen's opinion about their involvement in public life of the city. The purpose is to open the main regional characteristics of social entrepreneurship. So we want to emphasize some following meanings relationship as the major results of our research.

2. Findings of entrepreneurs with using of historical objects

During the observation we found that significant problem of our city with 1.5 million citizens that receives the public discourse and began to solve with help of social entrepreneurship and social innovations. This problem is the preservation of historical heritage. There are strong traditions of charity in Nizhegorodskaya gubernia. Nowadays social investment of companies helps them to strengthen the reputation, to establish and develop relationships with clients and business partners. Socio-cultural problems are solving not only buy regional and municipal bodies. Innovative findings of their solution are discovering by forces of entrepreneurs who does not belong to the elite.

So, thanks to strong business potential and high educational level of Nizhniy Novgorod people become new social initiatives. They are the hostels with low cost of accommodation (Smile, Gorky Hostel, Nice), pools for babies («Академия ЭкоС»), different centers to upbringing of children (Диво, Любимые дети); also centers that helps to take care for elderly and partially mobile people. Some NGOs propose classes of computer competence for elder people, involve them to social communication (Близкие люди, Забота). There are a well-known theatre for hard of hearing children "Piano". Another theater - "Зазеркалье" in the city planetarium without own premises for more than 10 years is working with children and adults, its educational affordable classes allow children to enroll in the capital's universities and drama schools. To the newly formed spaces for family or children entertaining we can relate «Театр со вкусом», interactive theatre for family entertainment «Пристань авантюристов».

There was an institution for needed peoples - House of diligence, emerged in the late XIX century in Russia thanks to John of Kronstadt. It was a form of assistance to the unprotected strata of people. This type building was built in Nizhny Novgorod, 1905 as the House of diligence after M. and L. Rukavishnikova by their son, the merchant. Quality of tramps products (woven mats, glued bags, lifebuoys) were marked by high award on All-Russia Exhibition in 1896. The building became Nizhpolygon in the soviet period.

Nowadays this building is "experiencing" a gradual renovation with the art space "Кинофактура" and theater workshops. The cinema director E. Kudelnikov managed to "revive" the former printing shop. It is arranged in retro style, split-level lounge to watch films and performances, conducting unprecedented film-watching camps and creative meetings with artists.

A special line is shooting a movie – with love to motherland city, about its citizens, with local resources. Several Nizhny Novgorod "small theaters" also rent and creatively use another rooms in this building, in the Center of the theatrical skills. Tickets are sold long before the premiere, and the level of the repertoire is maintained high. The fate of the creative cluster in Nizhpolygon has not yet been clearly defined, because it depends a lot on investor policy and rental rates. However, a new point of attraction for cultural initiatives appeared on the city map. The whole street of art-space - Rozhdestvenskaya Street - is forming gradually, thanks to the implementation in 2013 the project "Rozhdestvenskaya Storona - the territory of the festival" by A. Serikov and A. Surin. There arose the children's Museum "Einsteinium", gallery Futuro and Blinovka, art-club "Mayakovka, 10" etc. (Serikov, 2016).

3. Empirical results and conclusion

The European cities have achieved great success in their preservation of old buildings. Special chic is to stay in a hotel in the 16th or 17th centuries or in building that was a prison 100 years ago. Saint Petersburg is the standard of the careful attitude to history. The ancient buildings of the Moscow Boulevard ring are largely occupied by foreign embassies, and therefore high maintained. We have not such resources in regions. Tomsk and Kolomna – are successful examples among Russian regions, there were realized renovation old buildings of stone and wood. In the first example municipal programs helped (drugoigorod.ru). In second one – through creating of museum cluster by entrepreneurs initiative. It was created and became commercially good thanks to old recipes of apple pastilles and competent management.

We found out several types of citizens by their attitude to using historical heritage. Thus, there is an important relationship between the heritage embodied in city buildings, and cultural initiatives of entrepreneurs. The persons with disabilities, large families, and low-income category widely participate along with ordinary citizens of different professions. So, those groups of citizens are winning for a better life thanks to various forms of social entrepreneurship in culture sphere. In our opinion, its necessary thing to support such initiatives to continue their great work with instruments of municipal and regional financial policy.

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Short Stories, Long Discussions: Using Literary Fiction in Building Rapport

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Abstract:

This paper focuses on some benefits of using short authentic literary fiction while teaching a foreign language in boosting students' speaking skills and creating a relaxing but challenging study atmosphere. The author discusses some advantages of this study material and offers a few activities to encourage successful communication.

Keywords: *classroom performance, communication skills, literary study texts, speaking activities*

1. Introduction

Nowadays effective teacher – student collaboration is considered one of the cornerstones of successful learning, therefore it is vital for the teacher to be able to provide the students with comfortable yet trying learning environment where their skills would develop and thrive. A way to encourage students' performance in class should be that of applying new study texts, for instance, short modern literary fiction.

2. Some advantages of using literary texts

Firstly, the rich contemporary literary process allows the teacher to navigate freely among the most urgent, up-to-date topics. There are many English-speaking authors who write short fiction of various genres and styles. The teacher is able to conduct an optional lead-in class, where they can discuss students' preferences in connection to the syllabus of the semester and thus select some titles for discussion collectively. It is proved to be rather beneficial for the group discussions, rising the students' awareness and interest in the subject.

Secondly, thanks to the digital revolution, it is rather easy to obtain all kinds of texts for reading. There are digital libraries, e-books, magazines. Moreover, many writers publish their works online, for example, on their personal webpages, so the study material is available for everyone.

Thirdly, in a modern world studying literature often inevitably leads to exploring other areas of knowledge. There are countless possibilities for research, for example, a teacher could suggest watching – and later discussing – the writer giving a TED talk, or watching a screen adaptation of the short story, or reading its account or review in a newspaper. The students can even be prompted to write an e-mail to the author. Modern communication technologies truly bring interactive education to a new level.

Next, it is widely acknowledged that a good fiction is always open to numerous interpretations. Therefore, it is important for the teacher to be able to evaluate the merits of a certain fiction piece, and after that it is up for the students to decipher it, to explore its meaning and the plot. The more different your students are, the more likely a good text is to sparkle a vivid discussion, offering contrasting viewpoints and sharing insightful ideas.

Finally, even a short authentic literary text can offer many opportunities for studying. An effective teacher will be able to apply a variety of tasks, including different kinds of reading practice, speaking activities, vocabulary exercises, writing practice etc. The only limit could be the teacher's methodological skills and the time-limit of class performance and preparation. What's more, the teacher may give the students some guidelines and encourage them to come up with study questions and tasks themselves, which could be presented in class and offered for open discussion, thus stimulating peer assessment and correction.

3. Sample tasks and activities

The aim of a foreign language class based on literary material should be transformation of perceptive L2 skills (extensive reading) into productive ones (speaking). The tasks designed can be focused on various aspects of reading, but, ideally, they all should eventually provoke an in-class discussion, an expanded response rather than a simple question-answer activity. It should be mentioned that the short stories are assigned for extensive reading as home work before the actual class.

1) Asking and answering comprehension/the so-called philosophical questions:

As an example, the teacher should compose several plot-related questions for the story as a part of “while you read” activities. The students are asked to find the answers at home and come up with 3-5 extra questions of their own, which are all discussed in class. While some researchers claim that comprehension questions lie beyond teaching extensive reading (Day 2002), the author has found them useful in preparing students for in-depth discussions of other kinds.

The gist of other questions should be somewhat connected to the story but not quite answered in it. Those usually include questions “What would you do if...?”, “How do you feel about...?”. For example, one of the questions asked by students while discussing a story set in a nursing home was “Are you afraid of getting old?”, and “Is it better to be intelligent or beautiful?” while talking about a story involving romance.

2) What would happen next?

Ask the students to speculate the possible consequences of the story, including the future of the characters, the long-haul outcome of their actions, the upcoming events. The students are encouraged to make informed conclusions based on their knowledge of the text and their own experience.

3) Imagine me gone

The students are asked to imagine the story without one of the characters (the choice could be their own or, for a more moderated discussion, prompted by the teacher). How would the story change? Would something be lacking? What could have been avoided?

4) An interview (with the devil)

Best role-played in small groups, this activity allows the students to regard some crucial plot events from different viewpoints. A student is assigned a role of one of the characters in the story, and the others are invited to interview him/her of the motives of their actions, their background thoughts and so on. It is recommended that the students should compose their questions as a home task in order to avoid some hesitations. “The devil” in the activity title hints that it usually works best if the selected character is a villain or a truly unpleasant person, because they usually stimulate a more ardent discussion.

4. Empirical results and conclusion:

The author has been teaching classes with the help of short literary fiction in several groups of upper-intermediate and advanced students, and, according to a survey conducted in the classes and the author’s observations, these discussions both help build the students’ speaking skills and also create a lively, more relaxed yet piercing atmosphere in the room. They help students learn more about their peers and colleagues, making them feel more open and prone to conversation, thus achieving the main aims of a discussion in a foreign language class: efficient fluency practice, learning from context and learning how to participate constructively and cooperatively in a discussion (Ur, 2002).

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Multilateral development banks: Additionality and non-competition. Really?

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Abstract:

This paper investigates whether two core principals of the existence of multilateral development banks (MDBs) are implemented into practice: additionality to private sources and non-competition with other financial institutions. I use the Russian example on the activities of MDBs in trade finance and SME lending implementing trough financial intermediaries to test the viability of these principles. The results of research show that there is a clear evidence of both competition between development banks and other financial institutions and crowding-out effect of development banks' financing for privately owned commercial banks. The conclusions have research and policy implications for MDBs, their shareholders and banking regulators.

Keywords: *additionality, competition, development banks, Russia, SME lending, trade finance.*

1. Introduction

Multilateral development banks (MDBs) must follow two fundamental principles: additionality to private sources of financing and non-competition with each other and with domestic financial institutions. I study the experience of Russia to verify whether this is indeed the case. My research focuses on support of private sector of economy by development banks through financial intermediaries — commercial banks. There is ample evidence of cooperative interaction between MDBs in the Russian market that comprises the establishment of joint funds and facilities, provision of Tier-1 and Tier-2 capital to commercial banks, etc. However, there is also empirical evidence that suggests the existence of competition between MDBs as well as competition between MDBs and domestic state-owned banks. In this paper, I develop an analytical framework to examine the phenomenon of competition, which involves MDBs as main actors. In order to show that the financial sources of MDBs (as well as national development banks) are not always additional to private capital I provide empirical evidence for a crowding-out effect of development banks' financing for privately owned commercial banks.

2. Competition of development banks

Empirical literature on development banks is quite extensive though there is a lack of studies focusing on interaction among different groups of development banks expressed in the form of competition. However, the examples of competition among MDBs were explicitly shown in several papers. In particular, Humphrey (2009) investigates the Latin American case when MDBs competed in 2000s for the provision of loans to middle-income countries by softening lending conditions. As the result, World Bank was crowded-out by other MDBs (mainly Inter-American Development Bank and Development Bank of Latin America) and had to significantly decreased the volume of operations in this region. García (2015) constructs the theoretical framework, which shows that competition among MDBs can lead to higher social welfare in equilibrium, i.e. second-best outcome, though the increase in efficiency of public institutions.

Some papers focus on Russian example. For instance, Bakaykina (2017) investigates the existence of competition among development banks using the case of SME lending in Russia in 2010-2013 based on quantitative models of competition as Lerner index and Boone indicator calculated for 5 development banks.

3. Data and sample

The sample includes data for 11 multilateral and national development banks active in Russia in 1995-2014. There are two main activities of development banks being into focus of this research: SME lending and trade finance, which were implemented through commercial banks.

4. Empirical results and conclusions

The results show that MDBs compete as well as crowd out private sources of financing. In this paper, I also mention the existence of cases when development banks compete with state-owned commercial banks.

Besides, I show that MDBs use different approaches to select partner banks. I classify development banks based on the differences in selection process of financial intermediaries and operational procedures. I choose the most successful approaches implemented by MDBs. I also highlight the reasons why domestic commercial banks might avoid cooperation with development banks. The conclusions have research and policy implications for MDBs, their shareholders and banking regulators.

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Stock Price Reactions to Dividend Announcements: Evidence from Russia

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Abstract:

This paper analyses stock market reaction to dividend announcements using dividend surprise model. Share prices reaction to dividend announcement was examined for common and preferred shares, on an industry level, for periods of financial crises (namely, 2008-2009 and 2014-2015), and for stocks traded on RTS and depositary receipts traded on LSE/NYSE. Results showed that investors basically take negatively lower than expected dividends, while their reaction to unexpectedly high dividends varies depending on considered subgroup. Examination of 2014-2015 crisis demonstrated that market reacted to dividend announcement in accordance with signaling theory: good news was taken positively, bad news – vice versa, though only negative reaction was statistically significant.

Keywords: *cash dividend payments, dividend policy, event study analysis, Russia, stock market reaction*

1. Introduction

Dividend puzzle has long been a subject of careful analysis in corporate finance. It is a pivotal point of earnings distribution since it directly affects firm's value and is of utmost importance to both managers and shareholders. The former see it as a crucial point of reference for financial and investment decisions and the latter use as a key indicator of return on their investment. Given significance of dividend policy for company's performance and capitalization, development of optimal dividend policy is a considerable challenge managers face and analysis of dividend announcements implications maybe a useful tool to help shape a policy that maximizes firm's value.

2. Dividend Signaling Hypothesis

Dividend surprise model was firstly introduced in Wooldridge (1983); the author tested it on the American market, receiving evidence in support of signaling theory. However, results of another study on the US market described in the paper of Amin et al. (2015) did not agree with the signaling theory. Conroy et al. (2000) investigated Japanese market and his findings contradicted signaling hypothesis, while Andres et al. (2013) analyzed German firms and figured out that the hypothesis stands. Thus, empirical evidence from papers testing dividend surprise model on developed markets was somewhat ambiguous.

Empirical studies of the Russian market did not find evidence in support of compiled dividend signaling theory. Results in Teplova (2008) and Teplova (2011) demonstrated that for oil & gas sector investors react positively to dividend-increase announcements. Study conducted in Teplova (2011) also showed that signaling theory was valid for preferred shares, where announcement of net income was taken as an event. Rogova & Berdnikova (2014) found that share prices reacted positively to dividend-decrease announcements and vice versa – to dividend increases. While those three papers used naïve model to test dividend signaling hypothesis, Berezinets et al. (2016) applied dividend surprise model and concluded that share prices reacted negatively to both positive and negative dividend surprises.

3. Data and Sample

The sample consists of 39 Russian companies traded on the Moscow Stock Exchange that paid cash dividends between 2007 and 2016. The availability of analysts' forecasts in the Bloomberg database was the main criterion of selection and the reason behind the sample limitedness. Consequently, a total of 288 cash dividend announcements made by 39 firms from 7 different industries were considered. Data consisted of 135 positive, 88 negative and 65 neutral events, according to surprise model classification. A dividend announcement was considered neutral if reported dividend varied from consensus estimate by no more than 2.5%. A dividend surprise was deemed positive (negative) if actual dividend was higher (lower) than analysts expected by at least 2.5%.

4. Empirical Results and Conclusions

Results for aggregated sample demonstrated that on a 21-day interval of chosen event window market reacts negatively to both good and bad news, generating cumulative abnormal return of -0.25% and -1.5% respectively. Statistically significant, though, was only reaction to bad news, while reaction to good news was significant for a 3-day interval (both at 10% significance level) and comprised 0.5%, being positive as predicted by signaling theory. Review of market reaction for common and preferred stock separately showed that for preferred shares trends were similar to those observed for the whole sample, though statistically only reaction to bad news was significant. For common stock reaction was consistent with signaling theory: 21-day cumulative abnormal returns were positive for good news and negative for bad, but statistically they were insignificant.

Examination of market reaction on an industry-level showed that shares of various sectors react differently to dividend announcements. Shares of oil & gas sector reacted positively to unexpectedly high dividends and negatively to lower than expected payments.

Evidence from comparison of market reaction on emerging and developed markets demonstrated that reaction to bad news was more pronounced on developed markets, represented by companies traded on LSE/NYSE, while reaction to good news was greater on emerging market, represented by companies traded on RTS.

Analysis of market reaction in crises was conducted by comparing evidence from 2008-2009 and 2014-2015. During 2008-2009 crisis share prices rose if dividends were lower than expected and fell if they were unexpectedly high. Throughout 2014-2015 crisis market reaction to dividend announcements was identical to what signaling theory predicts: share prices rose in case of positive surprises and fell in case of negative.

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Entrepreneurial Orientation and Performance: The Moderating Effect of Institutional Context

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Abstract:

In this study, we investigate the role of institutional elements of the social environment in the relationship between entrepreneurial orientation and firm performance globally across 41 countries. Employing the data from a large scale cross-country study of student entrepreneurship (GUESSS), conducted in 2016 (n=6389 active founders), we examine the extent to which country-level institutions influence the EO-performance linkage. Results show that some institutional elements, such as financial system and trust relations, enhance benefits from the firms' entrepreneurial behavior, whereas other elements, such as legal and education systems, appeared to weaken the positive effect of entrepreneurial orientation.

***Keywords:** entrepreneurial orientation, firm performance, institutional environment, comparative business system perspective*

1. Goal of the Research

Over the last decades, entrepreneurial orientation (EO) has been extensively studied in the literature and related to firm performance (Saeed et al., 2014). While most studies are consistent in a positive EO effect, some results have revealed either a negative or a curvilinear EO-performance relationship (Matsuno et al., 2002; Wales et al., 2013). The strength of this relationship varies significantly across contexts. Among those, country-specific conditions may shape firm entrepreneurial behavior and its impact on performance (Marino et al., 2002). In this study, we propose and empirically examine how different elements of a country's institutional environment may amplify or attenuate the EO-performance relationship. Specifically, we adopt a comparative business system perspective (Lim et al., 2010; Whitley, 1999) and investigate the moderating role of legal, financial, and education systems, and trust relations in this relationship.

The features of legal system including the quality of property rights protection, contract enforcement and affordability of courts can facilitate entrepreneurial behavior (Bowen & De Clercq, 2008) and strengthen its relationship with business performance. Having access to financial resources enhances the pursuit of strategic objectives (Bai et al., 2006), favors innovations, encourages risk management, and, as such, may empower EO. Firms operating in countries with higher quality education system have better access to high-quality human resources to be able to sense more promising entrepreneurial opportunities. Finally, high level of trust creates stability and facilitates entrepreneurial plans and actions. Overall, it is argued that the performance impact of EO is strongest when strategic choices fit well with institutional variables.

2. Methodology

The model is tested using the data from a large scale cross-country study GUESSSS-2016. Only active founders who own and manage their own business were included in the sample. The usable sample accounted for 6,389 observations from 41 countries.

In measuring EO we relied on established scale of Atuahene-Gima and Co (2001) adapted from Covin and Slevin (1989). Firm performance was measured by the respondents' assessment of how well their business performed as compared to other businesses in making profit, sales growth, market share growth, and job creation. Moderators were measured using data from external sources: the legal system – by legal environment dimension of IPRI (2016); the financial system – by ease of access to loans and venture capital availability (Global Competitiveness Report 2015-2016); the education system – by post-secondary entrepreneurship education (GEM NES 2016); and trust relations – by a percentage of respondents who indicated that most people can be trusted (WVS Wave 6). To test the hypotheses, a multilevel data analysis approach was applied.

3. Results

This study offers a more nuanced perspective on the EO-performance relationship by revealing how performance outcomes from adopting an entrepreneurial behavior depend on the institutional environment. Consistent with previous studies (Rauch et al., 2009), the results show that EO is positively related to firm performance ($\beta = 0.384$, $p < 0.001$).

Being not universal, EO-performance relationship differs by strength in various institutional contexts. Specifically, a country's level of financial system development ($\beta = 0.167$, $p < 0.001$) and trust relations ($\beta = 0.008$, $p < 0.001$) enhance performance outcomes of EO, confirming the hypothesized effects. For new and small firms, prevalent in our sample, ease of access to loans and venture capital availability is of paramount importance. High levels of generalized trust increase transparency in business dealings, creating favorable settings for entrepreneurial behavior. However, contrary to our theoretical reasoning, the other institutional elements – legal and entrepreneurship systems – appeared to weaken the positive EO-performance linkage ($\beta = -0.068$, $p < 0.001$ / $\beta = 0.200$, $p < 0.05$). To speculate, one possible explanation can be related to regulatory complexity (for example, excessive administrative formalities and bureaucracy) that can negatively influence

entrepreneurial behavior and consequent performance outcomes (Lim et al., 2010). In sum, this study establishes how different aspects of institutional environment determine the effectiveness of firm's entrepreneurial strategic posture.

4. Contribution

The study seeks to make several contributions. First, it addresses the call for contextualization of research in entrepreneurship and management (Zahra et al., 2014) by linking the nature of the relationship between EO and performance to the institutional context of particular countries in which firms operate. Second, by applying a comparative business systems perspective, it adopts a holistic view on institutional environment and analyzes the influence of its different facets such as legal, financial, education systems, and trust relations. Finally, the study contributes to the international entrepreneurship research in general by bringing a broader socioeconomic perspective to the comparative study of entrepreneurship (Terjesen et al., 2016). A general practical implication of this study is that managers of firms operating in different institutional settings should construct models of firm entrepreneurial behavior in different ways, taking into account institutional peculiarities.

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Application of Multi-Agent Framework for Investigating a Supply Chain Dynamics using Simulation

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Abstract:

The purpose of presented study is to investigate supply chain dynamics using a multi-agent framework. In order to achieve this, we need to develop multi-agent model, design and implement based on proposed model multi-agent framework. In our simulation, each supply chain participant performed by one agent. Simulations implemented in a context of supply chain management concept. It assumes that the main goal of all supply chain participants is to increase not only their own performance but performance of the whole supply chain. Such approach allows to increase supply chain profit, decrease costs and improve the satisfaction of the end customers.

Keywords: *multi-agent systems, simulation, supply chain management, supply networks*

1. Introduction

Supply chain management is a dynamically developed concept that studied by a large amount of researches. Companies from different industries apply various concept's proposition in order to increase efficiency in collaborative work with theirs involved in process of production partners. The concept of supply chain management is based on the idea that coordinating the activity of supply chain members will reduce costs and increase the satisfaction of end-customers. It assumes that supply chain members should not compete with each other, they should compete with other supply chains.

Management of network of companies, each of those make decisions about production planning, inventory management, vehicle routing and so on separately, is highly essential for increasing overall supply chain performance. Therefore, it becomes meaningful to reveal possible opportunities for companies to cooperate in a single environment in order to solve common issues collaboratively.

2. Methodology

Multi-agent systems were chosen for supply chain modeling due to its distributed nature. Multi-agent system contains set of software agents, which can interact with each other via messages based on agent-communication language. Agents can interact without the direct intervention of humans or others and able to perceive its environment and execute goal taking behavior by taking the initiative. The supply chain can be described as a complex distributed system hence it's become complicated to analyze how one or another action will effect on the supply chain. Simulation of supply chains is used for understanding and predicting systems behavior. One of the possible solutions to implement a simulation of such complex system as supply chain based on usage of multi-agent systems. Multi-agents due to distributed nature are well suited for modeling interaction of supply chain members. The usage of multi-agent systems in the simulation aimed at a creation of some system that simulates the execution of a real world scenario.

3. Results and discussion

The main objective of presented study is to investigate supply chain dynamics of companies during supply chain performance. The more complex supply chain structure is, the more difficult to formalize supply chain by mathematical equations and implement modeling based on this formalization. Consequently, current research considers discrete event simulation of the supply chain, which implemented by a multi-agent framework.

Developing multi-agent framework with agents, acting on behalf of a supply chain participant allow simulating supply chain performance. One agent acting as supply chain participant (supplier, producer, distributor or retailer), make decisions and share them with other agents. According to received information and their own knowledge, other agents make their own decisions, increasing the whole supply chain performance, which leads to better customer service with less costs. Supply chain simulation based on multi-agent framework has an advantage of monitoring supply chain performance indicators during the simulation period.

Robust output data for supply chain investigation gained from repeated simulations of a real-world scenario under different started conditions. The simulation results of multi-agent framework allow to analyze supply chain, propose possible improvements of how supply chain participants should collaborate, build a more reliable prediction of future behavior of supply chain members.

4. Conclusion

Paper presents a multi-agent framework for supply chain simulation. Agents of the multi-agent system in proposed model are represented supply chain members, like suppliers, producers, distributors, retailers. Each agent gets materials or goods from upstream supply chain node and sends goods to the downstream node. It calculates current inventory level. Supply chain performance in proposed model is measured by a profit of supply chain members.

One evident benefit of implementing simulation based on multi-agents against of mathematic formalization is an opportunity to monitor supply chain dynamics and measure the influence of supply chain participant actions on the others and on the whole supply chain. The model can be reused multiple times based on different real-world scenarios. Results of such simulations should be analyzed and interpreted in order to solve various supply chain issues, for example, change participants supply, production and sales policies or reconfigure supply chain. All changes should be done for achieving individual goals as well as goals of the whole supply chain.

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Does Intellectual Capital of Women on Board Matter? Evidence from Russian Companies

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Abstract:

Intellectual capital (IC) has become a key source of value creation in modern companies. One of the governing bodies in a company is the Board of Directors (BD), whose members use their knowledge, experience, and networks to build intellectual capital of a company. In this research we focus on defining the role of intellectual capital of women on board of directors in Russian companies as the gender diversity is of high importance from both academia and practitioners. The data for the pilot study was collected in January 2016 – May 2017 with the help of a questionnaire. During this time 12 members of Board of Directors of Russian companies were interviewed.

Keywords: *gender issue, intellectual capital, social capital, women on board*

1. Introduction

In the twenty-first century, knowledge-based resources have become an important factor for companies' development and success. This research project is aimed to analyze the issues of intellectual capital (IC) creation in a company from the point of view of not only internal but also external stakeholders. One of such governing bodies is the Board of Directors (BD), whose members are not always under contract with the company in the traditional sense. Members of BD use their knowledge, experience, and networking opportunities to build intellectual capital of a company (Berezinets et al., 2016).

While IC of BD can be considered from perspective of different sources of its creations there is one more question we would like to answer within the research paper – how important is the gender aspect of a board member that generates IC.

The analysis of board structure in different countries reflects the increase of women on boards. In Europe this share is equal to 9,6% on average, but the majority of women on board can be found in Norway (35,9%), Sweden (23%) and Finland (21%) (Goncharova and Avshalumova, 2011).

At the same time it is worth to mention that according to the results obtained in (Ahern and Dittmar, 2011), the financial performance of Norwegian companies has decreased after including more women on boards. That is due to the fact that the focus was paid to the quantitative aspect of the issue, but not the qualitative one.

The obtained results are going to fulfill the gaps in theory and practice devoted to the role of IC of women on board of directors in Russian companies.

2. The role of women on board of directors

According to the survey of PricewaterhouseCoopers (2014) gender diversity is a very important factor that helps to increase the efficiency of board performance as it leads to generating the synergetic effect from different points of view and new ideas.

At the same time it is important to mention that researchers do not come to the suggestion just to increase the amount of women on board. They talk about the importance of intellectual capital of women on BD, their professional skills, knowledge, experience and networks (Adams and Ferreira, 2009; Terjesen et al., 2009).

In the paper (Dang et al., 2014) the authors analyze human and social capital of women on board. They analyze the relationship and difference of human capital of men and women on board that is evaluated through professional experience. According to previous research (Nekhili and Gatfaoui, 2013) women tend to get more degrees in their education and more often obtain a Ph.D. or MBA. The results of the paper (Dang et al., 2014) help to come to the conclusion that managerial experience of men and women on board does not differ much that goes in contradiction to (Nekhili and Gatfaoui, 2013).

While considering the social capital of women on board the authors of (Dang et al., 2014) have highlighted the importance of being a government representative for women members on board. This experience helps women to get a higher status in comparison to men. The same results are obtained in (Hodigere and Bilimoria, 2015).

We can sum up that human and social capital of women on BD is of high importance and can be one of the key factors in creating a competitive advantage of a company.

3. Data and sample

Before starting to collect data from databases and other secondary sources and go on with empirical research, the authors of the paper conducted a survey of 12 members of board of directors. Based on literature review there was developed a questionnaire that contained questions devoted to structure and composition of board of directors, various characteristics of board members, board performance indicators and the relationship of a board efficiency and company performance. Several parts of the questionnaire cover aspects that help to define the role of human and social capitals of board of

directors. A part of the questionnaire is also related to gender issues. Among the interviewed members of board of directors there are members of Russian and international companies that represent publicly traded companies, privately held corporations and limited companies. The sample includes 80% of male members and 20% of female representatives. The average age of board members is 45 years. The analysis of the questionnaires is going to be finalized in August and the results are going to be presented at GSOM Emerging Markets Conference 2017.

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The Lessons of Applying Linear Scoring Rule in the Russian Public Procurement Tenders

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Abstract:

The paper studies the properties of some famous scoring rules (Linear scoring, Highest bid – Lowest bid scoring, and Lowest (Highest) Bid scoring), which are applied in public procurement and public-private partnership scoring auctions to award contracts. The effect of substitution of the Linear scoring rule without threshold by the Lowest Bid scoring rule to the purchasing of healthcare organizations, subordinated to St. Petersburg City Hall, is assessed.

Keywords: *linear scoring rule without threshold, lowest bid scoring rule, public-private partnership, public procurement, scoring auctions, scoring rules, Russia*

In the paper, we examine the scoring auctions regulation in the public procurement system of Russian Federation (hereafter: Russia or RF). In the scoring auction (in Russian terminology – contest), a procedure commonly used to buy differentiated products, suppliers submit offers on all dimensions of the good (price, level of nonmonetary attributes to which we refer as to the qualitative characteristics of a bid), and these are evaluated using a scoring rule (Asker and Cantillon, 2008). Dini, Pacini, and Valetti have written about five types of scoring rules (Dini et al., 2006, 293-321). Scores are assigned to supplier's bids by a bid evaluation formula that takes as inputs price and qualitative characteristics, and their respective weights. Stilger, Siderius and van Raaij have listed 38 different bid evaluation formulas (Stilger et al., 2017, 119-124). In the paper, we consider three scoring rules (and corresponding bid evaluation formulas), which have been used in Russian tenders: Linear scoring, Highest bid – Lowest bid scoring and Lowest Bid scoring (Dini et al., 2006, 305-309), and assess the effect of substitution of the Linear scoring rule by the Lowest Bid scoring rule for the purchasing of healthcare organizations subordinated to St. Petersburg City Hall.

The Highest bid – Lowest bid scoring rule which has been applied in the RF from the beginning of 2000th had possessed some shortcomings that in the typical for emerging economy institutional conditions (low quality of regulatory impact assessment and high level of corruption) decreased the efficiency and effectiveness of scoring auctions. Among them were: the dependence of bidders' scores from bids of the competitors, which gives to contracting authority chance to change bidders' scores by means attracting to the contest of dummy suppliers in the favor of preselected bidder, and the absence of incentives to improvement of bids on criterion with low weight in the case of low competition in tender.

Due to these reasons, the Highest bid – Lowest bid scoring rule by 2010 was substituted by the Linear scoring rule (but the rule is still valid for the public-private partnership tenders). In this case, the suppliers' scores were independent from bids of the competitors, and it was possible for each supplier to know his score *ex ante*. However, for the assessment of price bids the Regulator introduced the Linear scoring rule without threshold. The latter gives maximum score (100 points) only to the zero bid and assigns to other bids the score, which is equal to the bidder's discount to the initial contract price. Thus, the suppliers had incentives to bid aggressively on price or to bid aggressively on quality. The first strategy did not fit well with the antidumping mechanism of the regulation; the second one demanded the mechanism of rejecting of abnormal quality bids. However, the latter tool is not easy to implement: *mala fide* (and *bona fide* as well) agents usually could justify that the selected awarding criterion, which gives any necessary advantage to preselected supplier, is objective and does not restrict the competition.

Due to these reasons, the Linear scoring rule by 2014 was substituted by the Highest bid / Lowest bid scoring rule which is still valid for the public procurement tenders. In the paper, we have compared the price discounts in the contests of St. Petersburg healthcare organizations, which were conducted in 2013, the last year when the Linear scoring rule without threshold was valid, and in 2015, after the year when that rule was substituted with the Lowest bid scoring rule. We've proved that the corresponding population means for 2013 and 2015 are equal, and there are no reasons to consider the new rule as more efficient than the old one. The justifications of the phenomenon are discussed in the paper.

Besides this, we has revealed that when Linear scoring rule without threshold was applied on the market in question public buyers were more inclined to refuse to reduce prices than to the dumping.

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Portfolio Design as the Means of Communicating Learning Outcomes

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Abstract:

The aim of this research is to analyze the role of the portfolio in the process of the students' communicative competence formation, as well as to determine existing problems and highlight perspectives of the further usage of this form of control. The research takes into account correlation of the portfolio components with the educational programs of the Graduate school of Management, concerning both educational programs and course syllabi. The article covers mainly the aspects of the second foreign language teaching, however, the same pattern can be applied to teaching the first foreign language as well.

Keywords: *competency-based approach, educational program correlation, evaluation criteria, improving the learning quality, portfolio content, recording progress, students' performance measurement, task ranging,*

1. Introduction

The portfolio helps us to analyze the students' performance in general, including different aspects of their activities, since it contains diverse and multifaceted information, reflecting the experience gained and the progress made by each of the students. Apart from being one of the important sources, promoting consciousness and purposive nature of the educational process, portfolio can also be called an educational technology, tracking the cause-and-effect relations between the stages of the foreign language learning, as well as an effective method of the previous work introspection, in order to set the stage for the future learning process. By taking part in educational planning, applying the strategies of self-estimation, students can help their tutors to alter the educational process and to design it closer to their particular needs.

The portfolio is one of the most «authentic» individualized forms of estimation, oriented on both the students and the teachers. With the help of portfolio, any student can individually (or together with the tutor) trace their own dynamics of the foreign language learning, as well as determine their problems and predict learning outcomes. It can be used as one of the main methods of communication with the students, because informing the students about the portfolio-system is accomplished prior to the foreign language learning itself, this work embraces the whole educational process and is in fact both a record of the learning productivity, and the source of control on all the stages of learning.

In order to examine the effectiveness of the portfolio, and also with the aim of describing its relations to the educational programs and syllabi, we need to take into account a wide spectrum of its functions in the educational process at the higher educational institution, that are important both for the teacher and the student, in particular such functions as: 1) diagnostic; 2) target setting; 3) motivating; 4) informing; 5) estimating; 6) controlling.

2. Correlation of the Portfolio with the Educational Programs and Syllabi

Examining the existing correlation between the portfolio with the Bachelor educational programs of the Graduate School of Management includes choosing our professionally-oriented program for the second foreign language (Spanish, German, French) course and one of the corresponding syllabi (for the level B1), written by the German language teachers of our department, as an example, and describing it.

The aim of the language learning, according to this program, is the formation of the foreign language communicative competence, necessary for both successful educational and professional activities in the context of the international academic environment and foreign language business communication for the particular professional sphere. As the desired learning outcomes the following components of the foreign language communicative competence can be developed: linguistic competence, speech competence (speech activities), sociocultural competence, discursive (conversational) competence, strategic competence, social competence for the specific sphere (soft skills), educational competence. This course also contributes to the development of the cultural and professional competencies recorded in the educational standard of the St. Petersburg State University under the serial number 38.03.02 – Management, that implies the ability to use the foreign language fluently as the means of professional communication, as well as mastering skills of public business and scientific communications, etc.

All these competencies find their application in the particular course syllabi and are also reflected in the certain components of the language portfolio, thus, representing the conceptual content of the language portfolio. At the same time, all types of the "key competencies" developed by the students during the learning process are directly connected to the corresponding functions of the language portfolio, allowing the students to shape and customize their own educational trajectory, providing competitiveness and success.

What needs to be emphasized is that the requirements imposed on the knowledge and abilities of the students at the end of the course are also directly reflected in the content of the course syllabi and the portfolio, considering the complexity and the volume of the material and depending on the particular language level, in the context of which they have been created. For example, syllabus for the students of the level B1 includes obtaining the following skills as the results of their education: phonetic skills; knowledge of the common language essential lexical units, and also vocabulary of the main terms relevant to their professional field; the ordinary as well as the public speaking skills (that includes the norms of pronunciation, the rhythm of the speech and ability to apply them to different communicative situations); the basic grammatical structures; strategies of the public speech delivery – ability to convey messages, deliver prepared reports; basic skills of annotating, summarizing and translating the subject-specific literature; skills of delivering the business presentations; abilities to understand the main content of one's speech; to understand/recognize the relations and the points of view; to ask all types of relevant questions; to share their point of view on different topics in a convincing way; to carry out telephone conversations of private / business character; to write official/informal letters; to read with the dictionary, to understand the main ideas of the text, to summarize contents of texts and articles of both common-language and subject-specific character; to keep the conversation on subject-specific topics; to be aware of the sociocultural pitfalls of the communication and nonverbal behavior; to understand and interpret the lingua-cultural facts in the correct way.

According to the educational program, in the process of students teaching, the equal attention is paid to the development of both receptive, and productive skills and abilities of foreign (Spanish, French, German) language, - it also finds the reflection in syllabi and the language portfolio, that can be demonstrated on the example of the standard model of the course organization (for the level B1).

The number of the components included in the portfolio is estimated in an explicit way and allows to see the extent of participation of every student in the educational process. Each component of the portfolio has to be carried out according to the program and the syllabus within a certain thematic module, i.e. with strictly determined deadlines.

3. Data and Sample

For the purpose of the improvement of students teaching quality, we have conducted a questionnaire among the students. The results obtained confirm our idea of the importance of the portfolio. The answers of the students show there is the need towards using portfolio in the educational process. The majority agrees that the portfolio allows them to understand what particular problems in language learning they have, and also helps them to set the learning goals and choose relevant tasks to achieve them, to plan and carry out the learning activities. Moreover, it helps to keep students motivated for the foreign language learning and to create the holistic idea of the subject studied; as well as gives them the chance to receive feedback and to trace stages and quality of mastering the learning material.

4. Problems and Perspectives of Using the Portfolio

However more attention needs to be paid in the future to the aspects of the portfolio that are not explicitly determined by either the program, or a syllabus, e.g. the problem of the assessment of the separate components of the portfolio, namely the selection of the evaluation criteria that are nowadays up to the teacher to decide: whether all components of the portfolio should be estimated equally or should the specific weight of some tasks surpass the others so that the students receive more scores for them? This problem is obvious both for the teachers, and the students.

What is more, apart from the general rules, described above, there is no exact standard for the quantity and the types of the tasks, included into the portfolio, because each teacher and group of the

learners may contribute to the determination of their quantity and quality by customizing the portfolio to their specific learning situation throughout the term.

Indisputable advantage of the portfolio is that it is flexible and can be adapted practically to any educational situation, depending on the teaching purpose, age of the students, level of their language knowledge, teaching conditions, individual demands of the students and individual style of educational activities, and also the methods and materials used for learning.

One more important positive feature of the portfolio is its dynamic nature: the portfolio is capable of being improved and developed, adapted to the particular conditions of the educational environment. In many respects, this flexibility is promoted by the format of the Excel-document table, which is used for counting the scores for the components of the portfolio. Such format is seen as one of the most transparent and objective forms of the students' learning results estimation, at the same time students can always see not only results of the work, but also predict the outcomes. With the help of the formulas underlying the tables, used for the portfolio calculation, the final results can easily be prognosticated. Moreover, it allows students to make the decision, based on the volume of the performed tasks themselves: if they for some reason can't perform all tasks, they can decide which task is more suitable for them to receive at least the "necessary minimum", which is the inferior limit for passing the exam and receiving the credit.

5. Conclusions

However it needs to be mentioned that the language portfolio isn't a goal in itself, it is an opportunity to visualize the students' individual performance, in order to teach them to set their own goals and find the ways of their achievement. Imparting students the responsible attitude towards the portfolio represents a challenge for the teachers, as for the mediators. Finally, it depends on the teachers' feedback whether drawing up a portfolio will be a senseless and difficult work to do or an interesting, consecutive step on the way to the acquisition of the new knowledge and skills. Creation and filling out the language portfolio promotes the existence of the steady interest towards the subject taught the students, improves the organization of their independent work during the learning, contributes towards the development of the educational mobility, and the enrichment of the cross-cultural knowledge.

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Knowledge Sharing Barriers Employee Perception Determinants in Higher Education Institutions' Administrative Processes

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Abstract:

The paper is researching influence of a determinant of work experience of the higher educational institutions' administrative employees on these employees' perception of knowledge sharing barriers the employees face during their job activities. This relationship is researched via series of linear regression equations on a sample of employees of administrative subdivisions of one of the Russian universities, involved in managing Bachelor, Master, PhD and MBA level educational programs in all the university's faculties. The results put in evidence several interdependencies between the work experience of the respondents and the perception of barriers by these respondents, allowing developing practical recommendations for developing information and knowledge sharing infrastructure in the higher institutions' administrative subdivisions.

Keywords: educational management, knowledge sharing, knowledge sharing barriers

1. Introduction

In the qualitative study of knowledge sharing barriers that the higher educational institutions' administrative employees face in their job activities, described in (Blagov, Zhukova, Pleshkova, 2016), a set of factors has been figured out from series of in-depth interviews, that the respondents perceive as knowledge sharing barriers, belonging to technological, organizational and individual barrier categories according to the classification of (Riege, 2005).

After figuring out these perceived barriers, the next step of the research was decided to look on the factors influencing the comparative strength of perception of these factors as barriers; for the sake of validity and reliability the study has been decided to be quantitative. A particular determinant the influence of which the authors have decided to check is the respondents' work experience on a particular administrative position of less or more than a full academic year, as the largest portion of administrative business processes of the higher educational institutions have a periodicity of an academic year.

2. Empirical research methodology and object

The research model contains 24 linear regression equations, in their generalized form looking as:

$$DV_{xy} = const + IV + e$$

where the dependent variable is one of the 12 knowledge sharing barriers formulated on the basis of the results of the (Blagov, Zhukova, Pleshkova, 2016) study, namely, low compatibility of document management systems used by a respondent and her colleagues, insufficiencies of document management systems used by a respondent and her colleagues, complexity of learning to use these systems, insufficient level of decision making authority delegation given by senior management to the respondent and her colleagues, insufficient clarity of instructions given by senior management to the respondent and her colleagues, too strict reglamentation of job duties of the respondent and her colleagues, insufficiently strict reglamentation of job duties of the respondent and her colleagues, lack of material remuneration for knowledge sharing, lack of immaterial remuneration for knowledge sharing, importance for the knowledge holder of the knowledge resource requested by the knowledge requester, personal reluctance to share knowledge, and, finally, deficit of time to share knowledge due to the work overload.

A question about each barrier has been asked twice: about the barrier influencing the knowledge sharing by the respondent's colleague by request of the respondent and the knowledge sharing by the respondent by request of her colleague; hence the form DV_{xy} , where "x" is the number of the respective "set of questions" (thus, 1 or 2), and the "y" is the number of the respective barrier in the set.

The term IV (independent variable), in its turn, represents the binary variable of the respondents' work experience on the administrative position being either less (having a value of zero) or more (having a value of one) than an academic year.

The research object are the employees of administrative subdivisions of one of the Russian universities, involved in managing educational programs in all the university's schools and faculties; a total number of responses has been 52.

3. Results and discussion

The linear regression equations have been tested with the help of the IBM SPSS Statistics 22 statistical package.

On the 99,5% significance level only two equations are significant, namely, those with dependent variables of importance for the knowledge holder of the knowledge resource requested by the knowledge requester, both for the knowledge requester and holder being the respondent and vice versa.

The independent variable coefficient signs in both equations are negative, demonstrating that the requested knowledge resource importance in both cases decreases with increase in work experience from less than one year to more than one year.

Possible interpretations of this could be related to the development of greater understanding of the colleagues' motivation in the case of the respondent being the knowledge requester, increasing the requester's suggestive power of convincing the holder to share her knowledge. In case of the respondent being the knowledge holder, the possible interpretation could be that the holder with increase of work experience develops understanding of how to ensure her safety when sharing sensitive knowledge, as well as ability to distinguish more sensitive knowledge from less, thus increasing feeling of safety in cases of sharing knowledge by request.

4. Conclusion.

The research has tested the influence of the work experience of the administrative employees of the higher educational institutions on their perception of strength of certain knowledge sharing barriers. From the 12 tested barriers of different nature, the significant negative influence has been found for the barrier of importance for the knowledge holder of the knowledge resource requested by the knowledge requester, both for the knowledge requester and holder being the respondent and vice versa.

On the basis of the results and interpretation, recommendations could be developed of increasing the tolerance to knowledge sharing amongst the administrative employees, that could be based on, e.g., ensuring the knowledge holders that they won't lose their position in formal or informal organizational hierarchy when sharing sensitive knowledge.

However, the research sample is too small, and only one determinant was tested in this research; So, research sample increase and adding other determinants into the models could be called primary directions of further development of the research.

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Closing the Intention-Action Gap in Entrepreneurship: An Institutional Perspective

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Abstract:

Much of what we consider “entrepreneurial” activity is intentionally planned behavior, yet entrepreneurial intentions do not always translate into actions, opening the so-called “intention-action” gap. Situational factors may facilitate or frustrate the translation of entrepreneurial intentions into subsequent actions. In this study, we use data from two waves of a large scale cross-country study of student entrepreneurship (GUESSS), conducted in 2011 and 2013/2014 (1434 students from 9 countries), in order to investigate the impact of country-level institutions (financial market development, property rights protection system, entrepreneurship education and corruption) on the link between entrepreneurial intentions and subsequent start-up activities.

Keywords: *entrepreneurial intentions; entrepreneurial intention-behavior link; formal institutions; student entrepreneurship; GUESSS.*

1. Purpose

Ventures are started based on the vision, goals, and motivations of individuals. They are the outcome of these individuals' intentions and their subsequent actions and heavily influenced by personal and situational factors, including environmental context (Van Gelderen et al., 2015). Much of what we consider "entrepreneurial activity" is intentionally planned behavior. However, sometimes intentions do not translate into actual start-up behavior. While intentional models of human action suggest a direct link between intentions and subsequent behavior, in practice, not every declared intention is followed by action, creating the so-called "intention-action" gap in entrepreneurship (Kautonen et al., 2015). Empirical evidence suggests entrepreneurial intentions explain about 30% or less of the variance in subsequent behavior (Kautonen et al., 2015; Shirokova et al., 2016; Van Gelderen et al., 2015). It can be inferred, therefore, that the translation of entrepreneurial intention into actual start-up activity can be facilitated or impeded by a variety of personal and situational factors.

Prior research has focused on the role of personal traits such as demographics (Kautonen et al., 2015); self-efficacy (Boyd and Vozikis, 1994), volition and emotions (Van Gelderen et al., 2015) in closing the "intention-action" gap. The role of situational factors, such as institutional context, however, has remained relatively underexplored. This is surprising, because institutional regimes regulate access to resources that are critical to the start-up process and determine the level of uncertainty and doubt surrounding business actions and interactions (Li & Zahra, 2012). Thus, we ask: "What is the role of country-level formal institutions in the translation of entrepreneurial intentions into start-up activities?" More specifically, this study draws on a comparative business systems perspective and scrutinizes the role of country-related financial market institutions, property rights protection system, entrepreneurship education and corruption in the process of entrepreneurial intentions-behavior transformation.

2. Method

To address the issue of intention-action translation, we employ two waves of the Global University Entrepreneurial Spirit Students' Survey (GUESSS), from 2011 and 2013/2014. We detected 1434 answers to the GUESSS questionnaire in both indicated waves of GUESSS survey belonging to respondents from 9 different in terms of institutional development countries - Germany, Switzerland, Austria, Netherlands, Estonia, Russia, Hungary, Brazil, Singapore.

The entrepreneurial behavior was measured in 2013/2014 with a summative index of individual actions reflecting the number of undertaken startup activities. Students' entrepreneurial intentions were captured in 2011 and coded with 1 if a student declared choosing a business founder career path and 0 otherwise. The moderator variables included financial market institutions (index: access to loans and availability of venture capital, from Global Competitiveness Report 2013-2014), freedom from corruption index (from the Heritage Foundation), property rights index (from the Heritage Foundation), and Entrepreneurship education at post-secondary levels (from Global Entrepreneurship Monitor).

3. Results

Since our dependent variables is a count variable, we used the negative binomial estimation for predicting the scope of startup activities. The results suggest that, even though there is a direct positive relationship between entrepreneurial intentions and scope of start-up activities, there is a significant impact of institutional dimensions on entrepreneurial intentions-behavior transformation. Namely, the strength of property rights protection and well-developed entrepreneurship education system have a positive impact on entrepreneurial intentions-actions relationship. Also, corruption perception attenuates the link between intentions and start-up behavior. Contrary to our expectations, financial market institutions did not reveal any significant influence on intention-behavior link.

4. Contribution

This paper aims to make several distinct contributions. First, we extend the existing knowledge within the entrepreneurial cognition domain by specifying the external factors that might affect the actual shift from entrepreneurial intentions to start-up activities. Second, having assessed the impact of country-specific institutional conditions on the process of entrepreneurial intentions-behavior transformation, we contribute to the stream of comparative international entrepreneurship literature. Finally, having addressed the focal relationships in a very specific context of student entrepreneurship (on average our respondents are around 25 years old), we introduce new insights to the youth entrepreneurship literature stream.

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FDI Motivation and Entry Strategies of Russian Companies in the Chinese Market

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Abstract:

Russia maintains a strategic partnership with China, which became its largest trading partner. Bilateral relations have become even stronger as a result of Russia's "Pivot to the East" policy. China continues to provide ample opportunities for foreign investors in its market, gradually liberalizing the investment regime. Since FDI follows trade flows, it is reasonable to assume the expansion of Russian FDI in China. In fact, we observe a reverse trend, as Russian FDI is very small and declining since the global crisis. The article reveals the motivation of Russian companies investing in China and their market entry modes. Particular attention is paid to main obstacles and key success factors of Russian companies in China.

Keywords: *China, foreign direct investment, internationalization, multinational enterprises, Russia*

1. Introduction

China has recently become the largest trade country for Russia. The introduction of anti-Russian sanctions has led to further strengthening of economic ties between the two states. However, the rapid growth of trade and construction of large-scale projects does not lead to an increase in Russia's direct investment in China. On the contrary, they are declining after the global crisis. Due to small volumes, the developments of Russian FDI in China are not sufficiently addressed in the literature. Despite a small amount of investment, Russian companies from a wide range of industries operate in the Chinese market. The paper reveals motivation of Russian companies investing in China, identifies main obstacles in their activities in the Chinese market and key success factors.

2. Internationalization strategies by Russian MNEs

Numerous studies have examined various aspects of Russian outward foreign investment, the stages of internationalization of the Russian business, typology of the Russian MNEs and their motivation for foreign expansion. K.Kalotay (Kalotay, 2008) suggests applying different investment paradigms to explain the Russia's outward FDI. A.Panibratov (Panibratov, 2010, 2013) stresses the divergence in the internationalization strategies between various industries in terms of entry modes, and the role of the Russian state in internationalization.

There is a great number of country-specific and industry-specific studies related to Russian OFDI. Most studies relate to certain countries or a group of countries in Eastern and Western Europe, or the CIS where the bulk of the Russian FDI is accumulated. Yet research on the Russian FDI in China never conducted. Among industry-specific studies, the largest number of publications is dedicated to the oil and gas, and metallurgy sector or to outbound expansion of the Russian ICT/IT companies and banks (Lisitsyn et al., 2005; Panibratov, 2012a; Latukha, Panibratov 2013).

As per motivation of the Russian OFDI, many researchers have noted "safeguarding of private assets" as a specific motive typical for Russian FDI in the European region. Among the "normal" internationalization drivers, the researchers indicate market- and resource-seeking motives as prevailing for Russian companies, while cost- and technology-seeking are less common as compared to MNEs from other countries (Kuznetsov, 2013b; Panibratov, 2013). Meanwhile, S.Filippov (Filippov, 2011a, 2011b) revealed that the Russian firms in the emerging IT and software sectors internationalize via innovation and using their competitive advantage.

3. Data and sample

The difficulty in conducting this study is the lack of statistical information on regional and sectoral distribution of Russian FDI in China because of their small volumes. The only available source of information that provides data on the Russian FDI in China is the "Foreign Direct Investment Report" published by the Ministry of Commerce of the PRC. The report examines key trends in China's inward FDI during 2002–2012.

A case study method is applied to analyze the motivation and entry strategies of Russian companies in the Chinese market. The authors use data from company websites, interviews with the CEO, as well as selected publications in the media that cover various aspects of the activities of Russian companies in China. The compilation covers 28 Russian companies representing various industries and services.

4. Empirical results and conclusions

The results show that despite a small amount of investment, Russian companies of different sizes from a wide range of industries operate in the Chinese market. The most successful among them are companies from the chemical industry, including petrochemicals, IT sector, e-commerce, software and entertainment. Many of the Russian enterprises entering the Chinese market have strong technological advantages, know how or intellectual product, which is typical for companies originating in developed countries. For most Russian companies, regardless of their industry and business scale, market seeking is the dominant motive for making foreign direct investment in

China. Very rare Russian companies investing in China pursue efficiency- and resource-seeking motives. Analyzing the motivation of Russian foreign direct investment in China, we could not find the technology-seeking motive. A “safeguarding of private assets” motive typical for Russian companies investing in the EU, is not found among Russian investors in China. For some companies and individual entrepreneurs, the entrance to the Chinese market was caused by business failure in Russia or the deterioration of economic conditions since 2014.

The entry mode and strategy of expansion of Russian business in China largely depend on the industry in which the companies operate. The bulk of Russian FDI in China is green investments, while mergers and acquisitions by Russian firms are rare, which contrasts with investment strategies used by Russian MNEs in Europe or elsewhere. The Russian oil and gas firms are getting an access to upstream markets in China in exchange for China's state corporations to take minority participation in those firms' domestic exploration and extraction projects. Metallurgical companies that enter the Chinese market promote a combined strategy by both acquiring the Chinese companies and establishing joint ventures. Russian companies from the chemical, electronic, automotive industries, oil refining and other industries, including services, prefer a joint venture as the main entry mode.

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Formative Assessment Syllabus as a Tool for Effective Academic Communication

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The paper describes the basic practical steps to create an effective formative assessment syllabus. A formative assessment syllabus includes the following sections: administration and presentation of a course, aims and objectives, course description, tentative schedule, grading policy. It encourages and facilitates students with frequent detailed feedback and clear criteria that will be used to assess their coursework. The procedure is illustrated with *Translation as an Industry* syllabus presented by the author.

Keywords: *formative assessment syllabus, grading policy,*

1. Introduction

The key role of an effective syllabus in encouraging and facilitating students' coursework is vastly underappreciated in Russian universities. For this reason, course outlines are often overlooked because it seems to be time-consuming and unnecessary work. Whereas, a well-designed course outline is beneficial both for the teacher and the student.

2. Formative assessment

The main features of formative assessment are: it is diagnostic and remedial; it provides effective feedback; it makes teaching student-oriented and involves students in their own learning; it influences on the motivation and self-esteem of students; instructors (teachers) are able to adjust their teaching; it considers varied learning styles; students understand the criteria that will be used to assess their coursework. To compare, summative assessment, the most traditional way of evaluating student work, 'sums up' a student's performance at the end of a course. It is usually marked according to a scale or set of grades (a graded test). Thus, the advantages of formative assessment underpin effective teaching.

3. Illustrative materials

To illustrate the procedure, is used the author's syllabus *Translation as an Industry* presented at the workshop by Dr. Daved Schwarzer (Montclair State University, New York, NY) as part of Fulbright FFDP program. Also, are used as examples some parts of an occupational course syllabus created in the University of Hawaii Community Colleges.

4. Basic practical steps to create a formative assessment syllabus

According to Michael Woolcock (2006), "an effective syllabus construction includes: aims and objectives; content and sequencing; assessment and evaluation; and administration and presentation". A syllabus will begin with *administration and presentation* of a course. The following administrative components should be addressed in a course outline so that students can communicate with their instructor (teacher) as easily as possible: university and department (name and address); the semester and year of instruction; the title of the course; class hours (meeting times); the instructor's name; the teaching assistant's name; location (office); office hours; office phone; e-mail; web page; course page. For example:

Institute of International Studies
Translation Department
TRANSLATION AS AN INDUSTRY
Fall 2017

Meeting Times: 2:00 pm – 3:30 pm MON & WED

Location: IIS, Building 2, Room 324

Instructor: Elena A. Bugreeva

Office Hours: 4:00 pm – 5:00 pm, or by appointment

Office phone: 345-6789

E-mail: elena.a.bugreeva@gmail.com

Web page: <http://home.edu/~johndoe>

Course page: <http://home.edu/~johndoe/syllabus/translation>

Aims and objectives might be stated in the form of behavioral, performance, or activity objectives; the latter are more specific, differentiated, and quantifiable. Also, the main concepts could be explained in this part.

The manner the objectives are stated depend on the course and the learning styles. Obviously, we do not learn in the same way. Some learn by hearing (Audio); others learn by seeing (Visual); or by doing (Kinesthetic), which may involve taste and smell as well. In fact, many learn in highly individual and complex combinations of AVK. This so-called AVK model of learning is useful may be useful to formulate the objectives of a course. Michael Woolcock (2006) addresses the following

list of the verbs to help construct objectives. The verbs represent each of the AVK learning styles outlined above and cover the full spectrum of quantitative and qualitative measures:

1. analyze; compare; demonstrate; discuss; identify; justify; outline; state;
2. appreciate; compute; direct; display; infer; list; report; synthesize;
3. classify; contrast; derive; evaluate; integrate; name; respond;
4. collaborate; define; designate; explain; interpret; organize; solicit.

As an example, the objectives for the course *Translation as an Industry* include all these types:

General Purpose:

The primary aim of this course is to support future translators and interpreters in developing professional knowledge and skills to become successful professionals. The course seeks to cultivate in future translators and interpreters understanding their profession as a business. It further seeks to teach them about successful translation business strategies.

Course Objectives:

Upon completion of this course students will:

1. Designate translation as a profession: qualification; status in the society; professional ethics; organizations and journals; outstanding translators in Russia and other countries.
2. Develop translator's professional competency: language, cross-cultural, psychological, social interaction, and business competences.
3. Discuss the issues of the translation market: translation agencies, freelance, translator's CV, getting a job, making a living out of translation; and contrast translation as a business in Russia and other countries.
4. List translators' responsibilities and rights; consider the requirements for the quality of translation.
5. Examine the relationship between translators and clients: how to find and negotiate with clients; business etiquette; how to perform (format) translation (text); how to make translator's portfolio; how to work with foreign companies.
6. Analyze the Internet resources and computer programs for translation.

Course description is not the part students will read the first day, but they will definitely use it for reference later on. Course description may include an introduction (preamble); course idiosyncrasies; prerequisites; mutual expectations; course organization; a brief statement of policies of teaching and learning; late policy; grievance procedures; arrangements for those with learning disabilities. For example:

Course Description:

This course develops translators and interpreters' professional qualifications and management skills. In the course, students explore the ways how to become professionals in terms of professional ethics, the market's requirements, and project management. Students learn to successfully integrate into the professional community.

Course requirements: General English (minimum Upper-intermediate), Professional English (minimum Upper-intermediate).

Course Expectations:

Given the interactive nature of this course, it is important that you come to every class very well prepared and ready to join the activities and participate in discussions. Your active, high-quality participation is expected, it should be a given. All the readings assigned every week should be completed prior to the class. Make sure that you take notes while reading and prepare some questions or topics to discuss with the class. Assignments should be handed in and/or posted online on time so that I could provide you with feedback in a timely manner. Should you have any issues with assigned readings, materials or tasks, please, do not hesitate to contact me. You can see me during my office hours or communicate with me via email; you can also make an appointment to see me at a different time that is more convenient to you. Should extenuating circumstances require that you miss a class, you are

expected to notify me in advance. More than two (2) unexcused absences will result in your final grade being lowered automatically by five points (half a letter grade) for each absence thereafter.

Course Policies:

All assignment must be submitted on time. No late assignments will be permitted.

Two absences are permitted; each absence over two will result in the final grade being lowered by five points (half a letter grade) for each absence.

Please, refrain from text messaging or taking calls while class is in session.

Reliable internet access is required to fully participate in this course.

Keep an extra copy of a project or assignment for your own records.

When receiving an assignment back, if you disagree with the assigned grade, I encourage you to discuss it with me.

Work independently; cheating, plagiarism, fabrication and falsification are expressly forbidden.

If required, attendance should be explainable, incorporated into course or activity objectives, and clarified the very first day of class. In general, up to six absences plus 'excusable' absences and one 'freebie' may be reasonable. By the way, daily quizzes as a teaching tool may encourage regular attendance; emphasize the importance of each class. This is how attendance policy is described in an occupational course of drawing:

Attendance will be graded as follows:

No absences A+

One absence A

Two absences B

Three absences C

Four or more absences F

Absences for which a medical or court excuse is provided (professional letterhead required) will be recorded but not figured in the attendance grade. Likewise, one absence for which advance notice is given by phone or in person will not be figured in the attendance grade. Any significant tardy or early departure from class will be figured as a half absence. Also, *anyone who has more than four class-long, unexcused absences will receive an 'F' grade for the COURSE.* Keep in mind that this is an occupational course, and attendance is important here just as it will be in the employment for which this course is in part designed to prepare you (Construction materials. Course syllabus).

Also, other policies and operating rules can be included appropriate to the type of course and the classroom/lab environment. For trade courses, safety rules should be spelled out in the syllabus. For example:

Classroom rules of conduct

1. No radios are allowed in class.
2. No drawing is permitted during lecture periods.
3. Food and beverages are not permitted in the classroom. This includes plate lunches, drinks, candy, etc. whether opened or not (Construction materials. Course syllabus).

Emergency procedures:

1. Evacuation procedures - see instructions posted in the classroom.
2. First aid kit is located in Room 612. All instructors have a key to the room.
3. Emergency ambulance - from any instructor's office, phone 9 to get an outside line, then 911. There are also phones on other floors and at the bookstore on the ground floor.
4. Campus security - phone 142 Mon, Tues, or Fri 7:00 am - 4:30 pm, Wed or Thurs 7:00 am - 6:30pm; phone 245 Mon through Wed 5:00 pm - 10:00 pm, Thurs 5:00 pm - 8:00 pm (1).

Teachers may also address their expectations in the section *Suggestions for success* or *How to Take This Course*. Many students will never read this 'extra' material, but others will read every word on the first day. For example:

Your ideas, evaluations, etc.

In general, your ideas, comments, suggestions, questions, grade challenges, etc. are welcome. Your discretion in these matters is expected, however. No part of your grade will be based on anything other than your coursework and attendance. You are encouraged to take advantage of instructor office hours for help with coursework or anything else connected with the course and your progress (Construction materials. Course syllabus).

Suggestions for success

For most students this will not be a ‘difficult’ course. However, there will probably be some students who did well in academic courses where information was most important and who will be surprised at the relative difficulty of this course where manual skills and visualization are most important. So do not think that if you are a ‘B’ student you will probably get a ‘B’ in this course. You might get an ‘A’ with relative ease or a ‘C’ with difficulty, and still be (and correctly so) a ‘B’ student in your information-heavy, mainly lecture-type courses (Construction materials. Course syllabus).

Course content overview is the largest part of the syllabus. The whole course should be subdivided into some major parts; the parts should be titled. The titles can be thoughtful, thought-provoking to attract students’ attention. A short summary could accompany each of the titles. It is also important to provide each topic with the appropriate selection of reading materials and required supplies. *Course content overview* shows the progression of topics; it is a teacher’s pre-course planning. For example:

Course Content overview:

Module 1. Translation as a profession: translator’s qualification; status in a society; professional code; organizations and journals; Charter of UTR (Union of Translators of Russia).

Module 2. Translator’s professional competency: language, cross-cultural, psychological, social interaction, business competence; professional ethics.

Module 3. Translation market: translation agency vs. freelance; CV, how to get a job.

Module 4. Translator and law: contract; translator’s responsibilities and rights; copyright.

Module 5. How to find, negotiate with and hold on to clients. Translator’s portfolio.

Module 6. How to work with foreign companies. Cross-cultural business etiquette.

Module 7. Translation quality. UTR’s recommendations for translators and clients.

Module 8. Computer and translation. CAT. Internet resources.

Module 9. Outstanding translators in Russia and other countries.

Module 10. Translation as an industry in different countries.

A tentative daily or weekly schedule is not a required part of a syllabus. It may, however, help keep the course on track throughout a semester. It prevents the teacher from “running out of time” at the end of a course. In addition, it enables students to always see what is coming up or what they will miss if absent. It also saves the teacher’s time for planning during the course. The schedule should not be difficult to keep up with; it makes the course rigid. As it is entitled “tentative schedule”, a teacher is not legally at risk if they diverge from it even slightly (Construction materials. Course syllabus).

Students always need to know right away what materials they need and how much the course will cost them. The required reading and audio-visual materials (and other items to be purchased) should be included in a course outline. “State where these texts can be purchased, and list approximate costs. Identify those texts that are on reserve at the library. If additional outlays are required - e.g. labcoats, costs to cover experiments, etc. - these should be clearly itemized” (Woolcock, 2006).

Another important point is the weighting each item of assessment is allocated and firm deadlines. It is crucial to assess as early as and as often as possible. Clear submission procedures are always helpful in regulating the course. *Grading plan (policy)* is often explicitly required. Students should know how their coursework is going to be graded as early as possible. Since settling on these policies, a teacher will have never had a student complaint about a grade or ever struggled over a grade. Syllabus is the tool to ensure that everyone is aware of it including the students who enroll late. Grading policies should be presented in an open friendly manner: students generally appreciate clarity and same-for-all policies. Michael Woolcock (2006) suggested the following method: “allocate 100 percentage points among each of your assessment items listed above. Ensure that the relative weighting you assign accurately reflects your

course objectives. <...> Satisfy yourself that each assessment item not only relates to each of your course objectives but accurately reflects its overall importance”. For example:

Assignment/product point values

1. Reading Reflections (at least 300 words each) (16% - 2% for each)
2. Self-assessment Report: What I can/cannot do in my profession and my tasks for further professional development (9%)
3. Community Study: Translation Agencies and Freelance Work in Your Area (presentation) (10%)
4. Translator’s CV and Portfolio (10%)
5. Conference: Business Etiquette in Different Countries - report (10%)
6. Internet resources/CAT programs - presentation (10%)
7. Outstanding Translators in Russia - report/presentation (10%)
8. Written research paper and oral presentation: Translation Market in Russia vs. (any other country) (15%)
9. Active and informed participation (10%)

The grade for active and informed participation is based on leadership/willingness to engage in intelligent discussion (quality and quantity), improvement, attitude, and attendance. Participation means coming to class with thought-provoking questions, observations, or critiques (at least one or two per class meeting) based on the readings and at least one illustrative example, as appropriate.

Each assignment will be scored according to the rubrics, which specify criteria for different assessments. Heidi Goodrich (1997) defined a rubric as “a scoring tool that lists the criteria for a piece of work, or “what counts” (for example, purpose, organization, details, voice, and mechanics are often what counts in a piece of writing); it also articulates gradations of quality for each criterion, from excellent to poor”. An example is the following rubrics used in my syllabus to assess a presentation.

Rubrics/points	Below expectations	Meets expectation	Above expectations
Content and structure	No/unclear structure, no argumentation, no connection between the statements, no/sporadic examples, lack of research.	Clear structure, but no argumentation, not all the examples are relevant.	Clear structure (introduction, the main part, conclusion), strong argumentation, all the examples are relevant, evidence of a sufficient research.
Visual aids and hand-outs	No/irrelevant visual aids and/or hand-outs.	Visual aids and/or hand-outs are well done but contain some irrelevant information or mistakes.	Visual aids and/or hand-outs are well done to support the presentation and are really useful for the audience.
Presenter’s behavior and voice	Presenters are not interested in the subject; read the text of presentation; are too nervous; speak too fast/slow; are difficult to hear; no eye contact, no dress code awareness.	The presentation is relatively well done, but presenters read some parts of the presentation, are afraid of eye contacting, feel nervous.	The presentation is well done: clear voice, eye contact, presenters are confident, dressed appropriately.
Audience involvement	Presenter does not involve audience or try to involve audience, but unsuccessfully.	Presenters try to involve audience but have some problems (e.g. nervousness, lack of proper preparation, do not know the strategies, etc.)	Presentation involves audience by means of its clear structure and involving content, presenter’s eye contact, attractive and useful hand-outs, and visual aids.
Length of the presentation	Longer than 20 min	Slightly exceeds 15 min (not more than 1-3 min)	Appropriate length (15 min)
Answering the questions	Presenters cannot answer the questions or try to answer the questions, but unsuccessfully.	Presenters can answer the questions, but do not feel confident and/or make mistakes.	Presenters are ready to answer all the questions, give examples, and demonstrate strong argumentation.

Table 1. The rubrics to assess a presentation

Michael Woolcock (2006) presented six different assessment items as a manageable workload for both students and instructors: short essays/book reports; research papers; oral presentations; class

participation; problem sets; mid-term/final exams (in class versus take home). Other assessment items are also used: quizzes and competitions; projects; debates; elocution; group discussions; club activities; reading reflections; community study; research paper; conference; presentations.

As Thomas Guskey (2008) reported, “the power of formative classroom assessment depends on how we use the results. He offers the following types of effective corrective activities: reteaching; individual tutoring; peer tutoring; cooperative teams; textbooks; alternative textbooks, materials, workbooks and study guides; academic games; learning kits; learning centers and laboratories; computer activities. On the other hand, it is important to plan enrichment activities: some students will demonstrate their mastery of unit concepts and skills on the first try and will have no need for corrective activities”. For the benefit of teachers and students, it would be also useful to find out the students’ expectations (a short written survey).

5. Conclusion

To make a conclusion, formative assessment is a tool to gradually monitor student progress in a friendly and supportive environment. It involves regular descriptive feedback, which gives students a chance to reflect on their performance and improve it. Although this is not the only way to prepare a course syllabus, the formative assessment syllabus appeals to the central pedagogical issues underlying the construction of an effective course outline. These guidelines for preparing a syllabus could be considered and officially endorsed by school or university administrations.

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Financial Constraints and Internationalization of Emerging Economies – Evidences from Chinese Multinational Enterprises

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Abstract:

Using more than 30 thousand manufacturing firms' data, this article formulates firm financial constraints indicators, such as endogenous financing, commercial credit as well as enterprise credit characteristics. Based on Heckman (1979) selection model, this research indicates that the improvement of enterprises financing condition not only increases the probability of firm export behavior, but also impact the scope of the firm export. The research still finds that foreign-owned firms more benefit from the increased financing condition than others; comparing state-owned firms, private firms suffer from more serious financial constraints, but their exporting performance may not be worse. In addition, for firms, who has a high reliance on external financing, the perfection of financial market facilitates their exporting pressure obviously.

Keywords: *financial constraints, export, Heckman selection model*

China's opening policy has extended the trade increasingly, thus, the export-oriented type has been considered as the important factor of economy growth (Chen and Feng, 2000; Jin, 2004). Admittedly, the exporting has played the such an important role in the growth, the core question is, what determines the expanding of exporting of Chinese firms.

The new neo-trade theory, based on the micro-firm level, explains the export strategy decisions as: firms with higher productivity can enter into the international market to export, because of the expensive entry costs (Melitz, 2003; Bernard et al., 2004; Helpman et al., 2004). Although the traditional trade theory of heterogeneous firms has provided the benefit evidences for analysis of Chinese firm exporting behavior, existing researches neglect the financial impact on the exporting decisions. The global financial crisis, caused by the American subprime mortgage crisis, has shocked the real economy of every countries and international trade, at the meanwhile, it also warns us the important role of financial system in international trade. Ju and Wei (2004) point that industries, which has a high reliance on external financing, possess the comparative advantages of trade in the country with health financial system. Feeney and Hillman (2004) illustrate financial institutions as a resource of comparative trade advantages from the perspective of risk. Beck (2002) think the development of financial system can decrease the seeking cost in order to increase the exogenous capital value. Cheney (2005) propose the liquidity constraints have an impact on the export sunk costs, then indicates that only firms, suffering from lower liquidity constraints, have ease the export sunk costs to become exporting firms. Manova (2008) consider that the execution of financial contracts, tangible assets ratio and other financial factors influence on the firm export behavior. Beck (2002;2003), Becker and Greenberg (2005), Manova (2008) find that the level of development of financial system in China also have close relations with Chinese firm export behavior.

However, the literature of studying of financial development and international trade almost use the country economy data and industry and regional data in one country. As Melitz (2003) emphasizes, export behavior is the firm rational decisions, based on the its profit maximization, at the micro-level perspectives. In addition, analysis from the industry and regional level lack for the difference of financial environment, although a firm locates on the developed financing region, it also may possess the financial constraints. Thus, this article use the 30 thousand firm-level data from 2008 to 2014, to examine how the financial constraints impact on the firm export behavior. In contrast with existing researches, this article has improvements as:

Firstly, it is difficulty for measuring the firm financing level and environment to use the firm-level data. In order to satisfy the demand of investment, firms can utilize the internal financing way, like their cash flows, also can get the help of commercial banks from home countries, even can resort to the intra-firm credits. Due to the diversity of financing way, the single indicator cannot reflect the firm financing ability. Thus, comparing with existing articles, using a single indicator to measure the firm exporting, our research comprehensively analyzes internal financing condition, intra-firm credit, firm credit characteristics, investment opportunity etc., then, creates 9 variables to measure the firm financing constraints.

Secondly, as Bernard and Jensen (1995) point out that the number of export firm is limited due to the higher entry cost, most firms choose to sale in domestic market. This point also has been adopted in our 30 thousand research samples. The essence of firm export behavior is based on the aim of profit maximization, are not distributed informed, thus, the self-selection determines that it will create biased estimation when equal treatment and deletion of non-export firms. This article, based on the Heckman (1979) selection model, respectively tests the firm extensive margin and intensive margin. After controlling the firm TFP, input factors, salary level, firm ages etc. other firm characteristics, our research finds that the improvement of financing environment not only advance the probability of firm export behavior, also impact on the number of export firms.

Finally, the firm ownership and the industry characteristic can lead to the differences of financial constraints. For example, in contrast to state-owned firms, who has long-term political policy advantages, do private firms, suffering from the credit discrimination in financial system, become to the vulnerable groups? For those sectors, who has a high reliance on external financing demand, is the increased financial environment important for export behavior? The research shows that, the improvement of financial system can obviously impact on the foreign-owned firms; comparing to state-owned firms, although suffering from the serious credit constraints, the export behavior of private firms is not worse; in sectors, who has a high reliance on external financing demand, the advanced financial system has more dominant influence on their export behavior.

Our framework as:

The first part is literature review; the second part is to structure the firm financial constraints indicator; the third part is estimated model and variables; the fourth part is using Heckman selection model to test the determinants of firm export behavior; the fifth part is to examine how the firm ownership and industry effect on the firm financial constraints; at last, make conclusions.

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Who Bad-Mouths More When Brands Fail With Their Radical Innovation?

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Abstract:

In this research, authors investigate when and why opinion leaders (vs. other consumers) spread Negative Word-of-Mouth (NWOM) for failures of radical innovations of strong vs. weak brands. Findings indicate that opinion leaders are interested in being unique and therefore, choose to spread NWOM more (*less*) for strong (*weak brands*). Other consumers do not make this mental calculation.

Keywords: brand equity, opinion leadership, word-of-mouth

New product introductions (or short, innovations), which can range from incremental to radical innovations are perceived as vital for businesses (Sorescu and Spanjol, 2008; Liao and Cheng, 2014). Among these introductions, radical product innovations, which are products that offer substantially new technology and higher benefits for consumers than the current ones in the market (Chandy and Tellis, 1998) offer a higher potential for companies (Aboulnasr et. al., 2008). With the technology evolving at an increased rate, companies feel the pressure to adapt them in their offerings (Sood and Tellis, 2005). However, around 40 to 90% of all new product introductions fail in the market place (Gourville, 2006) and the rate is closer to the higher side of this spectrum for radical product innovations since they are riskier than other product introductions (Sorescu, Chandy, and Prabhu, 2003). When innovations fail, it creates dissatisfaction among consumers and leads to (negative) word-of-mouth (Richins, 1983). Word-of-Mouth (WOM), informal flow of communication between consumers about products (Westbrook, 1987), is one of the oldest tools for acquiring customers (Ahrens et. al., 2013), an important factor in consumer decision-making process (Brown and Reingen, 1987), and a crucial driver for diffusion (Andt, 1967). Moreover, when it comes to WOM, individuals have varying power on others in the market (Leonard-Barton, 1983). Therefore, it is important for companies to understand who and why in the marketplace choose to spread negative WOM (NWOM) for their products.

While NWOM has been studied extensively in the marketing literature, brand effects on NWOM are scarcely researched (Lovett et. al., 2013). In this research our objective is to fill this gap in literature by investigating how and when opinion leaders (vs. other consumers) choose to spread WOM for brands varying in equity. Opinion leaders, "*individuals who influence the purchasing power of other consumers in a specific product domain*" (Flynn et. al. 1996), exert a stronger influence on other consumers than the rest of society (Nair, Manchanda, and Bhatia, 2010) through WOM (Stockburger-Sauer and Hoyer, 2009), which makes them an important consumer segment to investigate.

When consumers experience negative performance of a brand, they have to make a decision if they want to spread the word (i.e. let the others know) about this bad performance. This is an important decision as nobody wants to spread the word if they don't think it will benefit themselves in some ways (Dichter, 1966). On top of this mental calculation, opinion leaders have the desire to be different from other consumers (Chan and Misra, 1990) and thus, they will need to compare each outcome and assess the situation from different perspectives more carefully.

In this research, we argue that bad performance of strong vs. weak brands will have different consequences leading opinion leaders (vs. other consumers) exhibit varying degree of NWOM behavior. Specifically, since bad performance is more surprising for strong brands, we argue that, opinion leaders will see it as a better opportunity to spread the NWOM. However, bad performance of weak brands will not be unique enough for opinion leaders and thus their intent to spread NWOM will be less than of other consumers.

To test our predictions, we conducted an experiment with the participation of 232 American mTurkers. The design was 2 (Brand Equity: Strong vs. Weak) X 2 (Category: Laptop vs. Insurance) with both factors between subjects. We also used satisfaction with the brand as a covariate. Satisfaction is shown to have different effects on WOM in the literature (e.g. Arnett et. al., 2003; Anderson, 1998) and in this research we are interested in how NWOM is shaped for opinion leaders vs. non-opinion leader in existence of brand equity. Therefore, we controlled for participants' satisfaction.

We conducted a pretest (N = 48) and decided to use laptop and insurance as our category replicates and 7-day battery life and a GPS tracker for driving habits as radical innovations within those categories respectively. Moreover, we chose Dell and Lenovo for laptop category and State Farm and SafeCo for insurance category as strong and weak brands respectively. We used a medial split

on the opinion leadership scale (Childers, 1986). All scales were 7-point and adapted from literature (Cronbach's alphas > .86). Results confirmed (all p 's < .05) our predictions that opinion leaders spread NWOM more when a strong brand fails and other consumers do so when a weak brand fails. Moreover, we found that opinion leaders did not find anything for themselves for weak brands but other consumers did not make this mental calculation.

Our preliminary findings for this research show that brands' equity has direct influence on NWOM intentions of opinion leaders vs. other consumers which prior research has yet not considered. The findings of our research have both theoretical and managerial implications to understand when and why consumers choose to spread the WOM for brands with different strengths. For example, Ho-Dac, Carson, and Moore (2013) find that negative WOM does not matter that much for strong brands. However, if bad performance of such brands ignites negative WOM for opinion leaders, a group who has high influence on other consumers, then managers of these brands need to carefully monitor WOM and target specifically these influential customers.

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E-commerce Market in Russia: Investigating Barriers and Drivers from the Consumer Perspective

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Abstract:

This paper investigates limiting and driving factors influencing e-commerce market development in Russia from the consumer perspective. The paper gives a theoretical framework for analysis factors affecting e-commerce development. It also provides an overview of the current Russian e-commerce market development. To identify limiting and driving factors of the internet retailing market development in Russia from the consumer perspective, a quantitative survey was applied. The total sample of 884 respondents was composed of consumers who are experienced in buying goods or services via internet. The findings reveal factors that drive and impede consumer participation in the e-commerce market in Russia. Among the most noticeable factors are security risks and privacy concerns, and trustworthiness and transparency of e-commerce market players.

Keywords: *emerging markets, e-commerce, limiting and driving factors, marketing*

1. Introduction

The rapid growth of the Internet and technologies involve more and more consumers and companies in the internet market. Consumers discover that searching for, purchasing, acquiring, using, and disposing products online are more beneficial than off-line (Yadav & Varadarajan, 2005). These changes in the consumer behavior force companies to revise and reassess their attitude to the internet market and actively participate on this marketplace. Both companies and buyers all over the world gain a wide range of value outcomes from participating on the internet market.

Data from Russian research agencies shows that internet industry is one of the most actively developing segments of the Russian economy (Data Insight, 2015). According to different estimations, the share of internet economy accounted for 2.2% of GDP in 2015 and 2.4% in 2016, in the same time the internet-dependent sectors contribution to GDP increased from 10% to 16% (Data Insight, 2015; RAEK, 2016). Active growth of the internet industry in Russia allows Russia and Russian companies take leading positions in some European ratings, for example Russian internet audience is considered as the largest internet audience in Europe (RAEK, 2016); Wildberries (6 position), Mall Group (7 position) and Ulmart (8 position) are the largest companies in Eastern Europe (Euromonitor, 2017), internet industry takes fourth place by volume of investments (Data Insight, 2015) and fifth position for e-commerce turnover (Euromonitor, 2017). What are more important, experts positively assess prospects of the further growth of the internet industry in Russia (Data Insight, 2015) and consider the e-commerce market as one of the most promising markets of the Russian internet industry.

E-commerce market is a relatively young segment of the retail market in Russia: in 2016 the e-commerce market accounted for only 4.4% of the total retail market (Euromonitor, 2017). Despite the small share, e-commerce showed a fairly substantial growth for nearly 20 years: about 30-40% in the 2000s and nearly 25% after the crisis of 2014 (Euromonitor, 2017). On the one hand, long-term growth of the e-commerce market creates conditions for companies' extensive growth, on the other – contributed to the active use of marketing strategies focused more on customer acquisition than retention.

According to the report, (UNCTAD, 2015), nearly 60% of internet users in developed countries shop online. In Russia this indicator is equal to 34% (Virin & Ovchinnikov, 2015), and only 1% of the internet users buy online regularly and make more than 50 purchases during the year thereby forming the core of e-commerce in Russia. Active online shoppers consider switching costs in the case of online stores as low, so it is becoming unprofitable for companies to focusing only on attracting new consumers. In addition, the lack of physical borders for electronic markets increases the competition level, create the single e-commerce market and forces Russian online stores to compete not only with the Russian online stores, but also with foreign ones. In this market situation companies need to focus primarily on building and developing long-term and mutually beneficial relationships with existing online consumers. Knowledge of factors that influence consumers' intention to shop online and push them away from it provides companies with the strong basis for development of engagement strategies with current consumers. Thus, the purpose of this research is exploring factors constraining and driving e-commerce market development from the consumer perspective.

2. Research methodology and sample description

To identify limiting and driving factors of e-commerce market development in Russia, quantitative online survey is applied (table 1). The questionnaire includes 44 questions on e-commerce driving and limiting factors, and additional socio-demographic questions such as gender, age, education, income of the family, marital status and children to classify the respondents. The present study measures all items on a seven-point Likert scale ranging from 1 = “completely disagree” to 7 = “completely agree.”

Table 1

Research design	
Method	Online survey
Sample	884 respondents
Level	Consumer individual level
Objective	To identify limiting and driving factors of the Russian e-commerce market development at the consumer level
Timing	April 2016
Methods of analysis	Exploratory factor analysis (EFA), cluster analysis

3. Empirical results

The paper presents the results of the EFA and two-step hierarchical cluster analysis. EFA has identified ten factors, which explain 62.3% of variance in total. Among the most noticeable factors are security risks and privacy concerns, and trustworthiness and transparency of e-commerce market players. Identified factors have been used as criteria for a two-step hierarchical cluster analysis, run to identify potential subgroups of respondents. Six clusters have been revealed, resulting in statistically significant differences ($p < 0,001$) for the mean values across all the factors.

The detailed results of the empirical analysis as well as key findings and discussion would be presented at the conference.

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Knowledge Management in M&A by Innovative Companies: The Evidence from Emerging Capital Markets

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Abstract:

This paper focuses on exploring the significance of KM for a post-acquisition by innovative companies to achieve synergy effects in emerging capital markets. Reviewing abundant literatures of KM in M&As, it is noted that M&A performance of knowledge intensive firms (KIF) has largely depended on valuation of intangible capital and efficient and reliable method of KM. Examining deals of innovative listed enterprises in emerging capital market from databases Bloomberg and Zephyr over 2010 to 2016 based on event study and accounting study, it is supposed to find that the similarity of knowledge base of both acquirer and target firm plays an important role of the result in post-acquisition, the level of integration between involved firms could enhance the performance of M&A transaction. The most effective variables for KM in M&As are considered like knowledge retention, knowledge integration, knowledge application and creation. M&A strategy could be more effectively and successfully managed for innovative companies in emerging capital markets under condition that the top managers learn how to quantify the in-between relationships of the variables proposed and gradually measure the effect of these variables on the knowledge integration success.

Keywords: *emerging capital markets, innovative companies, knowledge management (KM), mergers and acquisitions (M&A)*

1. Introduction

Knowledge management (KM) in recent years has become more important for M&A strategy especially for innovative companies, accessing new knowledge seems to be the main goal for acquiring companies to accomplish synergy and enlarge their volume. There have been enough researches about KM in the post-merger and acquisition in developed countries but for emerging capital markets this topic is unexplored. Knowledge is regarded as the major capital of innovative enterprises which brings intangible profits and benefits. To survive in the competitive global market knowledge turns to be the motivating factor for a M&A transaction and the driver for a combination of the involved companies. For acquiring companies KM seems difficult to acquire through strategic alliances because of its complexity and particularity. (Nonaka, 1994). So in knowledge economic intangible assets are always the main motivation behind the M&A deals (Hasjem, 1991; Pasaran, Smith, 1995). Haspeslagh and Jemison (Haspeslagh, Jemison, 1987) noted that M&A strategy helps to renew corporate and hold the market positions through internal development with gaining benefits from coming assets and learning the innovative patterns of management of target companies. According to DacPru (Cerezo et al., 1970) an increasing number of innovative companies acquire others specifically for obtaining knowledge assets, which helps add new knowledge to their own knowledge stock. For most innovative companies the most valuable assets are considered the future potential returns from those intangible parts. The acquirers aim to convert these potentials immediately into business success in a short time after acquisition. But it brings great risks of failure. Therefore, correlative KM plays a significant role for M&A strategy to ensure the effective accomplishment of acquired knowledge.

2. Literature review

There have been abundant researches done on knowledge management already. And in the last two decades KM in M&A has been given more attention and concentration particularly in emerging capital markets. A large number of M&A deals have taken place in the field of high technology and knowledge-based industries. Ranft and Lord (2002) noted that since the 1990s more and more acquisitions tended to obtain critical technologies, capabilities and knowledge-based resources. They attempted to absorb high-skilled experts and employees, high-functioning teams and creative works from these innovative companies to enhance their competitive advantage. Bresman et al. (1999) noticed that the key motivation of the acquisitions have often been to get more innovations and patents and transfer those intangible assets into potential high profits capital. Pablo and Javidan (2009) puts it: "In technology-intensive industries, the issue of knowledge transfer is particularly important to acquisitions as an organization's ability to compete is often dependent upon its abilities to develop innovative technologies which requires knowledge transfer, learning and innovation.

3. Data and sample

Examining completed and majority-stake M&A deals of innovative listed enterprises in emerging capital market based on event and accounting study from databases Bloomberg and Zephyr between 2010 and 2016, which have been compiled in EMENDATA (Emerging Multinationals' Events and Networks DATABASE). Following some previous studies about the effects of acquisitions on knowledge management (Ahuja and Katila, 2001; Cloudt et al., 2006), Di Guardo, Harrigan, 2016), it's necessary to focus on knowledge intensive companies, where the most important part of assets are considered intangible.

4. Empirical results and conclusions

The empirical results show that the similarity of knowledge base of both acquirer and target firm plays an important role of the result in post-acquisition, the level of integration between involved firms could enhance the performance of M&A transaction. The most effective variables for KM in M&As are considered like knowledge retention, knowledge integration, knowledge application and creation. M&A strategy could be more effectively and successfully managed for innovative

companies in emerging capital markets under condition that the top managers learn how to quantify the in-between relationships of the variables proposed and gradually measure the effect of these variables on the knowledge integration success.

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Accounting Standards and Banking Regulation: Some Effects of Divergence

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Abstract:

This study focuses on how divergence between accounting standards and banking regulation affects banks' lending and risk-management decisions. I build a model that shows that divergence exposes banks to a risk-management trade-off – using derivatives to hedge has regulatory benefits but accounting costs, or vice versa. Hence, banks have weaker incentives to hedge than when accounting standards and banking regulation are aligned. These results show that banks' risk-management decisions can depend on the interaction between the accounting and regulatory regimes banks are subject to.

Keywords: *accounting standards, banking regulation, banks, derivatives, hedging, risk-management*

1. Introduction

This paper focuses on the impact of divergence between accounting standards and banking regulation – for example, when banks’ assets are valued under fair-value accounting for regulatory purposes but under historic-cost accounting for accounting purposes. After the 2007-8 financial crisis, banking regulators expressed concerns that certain accounting standards worsened the financial crisis and, more generally, might be undesirable from a regulatory point of view (e.g., Bernanke, 2009). Laux and Leuz (2009, 2010) and Barth and Landsman (2010), however, note that insofar as accounting standards have undesirable regulatory effects, banking regulators can modify banks’ accounting information for regulatory purposes – for example, when determining regulatory capital. At present, such adjustments exist in areas such as banks’ holdings of securities and derivatives.

2. Contribution

This paper focuses on how divergence between accounting standards and banking regulation can affect banks’ investment and risk-management decisions. Prior studies examine how accounting standards, in isolation, can affect banks – for example, Cifuentes, Ferrucci, and Shin (2005), Allen and Carletti (2008), and Plantin, Sapra, and Shin (2008) show how fair-value accounting can lead to asset sales by banks. Other studies examine how banking regulation, in isolation, can affect banks – for example, Hancock and Wilcox (1995), Peek and Rosengren (1995), and Gambacorta and Mistrulli (2004) show how capital requirements can reduce lending by banks in recessions. This study differs by focusing on the interaction between accounting standards and banking regulation – in particular, on how divergence between the two could affect banks’ optimal lending and hedging decisions.

3. Methodology

This paper uses an analytical model to examine how divergence affects banks’ incentives (1) to lend and (2) to use derivatives to hedge the risk (e.g., interest-rate risk) on their loans. In the model, banks have two potential incentives to hedge. One is to reduce funding costs on their loans by reducing earnings volatility (e.g., Stulz, 2004; Graham, Harvey, and Rajgopal, 2005). The second is to increase franchise value by reducing the probability of insolvency – by reducing the probability of being declared insolvent by a banking regulator (e.g., Marcus, 1984; Konishi and Yasuda, 2004). The impact of hedging on earnings volatility and on the probability of insolvency depends on the accounting and regulatory treatment of banks’ loans.

The model focuses on banks’ lending and hedging decisions under two regimes. Under convergence, banks’ loans are valued under fair value with respect to both net income and regulatory capital (henceforth, “capital”). Under divergence, banks’ loans are valued under historic cost with respect to net income and under fair value with respect to capital. Consistent with current practice, in both regimes, banks’ derivatives are valued under fair value with respect to both net income and capital.

4. Results

The model has two main results. First, under divergence, banks hedge less than under convergence. Under divergence, hedging has a regulatory benefit and an accounting cost. Under divergence, banks’ loans are valued under fair value with respect to capital. As a result, using derivatives to hedge protects banks’ capital from changes in the value of banks’ loans due to, for example, interest-rate changes. This effect reduces the probability that a decline in the value of banks’ loans leads to insolvency – a benefit. Under divergence, however, banks’ loans are valued under historic cost with respect to net income. Hence, with respect to net income, banks have an unhedged accounting exposure on their derivatives. Hedging with derivatives thus increases earnings volatility. This effect increases funding costs on the loans – a cost. Consequently, in choosing how much to hedge, banks weigh the regulatory benefit versus the accounting cost of hedging – a lower probability of insolvency versus higher earnings volatility, respectively.

Under convergence, banks have stronger incentives to hedge. Under convergence, both the loans and derivatives are valued under fair value with respect to capital. Hence, hedging again reduces the probability of insolvency. Under convergence, however, banks do not have an unhedged accounting exposure on the derivatives. Rather, using derivatives reduces earnings volatility on the loans. Hence, hedging is strictly beneficial – hedging both reduces the probability of insolvency and reduces earnings volatility. Banks thus hedge more under convergence.

Second, under divergence, banks lend less than under convergence. Under convergence, hedging is strictly beneficial, and so banks hedge in full the interest-rate risk on their loans. Because both the loans and derivatives are valued under fair value with respect to net income, this hedging policy eliminates earnings volatility. Hence, banks have the lowest possible funding costs on the loans. This effect increases lending. Under divergence, by contrast, banks have an unhedged accounting exposure on the derivatives. As a result, hedging creates earnings volatility. Consequently, insofar as banks hedge, earnings volatility increases. Banks thus face higher funding costs on the loans. This effect reduces lending.

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European Urban Development: Multicultural Aspect

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Abstract:

This paper investigates the issue of cultural diversity and multiculturalism policy in modern European cities. With the increasing urbanization and migration processes in European cities, ethno-political processes have intensified, and cities have become the central place of localization of intercultural contacts. European cities are the objects of multiculturalism policy, developing and supporting ethno-cultural diversity and tolerance. The modern European metropolis is looking for ways to coordinate the cultures and values of different civilizations.

Keywords: *cohesion, cultural diversity, cultural quarter, European city, gentrification, ghetto, localism, multiculturalism, migration, neighborhood, policy, urban development*

1. Introduction

Absorbing the traditions and lifestyles of people coming, cities become centers of concentration of cultures and places of preservation of cultural heritage of many nations. Global processes have intensified differentiation of the population, which contributed to the formation of polymorphic urban cultures.

2. Goal of the research

The goal of the research is to figure out how multicultural aspect shapes and influences urban development in Europe. The purpose is to investigate multiculturalism policy on the municipal local level, to determine the executive roles of European cities: the role of policy-maker, socio-cultural regulator, employer and provider of services, the role in the process of democratization.

The study aims to review localism and social cohesion as main parts of sustainable urban development framework. Moreover, researcher investigates internal structure of cities with its multicultural districts, communities, neighborhoods. We apply to such spatial forms as gentrification, cultural quarters, neighborhoods, ghettos, squatting.

3. Methodology

To achieve the main goal of the research we reviewed a bulk of research papers on the selected topic. Literature with different perspectives on multicultural development of European cities has been selected and reviewed to build an understanding of the process.

4. Sustainable Urban Development in Europe – Localism and Cohesion Policy

Europe promotes sustainable urban development, which integrates economic, social and environmental, cultural dimensions. It enables cities to work together to develop new, pragmatic and sustainable solutions to major urban challenges, reaffirming the key role they play in facing increasingly complex societal changes.

Localism- involving the population wherever possible in the decision-making process that affects their lives and the ability of officials to address these issues at the lowest possible levels, in order to solve real problems of people, rather than problems invented by the government.

Social cohesion, and tackling poverty, joblessness and social alienation are all important European priorities. The less-favoured social groups include not just the poor and the long-term unemployed, but also immigrants, ethnic minorities and young people in deprived areas. Inclusion in the labour market and affordable access to basic services are therefore specific goals for European Structural Funds. Towns and cities play a decisive role in bringing about social cohesion.

5. Spatial Aspect of Multiculturalism

In the internal structure of cities, different levels are beginning to form districts, communities, neighborhoods

The change in the urban environment associated with the reconstruction and renovation of buildings in the previously unpublished quarters, the researchers **call gentrification**. There is an influx of wealthier citizens into the neighborhoods where the poor are living.

This social activity provoked the opposite of gentrification and also the process taking place in European cities, **called squatting**. Squatting is an act of unauthorized occupation of an abandoned or unoccupied place or building by persons (squatters) who are not its legal owners or tenants, or who do not have other permits for its use.

Along with gentrification and squatting, the tendency of cultural diversity can be reflected in the creation in cities of **special cultural quarters** such as Soho in London, Rive Gauche in Paris, etc.

Another feature of multicultural cities is the formation of **ghettos**. In the modern sense, the ghetto is a district of a large city where ethnic minorities are forcedly or voluntarily living in harsh conditions.

Central squares and parks of the cities become centers of culture and diversity. **Celebrations and cultural events** are held there. Trafalgar square in London, for example, holds Hanuka, Maslenitsa, Chinese New Year, St.Patric's day e.t.c.

6. European City: Executive Roles

The European city acts in several roles: in the role of policy-maker, socio-cultural regulator, employer and provider of services, and in each of its roles it implements the policy of multiculturalism.

Metropolis fulfills its cultural function, carrying out cultural integration, the process of deep cultural interaction and mutual influence among civilizations within the megalopolis. While preserving their identity, the cultures of various ethnic groups do not disappear, are not assimilated, but have the opportunity to develop and persist.

7. Conclusion and Results

So, summing up, we note that in Europe the problems associated with multiculturalism are being successfully solved in the cities, at the local level. The success of resolving conflicts here is due to the local level, preventing them from expanding to global proportions.

The implementation of multiculturalism in the urban development is a definite political program: the adoption of legislative documents, programs, the creation of institutions and organizations.

Set of recommendations on how an effective multicultural city should act. It should:

- promote the creation of a positive public attitude to the diversity and pluralistic identity of the city
- create flagship pilot projects in the field of education, in the public sphere, in public services and city administration, in business and economy, in sport and culture in the implementation of multiculturalism
- recognize the inevitability of conflicts in an ethnically mixed community and develop the ability of city authorities to mediate and resolve conflicts.
- invest great resources in the study of languages, so that all immigrants can communicate
- implement an objective image of migrants / minorities in the media
- develop an international policy for the city
- initiate educational intercultural training for politicians and executives and state institutions

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Business Models of Ecopreneurship in Recycling: Case of the Russian Firm

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Abstract:

This paper investigates the characteristics of ecological entrepreneurship business models in the recycling industry in Russia. The outcomes of the investigation showed that the firms engaged in the ecological entrepreneurship of the recycling industry can transform customers disvalue into consumers value. Herewith, the consumers experiencing disvalue and the consumers receiving the transformed value from it are quite different consumers. The developed scheme of the consumers value transformation process by the recycling companies contributes to the ecological entrepreneurship theory conceptualization and may be useful for improving business models of Russian recycling companies and other stakeholders.

Keywords: *ecopreneurship, business models, recycling, customer value, customer disvalue, Russia*

1. Introduction

Ecological entrepreneurship (ecopreneurship) as the field of investigation is at the stage of emerging (Ershova, 2016). Although the literature on the entrepreneurship states that there are good openings for the entrepreneurs due to the transformation to the “green” business, ecopreneurial practices are considered to be under-investigated. The most part of the literature is focused on the identification of well-established entrepreneurs but the topic of business models, including the entrepreneurial ones, received little attention. Studying of values setting-up mechanisms on the basis of empirical investigations of the ecological entrepreneurship business models is the up-to-date sector of investigations which can significantly contribute to the literature.

2. Business Models of Ecopreneurship

Admittance of steadily-oriented business strategy can create new opportunities for entrepreneurs including reconfiguration of the existing business models (Schaper, 2010). Applying Zott and Amit (Zott, Amit, 2007), business models understanding as a whole one should assume that the ecopreneurial business model will also be aimed at solving the issues of the consumers values creating and maintaining. From this point of view business model is becoming the analysis unit showing how an entrepreneur is carrying out his business (Zott et al., 2011). One of the principal issues forming business model (Morris et al., 2005) is “How and for whom a firm will create a business model”. In case of ecological entrepreneurship the value creation can be related to what the consumers evaluate but also to what they don’t evaluate (Jolink, Niesten, 2015). Ecopreneurs can transform consumers disvalue into the consumer value. In comparison with the traditional producer an ecopreneur creates higher consumer value for ecologically interested consumers suggesting the adequate product, thus adding the additional value, supposedly equivalent to the reduced (or eliminated) negative value (Jolink, Niesten, 2015).

3. Data and sample

The sample includes the cases of two companies engaged in wastes recycling in the Primorye Territory, Russia.

4. Empirical results and conclusions

The companies cases show that in the ecological entrepreneurship value creation can be related to what the consumer value as well as to what they don’t value. The wastes themselves are the source of the consumers disvalue. For instance luminescent lamps processed by the JSC “Primtechnopolis” were once the value used by enterprises or households, but having worked off their resources they became the sources of disvalue especially for the enterprises which, in accordance with the legislation, cannot throw them together with solid wastes. Ecologically responsible citizens can also have the need to solve this problem somehow. JSC “Primtechnopolis” solves the problems caused by the disvalue of the wastes containing mercury.

Having processed the lamps the company creates the value for the businesses using mercury in their production processes, supplying them with the raw material. Thus, the companies dealing with the ecological entrepreneurship, can transfer the consumer disvalue into the consumer value (Jolink, Niesten, 2015). But in the case of wastes recycling the customers experiencing the disvalue and receiving the value transformed from it are quite different consumers. Modifying the Jolink and Niesten scheme of the consumer value transformation process, this process can be proposed for the wastes recycling enterprises in the following way (figure 1).

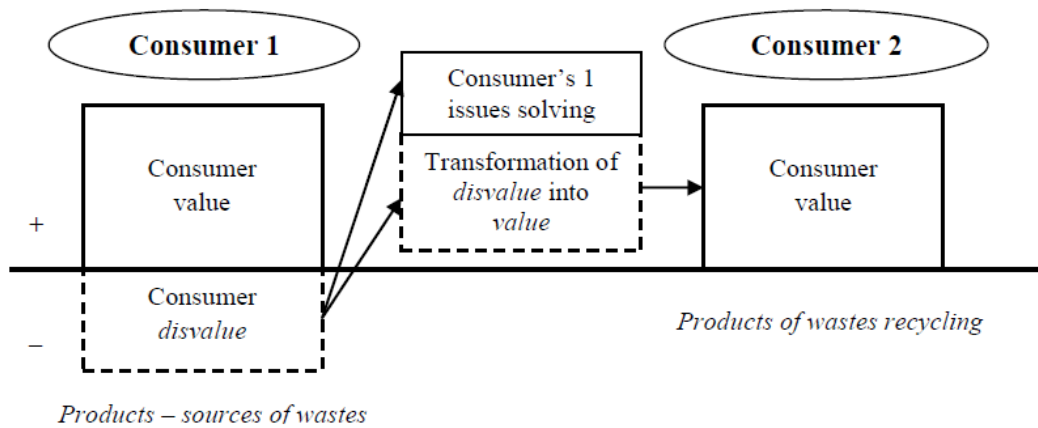


Figure 1 – Artistic rendition of the consumer value transformation process by the recycling companies.

Abilities for solving the clients' ecological issues due to the entrepreneurial thinking and social ideology developed as a result of the ecopreneurial practice are the internal source of a firm advantages and the basis for the external positioning of the recycling companies.

So, the principal specific characteristics of business models is the consumer disvalue transformation for certain consumers – wastes, into the consumer value for other consumers-raw material for industries or finished products.

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**Saint Petersburg Public Hospitals' Performance:
Application of the Neely's Performance Prism Framework and Empirical Findings**

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Abstract:

Performance measurement is an everlasting topic in discussing the issues of organizational change design and implementation in healthcare organizations aimed to increase their accountability and quality. The study evaluates the overall performance of Saint-Petersburg public hospitals. It provides multifaceted performance assessment based on the Neely's concept of Performance Prism which relies on multidimensional nature of organization's activities and multi-subject evaluation of organization's attributes.

The study conducts a performance assessment for 47 Saint-Petersburg public hospitals in 2016. Applied Performance Prism framework considers patients, doctors, nurses, hospital's management and city administration as the stakeholders. The hospital's overall performance defined as total satisfaction gained by all stakeholders is measured with overall performance index (OPI) integrating the partial performance measures representing satisfaction of each stakeholder. To calculate OPI and partial performance measures the authors applied Data Envelopment Analysis and Aggregated Preference Indices models. The OPI empirical estimates demonstrate consistency and provide deep insights on the hospitals' performance.

Keywords: *aggregated preference indices, data envelopment analysis, healthcare organizations, Neely's Performance Prism, performance measurement*

Increasing public interest in measuring performance of healthcare organizations (HCO) is stipulated by shortages of human resources, growing needs in medical services generated by aging population and governmental demands of cost containment and accountability. All national healthcare systems, independently of whether they are predominantly public or market-based, have struggled for sustainability, i.e., tried to maintain quality and service coverage at an affordable cost, particularly for the last decade. As pointed out in (Lega et al. 2013): “Societies around the world are pressuring healthcare providers to reduce costs, while stakeholders are seeking improvements in the quality of and access to services”.

These factors put public HCOs under strengthening pressure to apply effective management tools. Nowadays, development and implementation of performance measurement systems in HCO has been worldwide recognized an effective way to increase the HCO’s accountability and quality, to design and implement organizational change (Zidarov et al. 2014).

HCO’s performance measurement challenges significantly derive from the disparate nature of HCO (high differentiation in their medical profile) and variety of HCO’s perspectives accounted by key stakeholders. The purpose of the study is to evaluate the overall performance of Saint-Petersburg city public hospitals. The paper presents an attempt to provide multifaceted performance assessment based on the Neely’s concept of Performance Prism (Neely, Adams, 2002). It relies on multi-input and multi-output description of production activity, multidimensional nature of organizational activities and multi-subject evaluation of organization’s attributes and its performance.

The study conducts a performance assessment of 47 St. Petersburg public hospitals in the year 2016. Medical services delivery (the HCOs production activity) is confined to the part provided under the conditions of Obligatory Medical Insurance (OMI). The HCO’s performance is viewed by several groups of stakeholders. While applying the Neely’s framework of Performance Prism the study accounts for 4 groups of stakeholders: patients, doctors, nurses, hospital’s management and city administration.

The hospital’s management and city administration are believed to be responsible for efficient provision of medical care which is seen as the HCO’s core activity. It is assessed with regard to medical care provided to the patients with resources obtained from OMI system, namely, material costs (expenditures on medical supplies, food, bedding and linens except expensive high-tech equipment and capital repairs) and labor costs (salaries paid to the medical staff). The hospitals’ technical efficiency index (TEI) is evaluated against two outputs: a) the total number of properly treated inpatients and outpatients; b) the total number of improperly treated inpatients and outpatients, i.e., the number of cases when the HCO’s costs of patient’s treatment were rejected for compensation by the medical insurance companies (Fedotov, Iablonskii, 2016).

The patients, doctors and nurses perspectives were specified as the stakeholders representing, respectively, customers and 2 groups of employees different in qualifications. The perception of each stakeholder on the hospital’s performance was identified through respective questionnaire. They contained specific questions on quality of medical service, accommodation conditions, patients-medical staff communications, working conditions for medical personnel, medical infrastructure, opportunities for professional development (for doctors and nurses), etc. To quantify the stakeholders’ answers a non-discrete (continuous) Likert scale was applied.

The overall performance of each of 47 Saint Petersburg HCOs was assessed by the level of total satisfaction gained by the stakeholders from the HCO’s attributes and operation in observed year. The overall performance index (OPI) integrates the partial performance measures representing satisfaction of each group of stakeholders with HCO and its operation. Its calculation includes 2 stages. Stage 1 provides the estimates of 4 partial performance indices (PPI) calculated from the empirical data (input and output data on medical treatment of OMI patients; patients, doctors and nurses questionnaires on the hospital’s performance). In stage 2 an integral index of the HCO

performance, i.e., OPI, is calculated as an aggregate (weighted sum) of the 4 partial indices of stakeholders' satisfaction, i.e., PPI.

TEI of the HCO serves a measure for the hospital's management and city administration satisfaction. To calculate it the BCC-Output model of Data Envelopment Analysis (DEA) [Cooper et.al., 2000] was applied. The PPIs for other 3 groups of stakeholders (patients, doctors and nurses) were calculated with Aggregated Preference Indices System (APIS) (Hovanov et al., 2009) – a flexible tool for multi-criteria decision-making under uncertainty that relies on the ordinary information about objects in the sample and their relevant attributes. It allows working with of nonnumeric, inexact, and incomplete information and, hence, appears to be a sound instrument to deal with ordinary data obtained from the questionnaires.

The HCO's OPI incorporating all 4 partial performance measures was also calculated with APIS through estimation of the weights for each PPI.

The obtained estimates of the HCOs' OPIs give several insights on the performance of public hospitals in Saint Petersburg. The OPI's weights structure shows that technical efficiency is the most valuable attribute for HCO's successful performance as far as it has the largest weight (0.49) while the weight for patient's PPI is 0.29, for doctor's PPI is 0.16, and for nurse's PPI is 0.06. It is noteworthy that the HCOs' OPI differ considerably from their TEI and the spread of the HCOs' PPIs values is wider as compared to the HCO's TEI ($0.258 \leq OPI \leq 0.958$, $0.384 \leq TEI \leq 1$). That implies, that high technical efficiency of resource utilization does not ensure to the HCO high level of overall performance or, put it differently, high technical efficiency is necessary but not sufficient condition for successful overall performance.

The patients', doctors' and nurses' PPIs structure reveal the preferences of the respective stakeholder on the HCO performance. The doctors believe that “modernity of diagnostics methods” and “opportunities for professional development” are the most valuable attributes for HCO's high level performance (weights 0.228 and 0.201, respectively). The nurses' opinion is slightly different: they put “qualification of doctors” on the first place (0.333) and “modernity of diagnostics methods” with “HCOs provision with drugs” on the second (both 0.16). The patients quite expectedly put ahead “health improvement after receiving medical care in HCO” (0.299) followed by “satisfaction from the process of healthcare delivery” (0.265).

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Social Entrepreneurship in Germany and Russia: Identifying Factors that Lead to Success

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Abstract:

Social entrepreneurship has become a very popular phenomenon over the last two decades. Germany is one of the world leading countries in social entrepreneurship. Social economy is relatively small in the Russian Federation, but even in Russia social entrepreneurship is getting more and more popular.

Social entrepreneurship success and its factors are being discussed widely in modern literature. However, the differences and similarities in the social entrepreneurship factors of success among municipalities/ countries and age groups are not studied deeply enough. The aim of this research is to explore the factors of social entrepreneurship success to understand country as well as age differences and similarities across Germany and Russia.

Keywords: *factors of success, social entrepreneurship, young and adult social entrepreneurs*

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1. Introduction

Germany is a leader country in the EU in social entrepreneurship in the absolute numbers. The social economy of Germany (2010) provided paid employment for about 2.5 million people - about 6.35% of the working population. 24 million people did voluntary work in Germany in 2011 - about 34% of adult population (Monzon & Chaves, 2012).

Social economy is relatively small in the Russian Federation. Paid employment in social economy was about 1.4% of the working population (990 thousand of 68.5 million paid workers) in 2015. In the Russian Federation social entrepreneurship is still an emerging trend, but it is getting more and more popular. The number of volunteers in Russia increased to 2.4 million people in 2015 (Russia in Numbers, 2016).

What factors lead to the success of social entrepreneurship? Are there any municipal/ country differences or similarities in the factors of success across Russia and Germany? Do young and adult people consider the factors of social entrepreneurship success similarly or differently? To answer our research questions, we use the qualitative approach, namely the phenomenological approach. Our semi-structured survey combines methods of face-to-face interview and online questionnaire.

2. Theoretical Background

Social networking and creation of social capital were broadly discussed as one of the most important factors of social entrepreneurship success by Dufays & Huybrechts (2014); Zhang & Swanson (2014).

Zhang & Swanson (2014) divided factors that can enhance the success of social enterprise on internal factors (including leadership committed to social cause; resource endowment; network embedment) and external factors (a supportive government policy environment; a dynamic social environment; a poor economic environment) and outlined the processes of successful social entrepreneurship (a social entrepreneurship orientation; continuous mission adaptation; and effectuation capabilities).

According to Newth & Woods (2014), social entrepreneurship opportunities are the constructed outcomes of entrepreneurial alertness and motivation, and the organizational, societal, institutional, and market contexts in which the entrepreneur is embedded. These contextual forces are considered as barriers (Robinson, 2006) and factors of resistance (Newth & Woods, 2014) to Social Entrepreneurship, but they also provide success in social innovation.

Sharir & Lerner (2006) identified eight variables that contribute to the success of social ventures: (1) the entrepreneur's social network; (2) total dedication to the venture's success; (3) the capital base at the establishment stage; (4) the acceptance of the venture idea in the public discourse; (5) the composition of the venturing team, including the ratio of volunteers to salaried employees; (6) forming cooperation in the public and nonprofit sectors in the long-term; (7) the ability of the service to stand the market test; and (8) the entrepreneurs' previous managerial experience.

Although social entrepreneurship success and its factors are being discussed widely in modern literature, from our point of view the differences and similarities in the social entrepreneurship factors of success among municipalities/ countries and age groups attracted less attention.

3. Research Questions

Our study is focused on the factors of social entrepreneurial success. The aim of our research is to explore the factors of social entrepreneurship success to understand municipal/ country as well as age differences and similarities across Germany and Russia.

It leads us to the following research questions:

- What are the main factors that lead to success of social entrepreneurial projects across municipalities of Germany and Russia?
- Whether factors of social entrepreneurial success differ among Germany and Russia or are the same?

- What are the differences and similarities in factors of success among young and adult social entrepreneurs?

4. Research Methods

We followed a qualitative approach, namely the phenomenological approach, to address our particular questions regarding factors of social entrepreneurial success.

We conducted a semi-structured survey with social entrepreneurs to understand the factors of social entrepreneurial success. The data frame for this study includes respondents we met in the Omsk city of Russia, and the Jena city of Germany. We collected data using the following three steps: firstly, a survey among adult entrepreneurs in Omsk, secondly, a survey among young entrepreneurs in Omsk, and thirdly, we conducted our survey in Jena, Germany.

5. Data

All interviewees participated in the survey as well, so the results below are given without double counting. We divided our respondents into 2 age groups: the young (age 15-24) and adults (age 25-64); and into 2 country groups: Germany and Russia. To compare the factors of social entrepreneurial success identified by young and adult people across municipalities of Germany and Russia we built Table 1 as shown below.

Table 1. Social entrepreneurship factors of success

Factors of success	Young / Russia (28 respondents)	Adults / Russia (13 respondents)	Young / Germany (8 respondents)	Adults / Germany (3 respondents)
Social networking	#1 (67.9%)	#5 (15.4%)	#2 (62.5%)	#2 (66.7%)
Motivated leader and project team	#2 (46.4%)	#3 (30.8%)	#1 (87.5%)	#1 (100%)
Previous experience of the team members and project leader	# 3 (35.7%)	#4 (23.1%)	#3 (50%)	#3 (33.3%)
Ability to find resources and financial and organizational support	# 3 (35.7%)	#2 (38.5%)	0	0
Institutional and market context	0	#1 (46.2%)	0	#3 (33.3%)
Organizational context	0	#4 (23.1%)	0	0

The rank of the factor of success across the groups of respondents is presented by numbers (#1-5) and percentages (%).

6. Empirical results and conclusions

This study analyzes the factors of success of social entrepreneurship among the young and adults in Russia (the city of Omsk) and Germany (the cities of Dresden, Hamburg, Heidelberg, Jena, and

Roding). To understand the phenomenon of social entrepreneurial success deeper we conducted the semi-structured survey with social entrepreneurs. In this study, the total sample includes 52 respondents who described their projects as successful.

Using a phenomenological approach to understand the factors of social entrepreneurship success, we found that social entrepreneurs across Russia and Germany identified the following factors of success: social networking; motivated leader and project team; previous experience of the team members and project leader; ability to find resources and financial and organizational support; institutional and market context; organizational context.

We have found out that factors of success are very similar for young and adult people in Germany: these are motivation, networking and experience; even the priority of these factors are the same.

Factors of success are also similar for young people in Russia and Germany: these are the same network, motivation and experience; but the priority of these factors is little bit different. Networking was the most important for success of the young in Russia, while in Germany motivation was factor number one.

Factors of success named by the adult social entrepreneurs in Russia and Germany were not completely the same, also the priority of the factors was different. Institutional and market context was the most important for success in Russia, in Germany the most important factor was motivation. So far, we can see that age group and country matter for social entrepreneurship factors of success. But there are much fewer country differences in factors of success and their prioritization inside the young group of respondents than inside the adult group. It may show that the young generation of social entrepreneurs erases the country differences, but to prove this we need to continue our research in the field.

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The Impact of Internationalization Age and Performance on Firm Survival

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Abstract:

This study investigates the relationship between different dimensions of internationalization and firm survival. Based on a sample of 271 manufacturing firms over a period spanning from 2005 to 2014, empirical findings provide overall support for our arguments, showing that an increase in exports and internationalization experience reduces firms' failure risk. Complementarily, the results point out to the importance of timing regarding the start of the internationalization process, showing a positive relationship between a higher age at internationalization and the reduction of the firm's risk of failure.

Keywords: age at Internationalization, firm performance, firm survival, internationalization

1. Introduction, Theoretical Framework and Hypotheses

There is an early consensus in the literature that internationalization has the potential to improve firm performance, and therefore survival, through a variety of mechanisms. First, an increase in the international sales is anticipated to result in an increase in production, thus allowing a more efficient use of a firm's production capacity, as well as economies of scale in production and purchasing (Lu and Beamish 2001; Cardinal et al. 2011). Second, international activity may bring about economies of scope, stemming from a higher business exploitation of intangible assets such as brands, patents, designs, and, in general, of the firm's R&D expenditure (Contractor et al., 2003). Third, by entering new markets, firms may diversify their sources of income, consequently reducing their dependency on the evolution of the domestic market (Zahra et al. 2000). Fourth, companies' exposure to foreign markets may enable them access to a new pool of knowledge and technology, thereupon improving their performance, through the mechanism labeled learning-by-exporting (Salomon and Shaver, 2005).

However, there is also significant evidence on the challenges of internationalization and its potential risks for firm survival. Exporters are in first place likely to encounter obstacles related to the liability of foreignness and newness (Zaheer, 1995). These are problems stemming from a reduced knowledge of the foreign market, as well as a discriminatory behavior from local stakeholders (Elliot and Cameron, 1994).

Additionally, a firm in the starting stages of the internationalization process will face setup costs related to the adaptation of their organizational structure, the creation of communication channels, and to securing the necessary resources to support the international activity (Hitt et al., 1997; Stopford and Wells, 1972). The investments required to generate new routines for market entry and to build positional advantages increase significantly the costs of internationalization (Sapienza et al., 2006). Such expenses can consist for example in increased translations, localized marketing campaigns, exchange risks, travelling, control of local partners, and information exchange and communication (Ghoshal and Bartlett, 1990).

The costs related to the development of new routines and positional advantages are however likely to diminish as companies learn from their international experience, obtain local market knowledge and set up processes enabling them to manage the foreign context (Barkema et al, 1997; Chang, 1995). The more exporting experience the firm cumulates the more efficiently and effectively it will be able to handle all the processes, thus reaping the benefits of exporting in performance, and thus decreasing the probability of business failure. Hence:

Hypothesis 1: A higher firm's export experience decreases its failure risk

Complementarily, recent research suggests that time is not the only factor that determines the influence of internationalization in firm's performance and survival. The sign and mechanisms through which internationalization affects performance may also differ according to the export volume (Miller et al., 2016; Coeurderoy et al., 2012).

In the initial internationalization stages, firms will likely need to invest a considerable amount of time and resources, both human and financial, to deal with the difficulties described above. However, the costs are anticipated to diminish as the company increases its level of exports (e.g. Lu and Beamish, 2001; Freixanet, 2012). When the company attains a sufficient export volume, it may use efficiently at high capacity the infrastructure setup to support international activities (Hennart, 2007), it may be more efficient in logistics, by optimizing their transportation, and can make the most of their investments in localized marketing and the adaptation to regulatory and consumer requirements. Furthermore, as brands increase their international presence, they may become more familiar and reputable to local customers, thus helping the firm to overcome consumer ethnocentrism (Eden and Miller, 2004). Therefore, performance may decline with low levels of the

exports, but as firms reach higher volumes, they may enjoy improvements in their performance and survival. Hence:

Hypothesis 2: Increases in the firm's export volume decrease its failure risk.

An additional aspect of internationalization influencing its effects on performance and survival, besides export experience and growth, relates to internationalization age.

The internationalization process theory (Johanson and Vahle, 1977, 1990), suggests that a significant time lag is necessary between the creation of the company and the first expansion across borders (Mudambi and Zahra, 2007; Sleuwaegen and Onkelinx, 2014). A long enough pre-internationalization phase is crucial for the subsequent success of international activities, as well as for company's economic performance and survival, because during this period firms may acquire their export readiness (Tan et al., 2007). This is a process that involves developing the necessary attitude and commitment, building learning and absorptive capacity (Cohen and Levinthal, 1989), and securing the necessary tangible and intangible resources. This enables firms to reduce the potential shock in the organization produced by the foreign market entry (Carr et al., 2010). Furthermore, once the firm is ready in terms of resources and capabilities to undertake the internationalization process, it will still require additional time to plan its international strategy, gather information and select the most attractive about foreign markets, find and select suitable local partners, and finally develop commercial relationships.

Firms starting the internationalization process at a later age are expected to have been able to prepare themselves better for the internationalization difficulties and risks, and therefore their failure rate should be lower than for those starting it sooner. Therefore:

Hypothesis 3: The higher the firm's age at internationalization, the lower its failure risk.

2. Methodology and findings

We use proportional Cox's hazard rate regression (Cox, 1972), which estimates the probability of an event occurring (e.g. cessation of a company), in relation to a set of sample characteristics. We thus test our hypotheses taking a sample of 271 Spanish manufacturing firms over the period 2005-2014, belonging to 10 different industries.

Empirical findings provide overall support for our arguments, showing that a higher age at internationalization, export growth and years exporting, decrease the probability of firm failure (sig. 0.05; 0.01; 0.001 respectively).

The results have implications for managers regarding the need to build export readiness before starting the internationalization process. Once started, firms should aim to make their exports volume and experience grow, in order to reduce their risks of failure.

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New Employment of New Institutional Methodology: Is Dilapidation of Multi-Apartment Houses in Russia Market or State Failure?

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Abstract:

For the last ten years the market of multi-apartment house management has been developed to a large extent. The share of private multi-apartment house management companies has grown tenfold from 10% in 2006 to about 50% in 2015. However, private multi-apartment house management companies are reluctant to invest money in conservation of houses. Consequently, housing stock is dilapidating that leads public to think the market is fail to operate and it should be substituted by the state. The goal of this study is to identify the causes for the underinvestment in housing sector and provide solutions to this problem. The research employs methodology grounded in new institutional economics, especially property rights theory. The preliminary results of the research show that the underinvestment might be resulted from an absence of property rights on common property of multi-apartment house. There should be an owner who would have strong incentives to invest in property as well as mechanism for transfer of property rights from one owner to another who estimates the property the most. It can be concluded that such harmful effect as underinvestment caused by the failure of government but not market to establish property rights on the common property of multi-apartment house.

Keywords: *housing, institutions and economic development, policy property rights*

1. Introduction

The debate over the success or failure of reforms in the housing and utilities has developed greatly over the recent five years. Despite some sort of progress in the sector, permanent rise in tariffs and relative low standards of housing and communal services has led to the discussion about choice of the reform's direction. The market of multi-apartment house management is a rather young one, because in the period of the market reforms from 1991 to 2003, this sector of the Russian economy has not been reformed at all. It was due to the fact prices for housing and communal services in that period were lower than economically based level because people in those hard times were not able to fully cover the cost of housing and communal services. Formally difference between actual and economically based prices must have been compensated by the state. But because of the severe budget crisis government owed the multi-apartment house management companies a permanent debt. It made housing and utilities a commercially non-attractive sector for business. Only after recovery of the Russian economy and following rise in household income private business had the opportunity to enter the housing market.

However, there is one problem has inherited from the 1990-s that undermines the development of the market. The privatization model had chosen in 1992 considered that dwellers can privatize only living quarters but not common property of the multi-apartment house. Thus, common property has been left without a legal owner. If there is no an owner of property, so there is no anybody who has incentive to invest money in conservation of it. So absence of property rights inevitably has led to the huge underinvestment of housing stock. Continuous dilapidation of the housing stock undermines the idea of private business (market itself) in multi-apartment house management sector. In this study I am planning to prove that underinvestment of housing stock is a failure of state but not market because establishment of property rights, that is necessary condition for effective resource allocation, is obligation of the state.

2. New dimension of New Institutional Economics

Over the past fifty years from publication of the article "The Problem of Social Cost" by Ronald Coase in 1960 new institutional theory has become a leading branch of Economics. Awarding of a Noble Prize to institutional economists R. Coase and D. North can be accounted as the acknowledgement of importance of new institutional economics (NIE). The distinctive feature of the science is a focus on institutions, real social relations by contrast to classical economics which is merely gained in pricing system. Methodology of NIE allows adopting a systematic approach to problem solving using such terms as transaction costs, externality (side or external effect) and principal-agent relationship. So it allows applying NIE in solution to the numerous problems in economy, policy, law and sociology.

In the framework of new institutional economics it is possible to explain the problem of underinvestment in housing stock. In short, every economic agent invokes a set of effects that might be beneficial or harmful. That effects imposed by one economic agent for another without any compensation are named "externalities". One of these externalities is overexploitation of a scarce resource (underinvestment in other words), when an economic agent imposes harmful effect, resulted from exhaustion of the resource, on subsequent persons. Such externalities, including an underinvestment, can be corrected by property rights. According to Harold Demsetz property rights do derive their significance from the fact that they aim to correct (or internalize) externalities, bearing such harmful or beneficial effects on all interacting parties. Thus, if the situation of high externalities is observed, we can conclude that there are no property rights.

The basic hypothesis underling the research is that insufficient level of investments in conservation of house stock is a result of absence of property rights on common property of multi-apartment house. Formally common property of the multi-apartment house belongs to homeowners. But in fact homeowners possess a limited bundle of rights, their ability to dispose rights is limited too because

of the difficult decision making process and, last but not least, object of property rights is rarely properly described. Thus it leads to the situation of high external effect of overexploitation from side of homeowners as well as management companies.

In order to ensure a sufficient inflow of investment in housing stock it is necessary to conduct specification of property rights. It means determination of object of rights, its structure, enforcement mechanism, decision making process and subject of rights at last. An owner of common property of multi-apartment house will be interested in investment and effective usage of common property. Common property might be also transferred to the owner who estimates it the most (an effective owner) via exchange of property rights.

3. Some preliminary findings of the research

There are some preliminary conclusions of the research. First of all, common property of a multi-apartment house might be considered as a common-property resource. Formal homeowners have a very limited bundle of rights related to the common property. Besides the property rights are weakened by the complexity of decision-making process because every householder's decision has to be approved by homeowner meeting that is hard to organize. In addition common property has not clear borders and a multi-apartment house itself is not a real estate item. For example, land plots attached the majority of multi-apartment houses are not registered.

So the common property is exposed to such harmful external effect as underinvestment associated with common type of property rights regime. Absence of economic agent who has strong incentives to invest money in the resource conservation added to limited right of exclusion leads to the resource overexploitation. Combination of "common" property and "private" revenue result in depletion of resource.

Thus, solution to the problem of huge underinvestment in housing and utilities is change of property rights regime for common property of multi-apartment house. Following the Coase theorem property rights specification is a key condition of efficient resource allocation. We should specify bundle of property rights for homeowners, determine boundaries of the common property and provide transferability of rights. Transferability is a question of transaction costs they should not be prohibitively high.

4. Conclusion

Overall, from start of the market reforms private multi-apartment house management companies have been subjected to severe criticism for underinvestment in housing stock. However, I could have proved by methodology of new institutional economics that such harmful effect as underinvestment of housing stock occurs due to the fault of government but not market.

Overexploitation of common property of multi-apartment house is a result of absence of property rights on it. Establishment of property rights is obligation of government. So in order to solve the issue government has to fulfill its obligations by specification of property rights on common property of multi-apartment house. After that, private management companies will receive economical incentives to invest in multi-apartment house conservation and operation of the market will have been provided.

More research is needed, however, to investigate cheap and fast mechanism of property rights specification because it might be blocked by high transaction costs. It is evident from the literature in new institutional economics that in the situation of high transaction costs property rights might not be transferred to an effective owner. Although, it is not at all clear what is an effective owner of the common property of multi-apartment house?

Nevertheless, I argue that sustainable development of multi-apartment management market is concerned with the solution to the problem of property rights specification. Multi-apartment house has to become an asset in the full name of its term, owning clear borders and registered property rights. It might allow providing investment in housing stock sufficient for renovation.

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China and India in Internationalization of the Russian Oil Industry

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Abstract:

The objective of this paper is to consider internationalization of the Russian oil industry towards China and India in frames of global value chain (GVC) approach. The research is based on Rosneft case analysis. We argue that pivot to Asia allows securing demand in context of competition and it is also instrumental in upgrading company's role within GVCs. However, Russia-China cooperation remains largely shaped by crude oil supply contracts, while investment partnership demonstrates relatively slow progress. In turn, developing economic ties with India allows to counterbalance growing dependency on China in context of economic sanctions and also to diversify operations in rapidly growing Asian markets.

Keywords: *China, global value chains, India, oil industry, Russia*

1. Introduction

Economic sanctions against Russia catalysed the development of Asian dimension in Russian foreign economic policy. The need to diversify energy supplies towards Asian markets also stems from stagnating demand in Europe and the necessity to develop the economic potential of the East of Russia. Our expected contribution is to shed some light on the scope, prospects and limitations of Russia's pivot to Asia policy in the oil industry using the global value chain perspective. The paper proposes to consider the motives and scope of Russia-Chinese and Russian-Indian cooperation in the oil industry in frames of GVC approach.

GVCs are recognized as one of the key trends in world economy (Gereffi 2014, OECD 2013). Upgrading within global value chains is also linked to international expansion of multinationals from emerging markets. In particular, we focus on the industry value chains in Asia, in particular on China and India as major growing oil consumption centres in Asia (IEA 2016).

2. Goal of the Research

Research is based on Rosneft case analysis. The present paper intends to assess the degree of internationalization at various stages of the oil industry value chain, as well as to show its motives and constraints through the analysis of the case of Rosneft trade and investment cooperation with Chinese and Indian energy companies.

3. Novelty / author's contribution

The novelty of the paper is to provide comparative analysis of Rosneft internationalization modes, motives and constraints towards China and India.

4. Methodology

The research is based on case method. Among Russian oil industry, the case of Rosneft is selected as the company is the dominant oil supplier towards Asian markets.

5. Results

Expected contribution of the paper is to explain the role of internationalization for company's long-term competitiveness. Partnering along the segments of the value chain from upstream (exploration and production) towards downstream (marketing and refining) is considered as a way to enhance the security of supplies and to contribute to upgrading within GVCs. Results testify to emergence of a vertically integrated cooperation model with several joint projects implemented along the value chain between Rosneft and its Asian counterparts. Besides inflow of capital and numerous synergies, forward vertical integration contributes to the security of demand for Russian oil producers in context of oil abundance.

Russia-China cooperation remains largely shaped by crude oil supply contracts which allow securing long-term deliveries to the rapidly growing Chinese market, while several investment projects demonstrate relatively slow progress. It is remarkable that several projects were recently initiated with Indian companies, both in upstream segments in Russia and also in the downstream in India.

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Big data analytics for small and medium Russian logistic companies

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Abstract:

Big data analytics is one of the key trends in companies' management around the world. At the same time, the problem of big data analytics in small and medium enterprises, including logistics sphere, is practically not covered. In this research work, an analysis of the possibilities and limitations of the application of big data analytics in small and medium-sized logistics companies in Russia is conducted. It was revealed that the most popular technologies of big data analytics today are tracking, predictive analytics and data analysis from sensors. Also, two types of small and medium-sized transport and logistics companies are described and analyzed. Finally, potential barriers to the use of big data analytics for small and medium companies were identified and real effect of these barriers on companies is evaluated.

Keywords: *big data analytics, logistics companies, potential barriers and opportunities, small and medium enterprises*

1. Introduction

Big Data analytics (BDA) is one of the major trends that affect the basics of modern corporate management. Though big data was present in many companies for many years, the term as such appeared only about five years ago. Rapidly growing interest to the big data analytics may be attributed to the depreciation of technologies used for it and development of the “internet of things”. There is no generally accepted definition of big data among practitioners. But three key features of it are found in the majority of definitions. They are: 1) Volume, 2) Variety and 3) Velocity. Some researchers also define value, variability, veracity and complexity as key features of big data, but these features are less common.

2. Big data analytics in logistics: case study analysis

To define how big data analytics is applied in logistics nowadays a case study method was used. For this purpose twenty business-cases were found and analyzed.

During the cross-case analysis three groups of cases were identified. First, big logistics companies that drive profitability by effectively operating their fleet and increasing customer satisfaction level. Second, newly born platform companies that possess no transport. These companies create value through the development of their platforms. Third, IT-companies that develop specific solutions for big data analytics in logistics.

The research also revealed that the most popular applications of big data analytics among twenty cases are fleet tracking systems, predictive analytics and sensors’ data analysis.

3. Russian SME in logistics

Small and medium enterprise (SME) is defined in Russia as company with a headcount from 1 to 250 people and gross revenue up to 2 billion dollars.

Two types of SMEs in logistics were identified on the basis of their business model. To the first type belong companies whose main asset is their fleet. Such companies generate profit by effective management of their key assets. This type of business model was called “traditional”.

Opposite to traditional business model there is an innovative business model. Companies with innovative business model are primarily platform companies. Unlike companies of the first type, such companies increase their profits by developing the ecosystem of their platforms, and their key assets are platform community and resources of that community.

4. Opportunities and threats

Within a framework of the research a series of interviews was conducted to identify major opportunities and threats that affect big data logistics implementation in SMEs in logistics in Russia. Analysis of the results of the seven interviews along with general information about SMEs in logistics in Russia revealed factors that have effect on those companies.

Key opportunities for spreading of big data analytics among SMEs in logistics in Russia are depreciation on technologies for BDA and relative simplicity of such technologies, due to small size of the enterprises considered.

The common threat relevant for both aforementioned types of SMEs is the economic crises in Russia. For companies with traditional business-model another threat that the majority of their fleet in lease. For the companies of the second type, the main problem lies in attracting members on their platforms.

After the threats were identified, their actual effects on SMEs in logistics in Russia were evaluated. For this purpose two real business cases were studied.

It was shown that the only negative factor, truly affecting SMEs of both types, is the economic crises. Therefore, the effects of all the others threats were claimed exaggerated.

5. Conclusion

In this work the most wide-spread technologies of big data analytics were defined. Then the opportunities and threats for implementation of these technologies in SMEs in logistics in Russia were defined and their effects on SMEs were considered.

The research has proven the practicability of big data analytics usage in both big companies and SMEs in logistics in Russia. The role of SMEs in logistics in Russia was described.

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Feedback Practice: on the Way to Dialogical Approach

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Abstract:

Feedback is widely seen as a crucial instrument for encouraging and consolidating learning in higher education. Being effectively used it can help students take control of their own learning and become self-regulated learners, which is especially important with the new generation of students who have different (compared to previous generations) education requirements, other standards of communication and attitude to learning. That is why there is a great need for the faculty to search for relevant forms of teaching students, to adapt training materials to the new student reality and to communicate with students taking into account individual psychological characteristics and cognitive capabilities of the new student generation. Feedback in this case may become even more important in strengthening the dialogic learning and organizing teacher/student interaction in the educational process of any university.

Keywords: *dialogic learning, higher education, teacher feedback, teacher/student interaction*

1. Problem overview and recommendations

According to several recent surveys the current generation of students, entering universities in the last decade is very different from its predecessors. Motivational value scale of the individual student is represented by the following qualities: entrepreneurship, criticism, initiative, creativity, ambition, while hard work, responsibility, punctuality occupy the lowest level of significance in the life of modern student society (Schepkina, E., 1995). Young people today see the world through the glasses of role-playing computer games, the forthcoming life for them is a game where there are levels to be passed, there are certain conditions and rules at all stages. Alongside with new positive qualities acquired by young people in the age of developed IT they have features, which make them not ready for the first difficulties they face at the universities. If we try to formulate the main reasons due to which young people have difficulties in learning, we will get the following portrait of the contemporary student. He/she has dominating “clip” thinking; does not understand complex lectures and cannot absorb large amounts of information; is quickly distracted because of "boring" presentation or lack of game moments in training; has poorly developed communication skills, does not know how to make clearly structured reports; can't organize and allocate time and mental resources in the learning process (Isaeva, E., 2012). As a result, the faculty will have to review fundamentally the content of educational material and approaches in teaching taking into account these psychological characteristics.

Considering the above-described portrait of a modern student the author assumes that well-developed feedback and assessment system can become a very powerful instrument occupying the central and important place in all teaching/learning process. Correctly designed feedback may influence students' motivation, make them play a proactive rather than a reactive role in learning process, help foster students' self-regulation and communication skills. Moreover, in the situation when teacher workload in higher education increases year by year and the quantity of in-class activities decreases in comparison with self-study hours both of bachelor and master students, detailed feedback about the strengths and weaknesses of students' work may be recognized as a good opportunity for students to enhance learning and develop disciplinary expertise (Sadler, 2010, Boud, 2000). According to some research (Nicol, Macfarlane-Dick, 2006) good feedback practice follow seven main principles, which facilitate students' self-regulation. Good - quality - feedback must be: 1) clarifying what good learning is (goals, criteria, standards); 2) developing self-assessment in learning; 3) delivering high quality information to students about their performance; 4) encouraging teacher and student dialogue about learning; 5) encouraging positive motivation and self-esteem; 6) closing the gap between current and desired student's performance; 7) giving information to faculty how to shape their teaching.

To acquire the transmitted information perfectly, students should be able to analyze it, ask questions on it, discuss it with others, connect it with prior understanding and use this to change future actions. When students have an opportunity to interact with faculty through feedback, which in this respect is becoming more dialogical, they are more involved in monitoring and regulating their own performance. Unfortunately, mass higher education is changing dialogue by short oral comments or written feedback to students' work, which is essentially a one-way communication and almost eliminates teacher-student interaction. This makes academic staff to enhance the quality of feedback dialogue and take a dialogical approach when designing the feedback (Nicol, 2010). Dialogical approach in giving feedback to modern students is especially necessary if to view the aim of developing student's communication skills, to teach them how to play a more active role in their own learning process. Four main characteristics of effective dialogue may be used as a starting point for designing a dialogical approach in feedback (Laurillard, 2002). Dialogue should be *adaptive*, that is contingent on students' needs; it should be *discursive*, rich in two-way communicative exchanges; it should be *interactive*, linked to actions related to task goal; and *reflective*, it should

encourage students and faculty to reflect on “goal-action-feedback” cycle. Organized in this way dialogical feedback process will bring success to student-teacher interaction and lead to full students’ engagement in learning and increase students’ responsibility for their own knowledge and skills.

2. Conclusion

It may be assumed that faculty has foremost responsibility for making intensive use of feedback to improve students’ learning. Dialogical approach to designing feedback suggested in this paper may become a successful pedagogical strategy. Such model based on close teacher-student interaction through feedback might result in students taking more profound role in monitoring and evaluating their own performance as they progress through higher education. As a long-term benefit of this approach would be the development of important skills nowadays students lack – communication, adequate self-assessment and self-organization. It is obvious that more research is needed to understand real benefits of the described model and its implementation in order to make learning and teaching experience positive for both parties and foster a cooperative pedagogical environment.

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A Conceptual Model of Consumers' Persuasion Knowledge Management

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Abstract:

The paper presents the conceptual model of consumers' persuasion knowledge management. Firstly, the authors review the literature on persuasion knowledge model and delineate conceptual, attitudinal and performative dimensions of persuasion knowledge; show how these dimensions are reflected in existing measurement scales; and propose a theoretical consumer typology based on the configurations of persuasion knowledge dimensions. Four ideal consumer types include vulnerable consumers, skeptical novices, skeptical experts, and tolerant experts. Secondly, based on the existing literature on customer orientation and communication theory, the authors offer a classification of marketing influence approaches which are assertive (imperative), manipulative, and developmental. Finally, the author come up with the research propositions regarding how different influence approaches affect different consumer types.

Keywords: *consumer typology, influence approaches, marketing literacy, marketing skepticism, persuasion knowledge.*

1. Introduction

When consumers interact with the marketplace, they develop their own theories about how marketers try to influence them through advertising, pricing, packaging, personal interaction, etc. These theories are the part of persuasion knowledge (PK) that determines consumers' responses to subsequent persuasion attempts. The ideas related to the use of PK by consumers were formalized in the seminal article by Friestad and Wright (1994). The PK model has been applied to various persuasion contexts in which firms and consumers interact. The diversity of research contexts and the complexity of the concept led to the dissolution of PK concept. The absence of conceptual clarity makes the managerial application of PK model difficult. There is a clear need to delineate the underlying structure of PK and develop a managerially relevant model that can foster the application of PK concept in the marketing context.

The authors try to fill this void. The objectives of the research are to uncover underlying dimensionality of PK, understand the relations between proposed dimensions, develop a consumer typology that represents different PK states, and ultimately develop a conceptual model that shows how different influence approaches match with different consumer types.

2. Dimensions of persuasion knowledge

PK is an umbrella term that encompasses a broad set of interrelated theories, beliefs, and inferences that people hold about marketers' persuasion attempts (Friestad and Wright 1994). The all-embracing character of the concept makes it hard to work with it at the empirical level. There are several classifications proposed to make the concept more comprehensible (Ham et al. 2015, Wright, Friestad, and Boush 2005). While the existing taxonomies give a better understanding of PK concept, their managerial application is limited. They rather provide a general description of persuasion knowledge structure which is relevant for every consumer. To facilitate the application of PKM in the marketing context, there is a need to examine how PK state of a particular consumer can be evaluated, so that the marketing influence attempts are adjusted to a particular consumer or consumer segment/market with similar PK characteristics.

The paper focuses on dispositional PK (further referred as PK). To identify the dimensionality of PK, the authors review 11 PK scales found in the literature. While the differences between some scales are driven purely by methodological or contextual differences, some scales address conceptually different aspects or dimensions of PK. The proposed dimensions are conceptual, attitudinal and performative. The conceptual dimension implies that consumers possess substantive information about marketer's persuasion motives and tactics, persuasion processes, consequences, and coping mechanisms (KNOW THAT). Performative dimension implies that consumers know how to deal with persuasion attempts in practice (KNOW HOW). When consumers move upward along the conceptual and performative dimensions, they improve their ability to make optimal decisions. In the existing literature, conceptual and performative dimensions are often presented as facets of consumer literacy. Attitudinal dimension constitutes subjective consumer feelings about marketers' persuasion attempts (FEEL THAT). The empirical manifestation of attitudinal dimension of PK is marketing skepticism. While skepticism is different from the related concepts of suspicion, cynism, (low) trust, and distrust (Skarmeas and Leonidou 2013), we do not differentiate them and use the term skepticism in the broad sense in a way it is applied in the marketing literature (Obermiller and Spangenberg 1998).

3. Typology of consumers' persuasion knowledge states

Friestad and Wright (1994) stated that greater persuasion knowledge implies greater control of the persuasion outcome and may either lead or not to persuasion resistance. Delineation of two empirical concepts (marketing literacy and skepticism) contributes to the understanding of the differential consequences of persuasion knowledge. Marketing skepticism is responsible for resistance, while marketing literacy allows controlling the persuasion attempt.

The authors propose a consumer typology that delineates four ideal consumer types with different PK states: vulnerable consumers, skeptical novices, skeptical experts, and tolerant experts. The typical representatives of vulnerable consumers may be children or consumers from least developed economies who cannot defend themselves with either type of PK and are very susceptible to marketing persuasion. Skeptical novices may be unfamiliar with marketing concepts and may not possess persuasion expertise, but they have a general critical view of marketing and treat marketing action with caution. However, their skeptical attitude can lead to biased processing of marketing stimuli and suboptimal consumption decisions (Koslow 2000). Tolerant experts could be consumers with professional experience in marketing; they know “the insides” of marketing and can respond to marketing persuasion in an effective way. Skeptical experts are literate consumers who nevertheless have critical view of marketers either due to unpleasant personal experience (such as being duped or cheated by marketers) or inherited skeptical attitude toward the world. They cope with persuasion attempts effectively, but could overreact and take suboptimal decisions at times.

Considering the differential behaviors of different consumer types in the marketplace, different influence approaches (assertive/imperative, manipulative, or developmental) should be applied by firms for each consumer types to reach more favorable marketing outcomes.

4. Conclusion

The conceptual contribution of the paper is twofold. Firstly, based on the review of relevant literature, the authors delineate three dimensions of PK, demonstrate how existing PK measurement scales relate to the proposed dimensions, and propose a consumer typology based on the configurations of PK dimensions. Secondly, the paper presents research propositions regarding how different influence approaches affect different consumer types.

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Active Investment and Investing Actively – An Empirical Study with Reference to Shares in Indian Context

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Abstract:

This paper aims at constructing portfolios of shares during different phases of market situation using LINGO optimization software. It has also tested the efficiency of such constructed portfolios by using Sharpe ratio and Tracking error. The findings from the analysis show that it is possible to earn a positive return from the portfolio during any phase of the market situation. The study also suggests that portfolios should be diversified across all categories of Large Cap, Mid Cap and Small Cap stocks based on their risk-return characteristics. The study also stresses that FMCG and Pharmaceutical stocks remain the best bet for investors during any kind of market situation.

Keywords: *BSE Sensex, investment, large cap, mid cap, portfolio, slowdown, small cap*

1. Introduction

The fluctuations in the stock market sometimes perplex an investor regarding their investment as it may lead to loss of their hard earned money. The different phases a market goes through is a matter of great concern for an investor. Investment in share market is increasingly gaining importance among retail investors in India with more and more public awareness about securities and share market. Investment in shares is an active investment in the sense that the stock market has always an inherent quality of being volatile and active, while for an investor who invests in stocks, he needs to be active all the time in order to maintain and safeguard his portfolio from incurring sudden losses. The uncertainties or risks prevailing in the financial markets may result in incurring loss or reduced return on the portfolios of investors. Portfolio management or rather Investment management is a dynamic concept as it requires periodic review due to frequent changes in information flows, money flows, and economic and non-economic forces operating in the country on the markets and securities.

2. Portfolio Theory and Portfolio Optimization

Portfolio theory provides with a broad understanding of the risk- return tradeoffs and the benefits of diversification. *Evans and Archer (1968)* measured portfolio risk by the standard deviation of its returns from average return. The study assumed equal investment in all securities in the portfolio, which is optimum if the investor has no information about future returns' variances and co-variances. They concluded that for a randomly selected and equally weighted portfolio, there is very little diversification benefits beyond eight to ten stocks. On the other hand, *Goetzmann and Kumar (2008)* pointed out that investors' portfolio holding with multiple stocks may not be truly diversified because the correlations in returns among the stocks within such portfolio can be fairly high. *Meric, Ratner, and Meric (2008)* found that the global diversification in the bull market of same sector is better than diversification in an individual market with different sectors. In fact, global diversification is particularly important in the bear market conditions when almost all sectors in the local/domestic market become positively correlated, and hence global diversification would help provide cushion against losses. In Indian context, the investment decision making process of individuals has been explored through experiments by *Barua and Srinivasan (1987a, 1991)*, and *Barua and Raghunathan (1986)*. They concluded that the risk perception of individuals is significantly influenced by the skewness of the return distribution. This implies that while taking investment decisions, investors are concerned about the possibility of maximum losses in addition to the variability of returns. *Gupta (1991b)* argued that designing a portfolio for a client is much more than merely picking up securities for investment. The portfolio manager needs to understand the psyche of his client while designing his portfolio. According to him, investors in India regard equity, debentures and company deposits as being in more or less the same risk category, and consider mutual funds, including all equity funds, almost as safe as bank deposits.

Empirically, *Sanyal and Sen (1998)* found that, in India where the market is not as efficient as western markets, 75 stocks make a better portfolio. In other studies, *Varma (1991)* compared the BSE National Index (Natex), which comprises 100 scrips, with the Sensitive Index (Sensex) comprising 30 scrips and concluded that the Natex is a sluggish index which responds too slowly to market conditions. Changes which are reflected in the Sensex on any day are completely reflected in the Natex only by the next day. He found that Sensex is more volatile than Natex. He therefore inferred that those who follow the Natex because of its greater comprehensiveness and theoretical appeal may be mistaken. The Sensex needs to be taken more seriously as a sound market index.

3. Data and Sample

The sample of shares consists of 40 stocks constituting 'BSE Sensex' with replacements over the entire period of study i.e. 2000-2015, except for the post-slowdown period (2010-2015) and full cycle period (2000-2015) for each of which 38 stocks are considered since Sesa Goa has merged

with Vedanta Ltd. and stocks of Sesa Goa are not traded on BSE from 2013 onwards, while Ranbaxy Laboratories has merged with Sun Pharmaceuticals and stocks of Ranbaxy Laboratories are delisted from all the Indian stock exchanges since April 2015. The sample, however, includes 32 Large Cap stocks(i.e. stock whose market capitalization ranges between Rs. 200 billion to Rs. 3500 billion), 2 Mid Cap stocks(i.e. stock whose market capitalization ranges between Rs. 50 billion to Rs. 200 billion), and 1 Small Cap stock (i.e. stock whose market capitalization lies below Rs. 50 billion) [Source: www.bseindia.com]. Out of the rest 5 stocks, *Castrol India Ltd.* was a Mid Cap stock till June 2010 and then it got included in Large Cap stocks due to increase in its capital base, and similarly *Colgate Palmolive Ltd.* was also a Mid Cap stock till October 2005 and then it entered into Large Cap category, *Sesa Goa Ltd.* belonged to Mid Cap category till November 2005 and thereafter got included in Large Cap category. *Novartis India Ltd.*, which was a Small Cap stock till June 2008, got included in Mid Cap category later. *NIIT Ltd.* was a Small Cap stock till October 2005 and turned into a Large Cap stock afterwards.

4. Empirical results and conclusions

It may be noted from the analysis that it is possible to earn a positive return even during the slowdown phase of the market, provided proper care is taken in selecting the securities considering their volatility of returns and past returns.

To achieve the research objectives, LINGO portfolio optimization program is run using the return series derived for each share and the covariance matrix between the shares, given a target minimum return (which is equal to the lowest individual return value of all the stocks considered for a particular phase) for each of the three different phases (pre-slowdown, slowdown and post-slowdown phase) and full cycle period to find out the weights to be assigned to the shares selected in the optimal portfolio. The general optimization expression is applied to minimize risk with 'n' number of stocks in diversified portfolio. It is found that the weighted portfolios during different phases of the market comprise of stocks largely from Large cap category but Mid cap and Small cap stocks also get included to generate a positive return from the weighted portfolios. In the light of Markowitz Principle, portfolio return is determined under each phase to compare the same with individual return and risk of the optimal stocks for the said phase. It is seen that total return on the Portfolio is positive during all the phases with a risk lower than all the individual risks of the constituent stocks in the portfolio. To evaluate the performance of the constructed portfolios vis-à-vis market index (BSE Sensex) and test the null hypothesis [(H₀): The designed portfolio does not outperform market index], beta value is calculated for each stock in model portfolio and for each model portfolio during different phases. It is observed that during all the phases the portfolio beta is lesser than 1 indicating a lower volatility than the market and also suggesting that the portfolios are defensive. Sharpe ratio and tracking error calculated for each optimal portfolio of shares created for each phase with respect to benchmark return i.e. BSE Sensex return shows that the ratio of the constructed portfolio is higher than the market (except for the pre-slowdown phase with a negligible difference) signifying the efficiency of the constructed portfolios and tracking error also shows little deviation from the market which may be due to the defensive nature of the portfolio.

Hence, the study suggests that portfolios should be diversified across all categories of Large Cap, Mid Cap and Small Cap stocks based on their risk-return characteristics since it is found that even Small Cap stock gets included in the portfolio during the slowdown phase of the market. The weighted portfolios during different phases also reveal a common feature that maximum weight is assigned to the stocks either from FMCG industry or from Pharmaceutical industry. It is also advised to maintain a defensive strategy while investing in stocks in order to earn a positive return during any kind of market situation.

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**Improving the Quality of Interaction between Citizens and E-Government
(The Case of St. Petersburg Portal of Electronic Public Services)**

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Abstract:

The complex problem of the effectiveness of electronic public services (EPS) provision is studied for the St. Petersburg Portal of electronic public services (Russia). Based on the idea of A. Maslow's Hierarchy of Needs, we argue that at the current stage the Portal authorities should significantly improve the convenience of the Portal's use. By running our own online survey for the Portal's users, we were able to identify the attributes of EPS provision which are of crucial importance for the users. We also detected the factors influencing the intention of users to use the Portal in the future. Based on these findings, recommendations are provided to the Portal authorities.

Keywords: *electronic government; electronic public services; logistic regression; preferences of citizens; principal component analysis*

1. Introduction

The problem of efficient electronic public services (EPS) provision to citizens has been in focus of public and scientific discussion for decades now. Interaction between the citizens and the government via electronic services has been strengthening over time all over the world. According to the recent UN E-Government Survey, from 2003 to 2016 the number of countries which implemented EPS doubled from 45 to 90. Overall, nowadays, 148 of 193 countries in the world provide EPS (UN E-Government Survey, 2016).

The focus of the current research is on the attitudes of the St. Petersburg (Russia) citizens towards the Web-Portal of EPS of St. Petersburg (hereinafter, the SPb Portal). The topicality of the research is determined by the fact that in 2016 the number of public service applications in the electronic format submitted via the SPb Portal increased approximately by 33% as compared to 2015 (see Fig. 1). Still, despite the fact that the SPb Portal has been constantly improved, the majority of its users estimate the convenience of usage of the Portal only at the medium level (see Fig. 2).

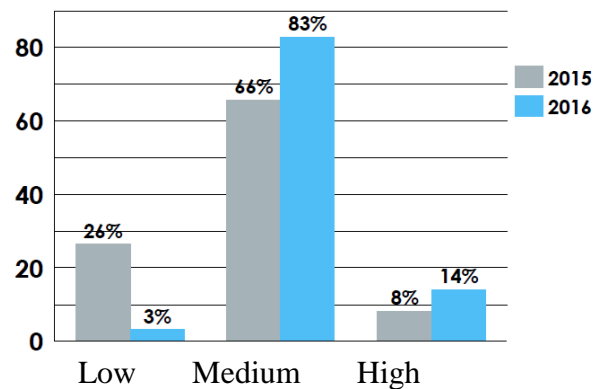
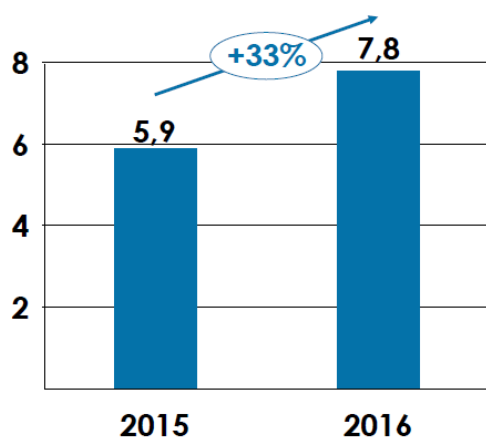


Figure 1. Total number of public service applications in the electronic format in St. Petersburg, millions

Figure 2. Convenience of usage of the SPb Portal

Thus, **the aim of our research** is to establish the structure of preferences of the St. Petersburg citizens towards the usage of EPS, to reveal the factors influencing the intention of the citizens to use the Portal in the future, and to provide recommendations to the SPb Portal authorities on how to make the Portal more user-friendly.

This means that the Portal is to make a new step in its evolution. That is why at the starting point of our research, we related the principal steps in the historical development of the Portal to the famous A. Maslow's *Hierarchy of Needs* (Maslow, 1954). The diagram presented in Fig. 3. As it can be seen in the graph, after the new version of the Portal was introduced in the late 2014, in 2015 the majority of the Portal users (37.6%) specified instability of the Portal's functioning as the most crucial problem of that time. Later the emphasis of the citizens' dissatisfaction moved to insufficiency and fuzziness of the information on the Portal (29.3% of respondents). As this problem was fixed over time and the quality of information on the Portal improved significantly, most recently (in the late 2016) the users specified the difficulty of information search (23.5% of respondents) and unfriendliness of the Portal's interface (36.4% of respondents) as the current major problems. This means that now the focus of people's attention has shifted to convenience of the Portal use.

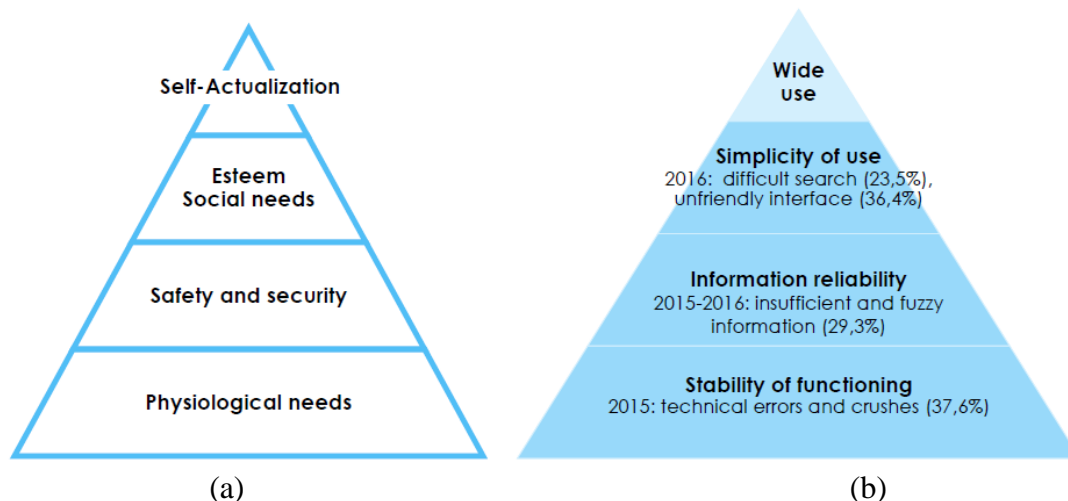


Figure 3. (a) the classical A. Maslow's Hierarchy of Needs; (b) the evolutionary steps of the Portal development

Why the presented scheme may be important? The structure of the Maslow's Hierarchy predicts that once the initial principal levels are reached, the final step is 'self-actualization', which in our analogy is a widespread use of the Portal. Thus, we may expect that once the authorities of the Portal make the interface more user-friendly and convenient to use, much more citizens will intend to use the Portal by the 'word of mouth'.

This means, that as of now it is of crucial importance to understand in which directions to make the Portal more convenient for the citizens and how to further accommodate their wishes, thus, supporting a high level of quality of the user's work on the Portal.

2. Brief literature review

Evidently, the quality of EPS provision is a multidimensional notion. Correspondingly, these aspects are extendedly studied in the literature. Of specific importance for our research is the paper of J. Buckley (Buckley, 2003) where the author summarizes different approaches to EPS quality assessment and specifies three aspects to e-service quality: (1) user-focused; (2) user satisfaction; and (3) outcomes. Norwegian researchers A. Jansen and S. Ølnes (Jansen, Ølnes, 2016) recently developed a model for EPS provision quality assessment which, in particular, included such aspects as content quality, convenience, and functionality.

In this research we put forward the aspect of convenience of EPS provision.

3. Research methodology

In order to assess different aspects of the citizens' attitudes towards the Portal, we developed our own questionnaire, tested it within two focus-groups, and then processed the obtained results of the survey using several modern quantitative techniques.

3.1. Survey structure

We developed an extended (as compared to the standardized questionnaire used by the Portal authorities) questionnaire which consisted of 3 parts and 24 questions. The first part consisted of traditional socio-demographic questions. The second part included questions on digital literacy. The final part of the questionnaire consisted of specific questions on possible improvements of the Portal. In particular, the users were asked to prioritize the types of information they would like to know first.

3.2. Sample description

The survey was run online among the users of the Portal in May 2017. As a result, 453 respondents were asked. 27% of the respondents were males, 73% - females; 29% of them were single, while

71% had a partner. 71% of the respondents had at least one child. The majority of the respondents (298) had a higher education. The distribution of respondents over age groups is given in Fig. 4.

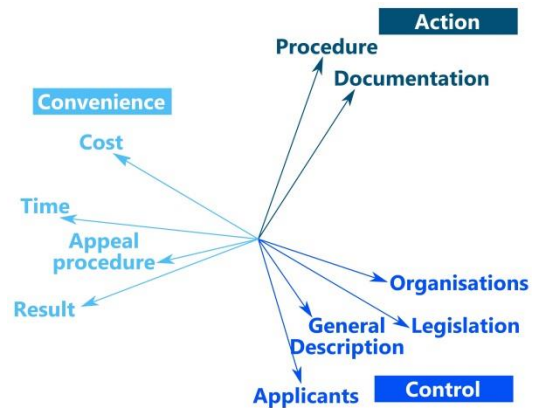
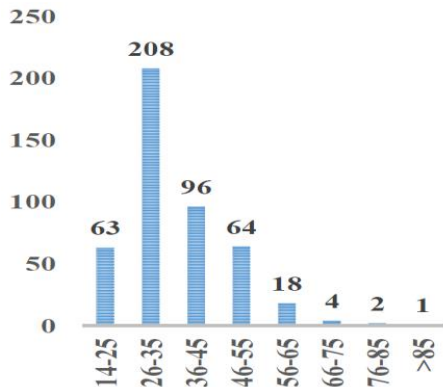


Figure 4. Respondents' distribution over age groups Figure 5. Groups of the Portal users' interests groups

4. Empirical results and conclusions

Several modern statistical and econometric techniques were applied to the collected sample. We also ran some sample preprocessing procedures (such as multivariate outlier detection and a cluster analysis) to decrease possible heterogeneity of the sample. The results of calculations along with the corresponding conclusions are given below.

4.1. Groups of users' interests

As a result of application of the principal components analysis to the answers on the users' priorities of types of information about electronic services, we got a set of groups of the users' interest (see Fig. 5). Out of this graph it can easily be seen that the whole set of criteria is split into three groups which we named 'convenience', 'action', and 'control' which, in our opinion, reflect the principal types of behavior that the users express regarding the process of obtaining EPS.

This means that when continuing optimizing the provision of EPS through the Portal, the authorities need to take into account that for the users it is important to have a convenient representation of EPS, to be able to work operatively, and to have control over the process of the EPS provision.

4.2. Factors of intention to use the Portal further

One of the key objectives of this research was to detect factors influencing the users' intention to use the Portal again in the future. To this end, a logistic regression was estimated. It occurred that age (no older than 45 years), the speed of the user's Internet connection, the way to enter the Portal (via the web-interface is the most preferable), as well as the positive attitude toward the current web-design of the Portal statistically significantly increase the chance for the user to use the Portal again. These findings should be taken into account by the Portal authorities when developing the directions of further improvement of the Portal's convenience of usage.

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The Model of Products Competition in Mobile Devices Market

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Abstract:

The paper is about problems of evaluating the level of completion in the digital environment. The developed model is based on dynamics of shares of companies in the digital environment. It reveals the changes of structural features in the digital markets and provides short-term forecasts of competitive positions. The results of the study allow examining the structure of digital market and the forces of competition.

Keywords: *competition, competitive position, digital environment, dynamics of shares, model of products competition*

1. Introduction

Thus, the aim of the research is to model the dynamics of shares of companies in the market of mobile devices in order to conduct the analysis of the forces of competition and then produce short-term forecasts of these shares. The developed model takes possible connections of different types of products (e.g. iPhone and iPad). The study includes the method of estimation of overall shares of companies in the mobile devices market and forecast of shares dynamics for several years ahead. On the basis of the most noted cases, including e.g. MacOS and Android devices, the authors explore the challenges posed to products competition by the innovative digital environment in light of the actions of major players in platform markets.

2. Mobile Device Market Structure and Competition

The convergence of mobile telephony, Internet services, and personal computing is resulting in the emergence of the mobile devices and the “mobile Internet” (Ishii 2004; Funk 2001). Information and communications technology (ICT) firms whose focus of competitive strength was centered in only one of these sectors are entering a new competitive landscape that is redefining the boundaries between software, hardware, and services (Kenny, Pon 2011).

Thus, mobile devices market has complicated structure which is important to take into consideration to examine the level of competition and its main forces. We argue that mobile devices market consists of several levels including platform ecosystem developers, mobile device manufacturers, intermediary and sellers and consumers. Nowadays the competition on this market is studied mostly on the level of platform ecosystem and product.

The nature of the mobile device industry lends itself to analysis from a technology platform perspective. Scholars and management consultants have identified platform control as a key feature for business success in the IT industries. Michael Cusumano, drawing upon his studies of Microsoft, Cisco, and Intel, concluded that the winner of technological competitions is “often who has the best platform strategy and the best ecosystem to back it up” (Cusumano 2010, p. 34).

The interdependence is main idea around ecosystems. The elements of an ecosystem are interdependent in a vital form for their growth. Every part of the ecosystem increases its chances to survive through its connection to an ecosystem. At the same time, the possibility of the ecosystem to survive increases by the number of the living organisms that are connected to it. Something similar is happening with products. IT Products have been evolved to ecosystems. The idea of product ecosystems describes the value that all its elements can provide through interdependence. It impacts significantly on the innovation development and diffusion process and provides unlimited opportunities for new value creation. In this system the interdependence is not limited to the transactional, supply-chain flow of typical goods and services, but is also based on the strategic exchange and integration of innovation among primary firms and their complementors to advance the platform (Tee and Gawer 2009). The platform owner may also use its power asymmetry to stimulate competition among complementary firms providing the same service, which can lower its costs and further fortify its position (Tee and Gawer 2009).

Other important market characteristic is considered as the potential for anti-trust legislation to firms’ bundling of software, hardware, services, and content. Any firm or platform that becomes dominant is expected to come under substantial attention from competition authorities. They potentially prevent competing manufacturers of mobile operating systems and mobile applications from offering their products on fully equal grounds with those of Google when they rely on the Android platform (Edelman, 2015). But they cannot be said to be anticompetitive theoretically. Rather, it must be proven that Google is dominant in the relevant markets, that it has abused its dominance or monopolized the relevant markets, and that no good justification exists for such conduct (Stylianou, 2016).

Moreover, the United States, with its large mobile device market, has an industry structure that is important to consider. For example, the network carriers in the U.S. play a prominent role in everything from customer engagement to handset development. Carriers not only operate the network, but also sell handsets and provide content, in essence competing to be a one-stop shop for end-users in their mobile experience. The subsidization of the purchase price creates a very high barrier to entry for independent retailers or handset manufacturers wanting to sell standalone smartphones direct to customers (Kenney, Pon 2011). In addition carriers are making decisions about how data is consumed on their networks and what services can be used. Further, as part of their effort to lock-in customers, carriers seek to provide unique services, such as proprietary content or applications that distinguish the phones that they sell.

Under this paper we focus on the product competition of US mobile device market. The competition theory provides several approaches to empirically assess the level of competition. These approaches can be broadly categorized into structural and non-structural approaches. Structural approach examines whether it is the concentration in the market that causes the firms to mutually collude to enhance market power, or there are some other factors responsible for it (Rezitis, 2010). The non-structural approach on the other hand, observes that when the size of the firm increases, its share in market also increases and provides an opportunity for that firm to earn higher profits (Claessens and Laeven, 2004). However, the use of structural concentration measures in assessing the degree of market power declined because of measurement issues and that concentration indices are considered unreliable when the number of firms are small (Bikker, 2004).

The idea of our study is to model the dynamics of shares of companies in the market of mobile devices and forecast the shares dynamics for several years ahead and then analyze the competition forces that influence on its dynamics.

3. Data Analysis and Model Development

Current research is restricted with the US market. Our primary data source is Euromonitor International database. It creates data and analysis on thousands of products and services around the world. Euromonitor International contains annual retail volume of consumer electronics from trade sources of national statistics in USA. It is proposed to split the whole sample of data into parts. The models will be fitted to the first part (train sample) of data, while the accuracy of models will be compared in the second part (test sample) of the sample. The model that has the best predictive ability will be considered as the best model. It can then be used for analysis (of parameters) and joint forecasting of shares.

Calculate shares of sales of each product type in each category. Transform the data by dividing by number of categories, so all of that adds up to one. Then we will have the matrix of shares of companies in the overall mobile devices market. It gives us the information of the overall strength of brands and what shares they have on the market of mobile devices. Now we can form a vector of shares and model the dynamics of shares. In order to take into account the dynamics of shares and their connection, we can use VAR model (Vector AutoRegression). We will analyze the parameters and conclude what are the forces of competition of each company and what is the strength of each product.

4. Theoretic Results and Conclusions

We produce point forecasts of shares and prediction intervals for each share. The former will show what to expect in upcoming years, if the situation on market will not change substantially (no “black swans”). The latter will show what are the limits of potential shares changes for each company / device type if the situation on market stays more or less the same.

5. Acknowledgements

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Modern Trends of Employee Engagement in Russia: Management Practices of Global and Local Companies

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Abstract:

In the past decades, there has been a transformation of management approaches from management by instructions to management by values, where special attention is paid to employees' engagement in the company management. This is the most promising approach of employee management, which, however, requires a new vision and the implementation of modern management practices. The article presents the results of large-scale empirical study of monitoring values and management practices in Russian and global companies operating in Russia. The survey involved 1,530 companies from 10 main industries, including 80% of Russian, 6% of foreign and 14% of global companies, using quantitative methods of collection and statistical methods of data processing. The analysis of modern management practices has been carried out across five main areas: 1. communication; 2. Empowerment and leadership; 3. problem solving and decision making; 4. conflict management; and 5. motivation. It made it possible to characterize modern approaches of management in Russia and to reveal the potential of new management practices effectively used by global companies to enhance the competitiveness and business efficiency of Russian companies.

Keywords: *global companies, management approaches, management by engagement, management practices, Russia, Russian-based companies*

1. Introduction

In the past decades, we have witnessed the transformation of management approaches from management by instructions to management by results and values, emphasizing the engagement of employees in the management process.

The concept of employee management by engagement is rather young compared to management by instructions and management by objectives, but is the most promising and meets the need to improve business competitiveness.

On the Russian market, where the demand for qualified employees exceeds the supply, companies are particularly interested in increasing engagement among their employees and retaining the best ones if they want to improve their business efficiency, profitability and competitiveness in general.

2. Management by Engagement Concept

Studies in the field of modern management theories and practices highlight the advantage of an approach based on a system of shared values within the organization (Dolan, Garcia, 2002, 2006, Fleming, Asplund, 2007, Guseva, 2011, 2013, 2014, 2015, etc.). Values serve as a bridge between management practices, personnel and organizational behavior (Purcell, et al., 2009).

Investigating the market value of companies, Lev determined the special role of intangible assets (Lev B., 2001). He concluded that intangible assets have a significant impact on the value of most companies, while the return on intangible assets allows for the most accurate predictions of the company's market value in comparison to other financial indicators (Lev, 2003).

Fleming and Asplund continued this line of research and found that the main source of intangible assets are committed employees (Fleming, Asplund, 2005). They noted that: "... the higher the level of employees' engagement, that is, the more they are devoted to the company emotionally and psychologically, the more effective the business is, and the more effective the business is, the more engaged the employees become. Engaged employees have a strong sense of ownership of their company's successes or failures and want to contribute to the improvement of its performance " (Fleming, Asplund, 2009).

An employee engagement study conducted by The Gallup Institute concluded that "... active and creative employees are imbued with the spirit of innovation - they are more creative, innovative and provide a source for constant financial growth through efficient service delivery or product output (Harter et al., 2005).

Ideas for business development, generated directly by employees, and their subsequent transformation into management practices are an essential tool to increase the competitiveness of Russian companies (Guseva, Moryzhenkov, 2015).

3. Data and sample

The study presents data obtained from the project "Monitoring of the system of values and management approaches in Russian and global companies operating in Russia" (2014 - 2016).

The study involved 1530 Russian (80%), foreign (6%) and global (14%) companies from ten key industries grouped by main types of economic activities (according to the OKVED classifier) operating in Moscow and the Moscow Region.

The respondents' sample structure reflects all major categories of employees proportionally: 57.7% are employees; 21.7% - lower managers; 15,2% and 5,4% - middle-level managers and top - managers accordingly.

Management practices of global, foreign and Russian companies were studied across five main areas:

1. Communication;
2. Empowerment and leadership;
3. Problem solving and decision-making;
4. Conflict resolution;

5. Motivation.

4. Empirical results and conclusions

Analysis of modern management practices in Russian and global companies has shown that global and foreign companies are leading in **effective communication processes**. It should be noted that they have the largest percentage of respondents who can freely express their views (51.6%), and provide feedback (49.3%).

The verbal form of communication remains a priority for all categories of Russian employees. In addition, employees and lower management prefer the "duplication" of information and a combination of written and verbal communication to relieve themselves of responsibility for an unaccomplished task or failed deadlines.

Leadership. A clearly observable general tendency is that the leader must first of all be an expert in his field. The Likert coefficient is quite high and differs slightly among the respondents of Russian, foreign and global companies: 4.51, 4.58 and 4.60, respectively.

Meanwhile in Russian companies there is a tendency of providing clear instructions by managers to their employees in order for the tasks assigned to latter to be carried out. This demonstrates the ongoing dominance of the "management by instructions" approach among Russian employees and their unwillingness to show initiative and take responsibility.

It should be noted that Russian employees in both Russian and global companies have very high expectations for the participation and support of managers in their personal development: 4.33 foreign and global; 4.05 - Russian.

The decision-making process involving employees and taking into account their opinions and proposals is most widely present in global and foreign companies, where initiative, independence and "outside-the-box" nature (creativity) of decisions are also encouraged. Russian companies tend to involve the supervisor in case of unforeseen circumstances (average Likert coefficient 3, 53).

Conflicts in Russian companies, unlike foreign and global companies, are not considered as a constructive concept bringing novelty. To maintain a conflict-free situation, employees must demonstrate loyalty, which remains more important than professionalism. In addition, Russian employees must maintain a "friendly relationship" with the manager.

Motivation. Employees of global companies noted the importance of their boss noticing and encouraging successful completion of work, along with the creative approach and involvement in the outcomes of assigned tasks. They have also shown interest in the company's prosperity. Russian companies place an emphasis on executing tasks within the specified timeframe and achieving the results planned.

We can draw a general conclusion that the management practices of Russian companies in Moscow and the Moscow region have undergone significant changes over the past 10 years, increasingly adapting to the experience of foreign and global companies, increasing the level of efficiency and profitability of the business.

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A Reliable Measurement Scale for Benefits of Enterprise Resources Planning (ERP)

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Abstract:

We develop a scale to measure business benefits of the extended ERP system that includes external stakeholders' perspectives. A questionnaire survey in ten leading ERP adopter firms supported by four in-depth case studies confirmed reliability of the composite measurement scale capturing quantitative and qualitative ERP benefits. Factor analysis found four ERP business benefits suggested by previous research. Measurement scale and items, however, required substantial modification to construct a composite scale that can capture ERP business benefits. The scale construction was based on ten large manufacturing firms and may need adjustment for application in other industries. Our scale improved both the consistency and reliability not only of post-implementation measures but is also applicable for pre-adoption assessment before ERP implementation.

Keywords: *Enterprise Resource Planning (ERP), Value Measurement, Mixed-method research, emerging market economy, Thailand*

1. Introduction

Enterprise Resource Planning (ERP) is a popular software used by firms to improve their business processes. ERP applications represent 26-28% of the market share in the software industry. Many studies have tried to find out why many firms are not able to realize competitive gains even after spending billions of dollars on the ERP system. The Internet extended functionalities of ERP have not only added more business benefits of improving services and business processes across company boundaries but also made the implementation process more complex. In addition, business benefits are more intangible and therefore more difficult to measure.

2. Measuring business benefits of enterprise resource planning

ERP systems are designed to integrate all major business functions and processes by keeping all business transactions in a single database to avoid fragmentation of information and ameliorate operational efficiency (Themistocleous, Irani, and O'Keefe, 2001; Verville, Palanisamy, Bernadas and Halington, 2007). Included are both back-office functions with accounting, procurement, warehousing, production, quality control, sales and distribution, human resource management as well as front-office functions with sales force and marketing integration, electronic commerce, and supply-chain management (Shehab et al., 2004).

The literature discusses ERP business benefits in terms of productivity, profitability, and information flows across the enterprise (Shehab et al., 2004) and approaches to incorporate intangible benefits of ERP investment into a quantifiable analysis model. Two main intangible business benefits suggested were: internal improvement (infrastructure investment) and benefits for customers. Shang and Seddon (2002) conceptually classified the post-implementation benefits of ERP implementation into five categories: operational benefits, managerial benefits, strategic benefits, organizational benefits, and IT infrastructural benefits.

However, each company must evaluate ERP post-implementation outcomes against its own defined processes (Yen, 2009). Moreover, the ERP value added can be assessed at two different stages of investment: ex ante and ex post (Murphy and Simon, 2001). The ex ante evaluation estimates future ERP benefits to justify the investment before it is made, while the ex post analysis is used to assess the cost incurred to provide a guide to estimate future ERP expenditures. An appropriate unit of analysis needs to be carefully selected (Devaraj and Kohli, 2002). For example, ERP value should be measured at different organizational levels (project, process, and firm level) where the new system has been implemented.

The literature (Zee, 2002) emphasizes that three factors complicate measuring ERP benefits. Firstly, ERP related investment does not necessarily help saving cost or increasing revenues, especially when the investment is made to enhance service effectiveness and company image. Secondly, investment in the same ERP system technology can have very different outcomes. It is the nature of management and business processes rather than the technology that determines the benefits. Lastly, many of the value-adding benefits of ERP cannot be captured by a traditional accounting system.

Despite its desirability, measures of monetary cost and benefits are often not applicable because intangible system impacts cannot be quantified and intervening external variables not isolated (Kennerley and Neely, 2002). These measurement challenges limit the use of financial indicators for assessing ERP value based on tangible benefits. Another practical limitation of financial indicators is the unavailability of the monetary data required for the analysis of returns on ERP investment. It can take several months or even years before the full benefits of an ERP project are realized, depending on the system size and complexity. Thus, any evaluation of ERP benefits must allow for potential time lags (Devaraj and Kohli, 2002).

3. Data and sample

The top five global ERP vendors in the Kingdom of Thailand provided a list of their clients from which ten sample companies were chosen that had completed the ERP system implementation

within the last five years and had operated the ERP system for at least one full year. The sample included both successful and failed projects to obtain the full scale distribution.

Based on Rajagopal's (2002) measurement scale that covers nine benefit categories, we compiled a set 36 measurement items that was reviewed by eight experts helped to confirm validity and to suggest scale improvement. Nine typical respondents tested the questionnaire for ambiguity. The final revised questionnaire consisted of the 30 items. The questionnaire design adopted a 7-point Likert scale to compare the outcomes of the company's operational performance after ERP completion with the situation before using ERP. The questionnaires were given to ERP project managers or IT managers of the firms for distribution among IT people and system users. Of the 320 survey questionnaires dispatched, a total of 232 usable sets were returned.

4. Empirical results and conclusion

4.1 Factor analysis of survey data

Factor analysis helped ascertain the principal factors that represented business benefits obtained from an ERP with coefficient alpha to calculate the internal consistency of the data and assess the quality of the instrument. Only four factors with Eigenvalues greater than one were *efficient process* (13 items), *flexible process* (8 items), *market performance* (7 items) and *delivery performance* (3 items) and these accounted for 72 percent of variance in the data.

4.2 Qualitative case study

Additional qualitative case studies helped validate the consistency of survey-based measures through multiple interviews in four of the ten sample companies with project managers, the implementation team and the end-users. All of the 30 interview respondents had between eight and twenty years professional experience. Three IT consultant experts were consulted to review the scale of project success levels used in our checklist to minimize potential interpretation biases. A Delphi technique was used to reach consensus among the expert panel members about the need to modify the original four-level checklist to a scale of three levels as it was difficult to distinguish between performance levels B: ERP is limited to ordering materials and level C: ERP provides little help in running the business. The resulting modified ABC checklist with three assessment levels being A = successful, B = partially successful and C= failure.

ERP projects showed a clear consistency between quantitative survey results and qualitative case research findings with higher overall survey scores matching the higher project success levels identified self-assessment of responsible managers and the expert assessment being fully consistent. While expert assessment and survey responses broadly confirmed earlier studies, substantial adjustments in factor groups and numerous related measurement items for assessing the business value extended ERP systems was essential to have to measurement scale consistent and thus more reliable. The first new factor added to the construct was *market performance* which was fully validated by the survey results but not mentioned by Rajagopal (2002) and nor elsewhere in the literature reviewed. The final construct proposed by the authors captures the aggregate benefits of ERP much better than previous studies, especially for the two dimensions of *flexible process* and *market performance*.

Finally this paper proves that the cross validation of different sets of measures belonging to both tangible and intangible dimensions can produce more reliable results. The integration of quantitative and qualitative measurement items in a reduced and more consistent set of four dimensions, - as compared to seven or more in the literature -, greatly improved this scale for the use by corporate IT managers. Some limitation, however, is that the proposed measurement scale was validated only for large manufacturing companies that may have different motives for ERP adoption and implementation scope compared to other industries. Future research thus should cover a broader sample and include firms operating in other business sectors and environments that must include also adopters of more advanced ERP functionalities.

In conclusion, IT managers should be aware of several potential pitfalls when trying to assess the business benefits of ERP in their organization. One of the major challenges is to capture the increasing intangible and thus elusive benefits of the system, the implication of time-lags before any financial performance affected by ERP becomes visible and can be quantified and, finally, the extent to which the Internet can enhance the ERP system technologies. Given, however, that every technology has a particular life cycle and will inevitably be replaced by a better one the validation of this measurement scale must be continued. Indeed, a perfect scale does not exist. Measures of ERP generated business benefits must be further adjusted and refined to match the evolution of IT systems and new management concepts.

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The Puzzle of Zero-Debt Capital Structure in the Emerging Markets

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Abstract:

This study is focused on gaps in the theory of corporate finance regarding the phenomenon of zero-debt behavior. Analyzing the firms from 21 countries with emerging capital markets over the period of 2010-2015 years, we show that the debt policy choices are driven by different motives. We find that despite the purely zero-debt policy, the almost zero-debt and long-term zero debt policies are becoming widespread in the emerging markets. We find that all these firms are smaller, less profitable, riskier and possess high cash holdings. Moreover, we find that macroeconomic conditions have a significant effect on the debt policy decision.

Keywords: *capital structure, financial constraints, financial flexibility, zero debt*

1. Introduction

One of the puzzles in the capital structure theory that have not been fully explained yet, is the presence of firms following the low leverage policy and sometimes even do not have debt on their balance sheets. Analyzing the ZD phenomenon, we should consider that ZD level may not be voluntary chosen. The mysterious fact in this issue comes from the motives which force firms to follow no-debt policy, particularly the peculiarities of financial constraints (inability of a firm to take on debt) and financial flexibility (firm's decision to postpone debt financing for more constrained periods).

2. The Zero-Debt Phenomenon in Related Literature

The possible explanation of the ZD phenomenon can be related to the country-specific factors which force firms to use debt conservative policy. Firms are more likely to have high debt ratios among countries with more stable and healthier economic conditions (Djankov, McLiesh, Shleifer, 2007). Nevertheless, the ZD puzzle exists among countries with different levels of capital market development, creditors' protection and legal system.

From the firm-specific characteristics, ZD firms tend to be smaller, keep higher cash reserves, show higher market-to-book ratios and higher payout ratios (Dang, 2011; Devos et al., 2012; Strebulaev, Yang, 2013; Byoun, Xu, 2013). Though, it is a complex task to harmonize all described and observed characteristics of ZD firms in the line of standard capital structure theories.

The ZD puzzle explanation can be made from two perspectives: financial constraints and financial flexibility. Financially flexible firms are able to reduce investment distortions due to their better access to debt markets during crisis times. These firms are aiming to save debt capacity for more constrained future periods (De Jong, Verbeek, Verwijmeren, 2012).

ZD firms with limited choices are constrained in their debt capacity and unable to enter debt markets, but not all of them suffer from supply-side constraints, and thus ZD firms may be classified as either financially constrained or unconstrained (Bessler et al., 2013). While constrained firms do not have sufficient debt capacity they have to follow a ZD policy.

3. Sample and Data

We collect annual balance sheet, income and cash flow statements, market data of the emerging markets nonfinancial listed firms from the Capital IQ database over the period from 2010 to 2015. All variables are denominated in US dollars and belong to the active traded industrial firms from 21 countries which are classified as emerging markets. After all data cleaning steps, our final panel data set includes 6525 industrial firms with a total of 24149 firm year observations.

4. Empirical results and conclusions

The grown share of ZD, AZD (almost zero-debt – the leverage ratio is less than 5%) and LTZD (long-term zero-debt – the ratio of long-term debt is less than 5% in the total amount of debt) firms has become a global phenomenon. Firstly, we have defined firm-level characteristics that can potentially explain the ZD puzzle among the firms from emerging markets which are size, market-to-book ratio, profitability, growth opportunities, income tax level, cash holdings ratio, cash flow and assets risk. Secondly, we have found that the country level variables cannot provide evidence for the ZD, AZD and LTZD choice (the major country specific variables are insignificant, also they reduce the explanatory power of models).

Moreover, the ZD puzzle is driven by age effect – the younger firms are likely to be entirely debt-free entities, while older firms choose AZD and LYZD policies. Another contribution of our research comes from the two sides of financing choices: financial constraints and financial flexibility (supply and demand sides), which we try to take into consideration by including these motives measures into our models. We have found the inflexibility effect - inflexible firms (both constrained and unconstrained) exhibit higher chances to be an almost debt-free entity. All ZD, AZD and LTZD firms tend to be smaller in most cases, riskier, and less profitable (together with

lower tangibility). The ZD and AZD firms try to keep higher cash holdings, apparently in an attempt to increase financial flexibility and to cover future needs of funds for postponed investment opportunities and future constrained periods. The test on robustness in the determination of AZD firms does not show that our findings are driven by misspecification of AZD firms. The more empirically proved findings for AZD firms give an opportunity to investigate the ZD puzzle through the AZD pattern – the extremely low debt levels (around 5%-10% ratio) is the better proxy to come closer to the solution of the puzzle of zero-debt capital structure.

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An Inquiry into “Excellent Emerging Market Firms under Comparatively Disadvantageous Conditions”

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Abstract:

This paper firstly discusses what “excellent emerging market firms under comparatively disadvantageous conditions” are. The reasons why those firms can not only continue their operations but also stay competitive as excellent companies shall be examined. The goal of this research is to clarify the background and reasons of those companies’ superiority and to approach the essence of management based upon three case studies. The discussion will conclude with some remarks on common features of the relevant companies and suggest further research agenda.

Keywords: *business domain, business institutions, comparative disadvantage, competitive advantages, entrepreneurial behavior, external network, locational assets, unique way*

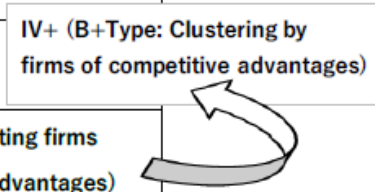
1. Purpose of the research

The purpose of this research is to propose a new concept of “excellent emerging market firms under comparatively disadvantageous conditions” first. And then through three case studies of those exceptionally superior firms, the background and reasons of their presence shall be examined. The goal of this study is to explore and consider the essence of management.

2. Research procedure and methodology

This paper defines “excellent emerging market firms under comparatively disadvantageous conditions” as superb firms which have competitive advantages enough to compete domestically as well as abroad exceptionally even in any disadvantageous environment. Trade can be a measure of the comparative advantage or disadvantage. It is difficult for firms in a comparatively disadvantageous industry to export their products to foreign markets, and that country’s trade balance should be red in the industry. A competitively advantageous company with remarkable presence domestically as well as internationally in an excess import industry are those this study should investigate.

	Uncompetitive firms	Competitive firms	
Competitive business locations	I (C type: persisting firms by <u>comparative</u> advantages)	IV (A type)	IV+ (B+Type: Clustering by firms of competitive advantages)
Uncompetitive business locations	II (D type: disappearing firms)	III (B type: persisting firms by <u>competitive</u> advantages)	



The above figure is a matrix of competitive or uncompetitive locations and firms. B type in quadrant III is those this research focuses on. And B+ type in quadrant IV+ is an industrial cluster which is composed of companies that have built their competitive advantage under a comparatively uncompetitive environment. Exploration of B+ type is valuable, too. Dynamic analysis of exceptionally successful companies from C type, then B type to B+ type is expected.

There usually are two ways for “excellent emerging market firms under comparatively disadvantageous conditions” to obtain competitive advantages. One is to exploit latent locational assets and then to convert them into their managerial resources. Another is to neutralize and overcome underdeveloped business institutions in a unique way. Then four types of firms, i.e. B type and B+ type which build competitive advantages through either exploitation of latent assets or control of business institutions, may be categorized theoretically. However, B+ type by overcoming business institutions does not exist practically because once many companies succeed, then the competitive advantage shall also be neutralized.

The study raises several cases in these three patterns. And three case studies in ease category are conducted, i.e. Russian Gloria Jeans, Taiwanese bicycle cluster and Hong Kong’s Li & Fung.

3. Major results and implications

Common features of these companies can be summarized as follows. First, they adopt a unique strategy representing *raison d’être* and their corporate mission. Top management’s entrepreneurial behavior characterizes the companies’ business style. Second, those companies are good at finding their own appropriate business domain and leaving the other fields to the others. Third, they extroverted and always try to seek good business partners. Fourth, they succeed in exploiting latent locational assets or neutralizing business institutions in their own way. Entrepreneurial behavior through realizing market equilibrium, exploiting external networks and managing the organization is a key factor for success.

This study reaches a tentative conclusion that entrepreneurial behavior is quite important for business administration. This may not be a novel finding. However, this statement can be claimed through this research. Because, this project proposed a new concept of “excellent emerging market

firms under comparatively disadvantageous conditions” and explored the background and strengths of those companies. Implication from those in an advantageous environment shall be limited while companies with any disadvantage have to stand on their own feet and so suggest invaluable hypothesis.

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The Role of Technology Upgrading in International Cooperation: Empirical Analysis of Russian Companies

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Abstract:

The paper is devoted to development of location choice model capturing the technology upgrading motives of Russian firms. As such, we rely on a three-dimensional technology upgrading framework that is further operationalized on the grounds of patent data. This research contributes to now developing theory of technology upgrading by investigating whether cooperation of Russian companies with OECD countries has led to an increasing importance of foreign knowledge as location determinant for Russian OFDI.

Keywords: *patent analysis, R&D and innovation, technology upgrading*

1. Purpose

The growing influence of multinationals from emerging countries (EMNEs) on the world's economy (e.g. Nicholson, Salaber, 2013; Deng, Yang, 2015) is constantly being discussed in special issues of peer-reviewed journals and specialized conferences. However, the extant research is mainly focused on emerging multinationals from China, India and Brazil, almost ignoring Russian MNEs, whereas FDI stocks from Russia has increased outstandingly from 3 bln USD to 501 bln USD over the last 20 years (UNCTAD, 2014). Only several works provide empirical evidence on FDI motives and special features of companies emerged in Russia (Kalotay, 2006; Liuhto, Vahtra, 2007; Panibratov, Latukha, 2014), nevertheless under a close look Russian MNEs are particularly interesting for international management literature as their evolution process was unique and more than just challenging comparing to multinationals from other emerging countries (Mihailova, Panibratov, 2012). This research is as well motivated by the call for theory and metrics of technology upgrading testing paying particular attention to possible challenges faced by emerging countries (Radosevic and Yoruk, 2016). Technology as a determinant of growth is conventionally reduced to one variable such as R&D or total factor productivity (TFP), and, what is even more important, those metrics are used without clear understanding of how technology upgrading progresses at different income levels (Lee et al., 2013). Hence the research question is: to what extent OFDI complements inward FDI and foreign trade, traditionally identified as important channels for technological catching-up.

2. Methodology

To capture the technology upgrading motives of Russian firms we therefore rely on a three-dimensional framework of technology upgrading provided by Radosevic and Yoruk (2016): (i) the intensity of technological upgrading demonstrating different types of innovation activities; (ii) breadth of technology referring to diversity of technological knowledge and (iii) global interaction between global actors and local technology accumulation. The framework is further operationalized on the grounds of patent data from OECD PATSAT Database and World International Patent Office (WIPO) following Jindra, Dominguez Lacasa and Radosevic (2015) suggestion.

In building our location choice model on a sample of Russian OFDI within the OECD countries between 2010 and 2015, we include a number of standard explanatory variables related to local market dynamics, labour market conditions, infrastructure and institutional aspects, as well as geographic distance. However, we place particular emphasis on measuring technology-related location determinants.

3. Results

Preliminary results show that the Russian Federation can be characterized as quite open innovation system with a high share of co-inventions and foreign actors exploiting local inventions. This reveals weak organizational capabilities to commercialize its own inventions.

4. Contribution

This research contributes to now developing theory of technology upgrading by investigating whether cooperation of Russian companies with OECD countries has led to an increasing importance of foreign knowledge as location determinant for Russian OFDI, as observed in the case of East Asian emerging economies.

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Coordinating Model of Working Capital Management in Collaborative Supply Chains: Developing Economic Sustainability from the Inside

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Abstract:

The paper is devoted to development of working capital management (WCM) model providing optimal levels of working capital (WC) to all individual business partners through collaborative actions of capital reallocation along the supply chain (SC). As such, we suggest the tool of WC optimization through financial terms and cash flows verified on Russian collaborative SC data. The application of the suggested optimization model to focal SC provided significant speed up of individual cash conversion cycles (CCCs) and investments in WC on the grounds of combination of extension of days of accounts payable, reduction of days of inventories and reduction of days of accounts receivable in different proportions for SC participants.

Keywords: *collaboration; supply chain finance; working capital management*

1. Purpose

Financial supply chain management (FSCM) and specifically working capital management (WCM) are increasingly recognized as important means of liquidity and profitability improvement, specifically in terms of globalization and growing competition between supply chains (SCs). Gupta and Dutta (2011, p.47) state that “for an effective supply chain system, the management of upstream flow of money is as important as the management of downstream flow of goods”. From this perspective, WCM as an essential element of FSCM has gained a lot of attention (García-Teruel and Martínez-Solano, 2007; Johnson and Templar, 2011; Viskari et al., 2011; Viskari et al., 2012; Viskari and Karri, 2012; Matyac, 2015) since the financial crisis of 2008 due to the fact, that it is a way to accelerate the cycle time of working capital and increase the profitability and liquidity of the company in response to spreading volatility in business environment and enacted Basel II restraining external financing from banks and in turn increased demand for capital from within the SC (Hofmann and Kotzab, 2010; Talonpoika et al., 2016). For this reason, importance of effective WCM increased dramatically, especially for SCs from emerging markets, that matter-of-factly faced difficulties with access to capital, limited financial infrastructure and legal, regulatory and accounting uncertainties in the first place (ACCA, 2014).

Apart from that, the focus of the study on emerging markets is as well prompted by the fact that SCs stretch across the globe with a diverse range of suppliers in emerging markets, and it is failure of a supplier that can impact most severely the whole production process putting viability and continuity of a whole SC at threat. So, WCM is increasingly transcending boundaries of mature markets and has potential for economic stabilization, however most emerging market companies have not yet fully realized its benefits. Likewise, coordinating mechanisms of WCM in SCs have received little attention due to the fact, that the role of financial coordinators (financial service providers, banks, FinTech companies and other financial intermediaries) as core participants in facilitating and enabling FSCM has only recently been identified in academic literature (Silvestro and Lustrato, 2014).

Along with that, the research is motivated by the call for more holistic approach to SCM on the grounds of merging financial and operational SC measures as existing literature either considers them separately or does not give insights on financial flows (Protopappa-Sieke and Seifert, 2010; Kroes and Manikas, 2014). We address these gaps and aim to develop *WCM model providing optimal levels of working capital to all individual SC business partners through collaborative actions of capital reallocation along the SC*. As such, we suggest the tool of working capital optimization through financial terms and cash flows verified on Russian collaborative SCs data.

2. Methodology

For the purposes of our research, we consider a simple three-stage SC consisting of a single supplier, distributor and retailer, what is actually a simplifying assumption. In compliance with the research aim of working capital optimization for all SC business partners and following the tradition (Talonpoika et al., 2014; Wuttke, Blome and Henke, 2013; Hoffman and Kotzab, 2011; etc.), the core of the research methodology is based on quantitative methods. The research is based on the combination of *mathematical modeling and case method*. Mathematical modeling is suggested as a method to upgrade existing CCCC model (Hoffman and Kotzab, 2010) by optimizing it in terms of minimization of total financial costs associated with working capital in a SC. Two sets of constraints – for each SC partner and for the whole SC consequently – are imposed. Firstly, financial costs and CCC of each SC participant after optimization should not exceed their current levels. Secondly, total SC inventories, total SC accounts receivable, total SC accounts payable after optimization should reach EU industry median levels (REL, 2016). The data concerning the supply chain business partners was retrieved from semi-structured interviews with middle-level operations managers, that

was further triangulated with secondary data sources (annual financial reports downloaded from Thomson Reuters Eikon).

3. Results

The application of the suggested optimization model to focal SCs provided significant speed up of individual CCCs and investments in WC on the grounds of combination of extension of days of accounts payable, reduction of days of inventories and reduction of days of accounts receivable in different proportions for SC participants. The CCCC boost is achieved on the grounds of both capital reallocations to the upstream business partners (days of inventories increase for supplier) and tightening of trade credit conditions (significant decrease of days of receivables and simultaneous increase of days of payables for supplier as well as for retailer). In our case, it may seem, that supplier gains main benefits of such an approach to WCM, however, this is not true: despite the evident payment condition restrictions for downstream companies, they reconfigure their financial statements for the better. As such, collaborative optimization model allows to achieve better financial outcomes by reallocating the elements of total inventory, A/R and A/P along the supply chain, than these companies operating separately.

4. Contribution

The theoretical contribution of the research resides not only in integration of collaboration concept and working capital concept adding a holistic perspective to the extant WCM models, but also in integration of financial and operational measures of SCM. The suggested model financially illustrates the motivation of SC partners to cooperate in order to simultaneously achieve their target levels of working capital investments and improve their individual financial performance through collaborative operations. The practical contribution of the suggested model is its suitability for three-stage collaborative SCs and rather easy implementation by SCM professionals, consultancy, 3PL or bank as an intermediary or the decision maker solving the problem of SC coordination.

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Managing Personnel Customer Orientation: Competency and Contextual Approaches

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Abstract:

The paper discusses the new approaches to Personnel Customer Orientation (PCO) such as competency and contextual approaches. The competency model of personnel customer orientation (PCO competency model) takes into consideration individual, organizational and external factors. It has been tested in the research conducted in a multinational service company operating in developed and emerging markets. Empirical data were collected with the use of qualitative and quantitative methods. The research findings reveal meaningful factors which affect PCO in developed and emerging markets. Universal factors of PCO, which can be taken into account by the global office of the international company for developing an HRM strategy and making investment decisions, are also singled out. The paper also discusses practical implications that could be of interest to human resource professionals.

Keywords: *competency model, human resource management, multinational company, personnel/employee customer orientation*

1. Introduction

Market orientation of an organization presupposes that the organization's workforce is customer oriented, i.e. it has a set of attributes enabling it to demonstrate client centric behavior, meet and exceed customer expectations [Kohli, Jaworski, 1990; Narver, Slater, 1990]. Despite growing interest in the topic of employee customer orientation on the part of academics and different organizations [e.g.: Hennig-Thurau, 2004; Guenzi et al., 2011], for the moment, there seems to be a lack of a common approach to defining the notion in question. In practice, organizations do not seem to have the necessary programs and tools that could be used to manage personnel customer-orientation in general and the more so in the context of developed and emerging markets. Recent research into company customer orientation in emerging markets revealed some specific features of marketing strategy, policy and practice as compared to the traditional industrialized capitalist societies [Sheth, 2011]. The same seems to be true with regard to human resource management in emerging markets, which are typically characterized by a different social, political, economic and cultural context [Budhwar and Varma, 2011].

The article considers a set of factors that determine personnel customer orientation in developed and developing markets as well as the differences in the personnel customer orientation levels based on the employees' location. Universal factors, which can be taken into account by the global office of the international company for developing an HRM strategy and making investment decisions, are also singled out.

2. Theoretical model of personnel customer orientation

The authors apply a competency approach to the notion of "employee customer orientation" (ECO or PCO¹) and consider it as the employee's ability to take into account the interests of consumers of goods / services and adapt the company's product to their needs. Unlike most authors who reduce ECO to such individual characteristics as knowledge, skills, motivation etc. we consider ECO as a behavioral construct, which is determined, in addition to individual, by a number of external and organizational factors. Particular attention is paid to the factors that are subject to management impact.

A theoretical model was developed reflecting the contextual nature of personnel customer orientation and the factors influencing it. PCO competency model included:

- individual factors (e.g.: knowledge of the company's product and service portfolio, the client's business, including its key challenges, opportunities etc., the relevant industry, its key players, trends and competitive environment; technical skills; social skills; motivation);
- organizational factors (e.g.: decision-making authority, business process formalization, functional role clarity, a customer-oriented company strategy, corporate culture, human resource management practices), and
- external factors (e.g.: type of market, the level of market concentration, national culture dimensions).

3. Methodology and Data

The use of qualitative research methods (21 semi-structured interviews) allowed to consider the notion of employee customer orientation from the "company's" and the "clients'" perspective, and, therefore, further clarify the concept in question. A survey among 356 client-facing associates working in 12 subsidiaries of a multinational service company operating in developed (Great Britain, Ireland, France, Germany, Italy, Spain, USA) and emerging (Russia, Brazil, Mexico, China, India) markets. The use of quantitative research methods enabled, on the one hand, to validate and extend the theoretical PCO competency model and, on the other hand, to develop management

¹ We use ECO and PCO as interchangeable notions. However, ECO is preferable to use in regards to an employee, considering her/his personal traits. PCO is preferable to use in regards to managerial tasks considering human resources in an organization.

approaches aimed at helping multinational organizations to improve customer orientation of their human resources working in developed and emerging markets.

4. Empirical Results and Conclusions

In order to identify significant factors influencing ECO in the various subsidiaries according to the type of the market they operate in (developed vs. developing), two multiple regression models were created, i.e. one for developed markets (R-square is equal to 0.555) and the other one for developing markets (R-square is equal to 0.6995) - were created. Motivation was found to be the most significant factor influencing the employee customer orientation in the context of developed markets/ In the context of emerging markets employee motivation and social skills proved to be the most significant factors. Further, a cluster analysis of the data was conducted to form homogeneous groups of countries on the basis of national business culture [Hofstede and Bond, 1988; Huff and Kelley, 2005] and a multiple regression model was constructed with constant effects of various variables on EPO. The coefficient of determination of the model is 0.61, that is, the model explains 61% of the variability of the phenomenon studied (ECO). Average levels of personnel customer orientation per cluster were calculated. Universal factors that have a significant impact on EPO in the company under study were also identified.

The paper's contribution to academic research consists in further developing the theory of employee customer orientation via clarifying the notion of employee customer orientation, determining a set of factors and indicators of employee customer-orientation and creating a theoretical competency model of personnel customer-orientation (EPO/PCO competency model).

The research results also offer important managerial implications, e.g.: employees should be able to leverage their knowledge and skills in a way that would enable them to suggest solutions meeting and exceeding their clients' needs; the idea of employee customer orientation should be a shared value well ingrained in the company's corporate culture; employees should have enough clarity about their roles and responsibilities to create superior value for their customers; employee customer orientation should be assessed as part of the company's recruitment and performance management processes.

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Fiscal Relations of National and Subnational Governments: A Comparative Analysis of the Cases of Russia and China

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Abstract:

The research focuses on the comparative analysis of the relationship of central and regional budgets in Russia and in China. Central governments strictly control directions of budget spending both in Russia and China, but in China the function of administering the dominant part of the expenditures has been transferred to the subnational level, which at least allows raising the question about the full responsibility of provincial authorities over the efficiency of spending. In this and in other aspects, however, the differences between the Chinese and Russian models are multidimensional and every one of them is determined by its own factors and considerations.

Keywords: China, budget transfers, fiscal federalism, intergovernmental fiscal relations, Russia

1. The purpose

The fundamental dilemma of fiscal policy in its regional aspect is the contradiction between the goal of stimulating sub-national authorities to carry out effective socio-economic policy in the region and the goal of reducing inter-regional disparities, and equalizing the level of socio-economic development, which almost always involves a certain degree of redistribution of resources from the most affluent to the poorest regions. The article aims to assess the relationship of central and regional budgets in Russia and in China and to identify promising directions of improvement of the Russian practice of intergovernmental fiscal relations on the basis of the Chinese experience in this sphere.

2. The novelty

More or less detailed comparison of the Chinese and Russian experience of intergovernmental fiscal relations has not been undertaken neither in Russian nor in English studies in the last decade, from what the author knows. The latest research precedents date from the late 1990s – early 2000-ies, which suggests novelty and relevance of the research objectives.

3. Methodology

The author relies on statistics for federal / state and local finance of the Russian Federation, China (in particular revenues and expenditures of regional budgets, population, other indicators), published by Rosstat, and the National Bureau of Statistics of China, as well as on the data on the status of specific territories in the Russian and Chinese system of administrative-territorial division. Given the characteristics of Russian and Chinese fiscal legislation, the author analyzes the distribution of revenues and expenditures across levels of the budgetary systems, the degree of autonomy of the regions, the results of fiscal equalization, the possibility of using the Chinese experience in Russia.

4. Results

It can be argued that the legal basis of the Chinese model of intergovernmental fiscal relations is quite close to the Russian model, adjusted for a much more unitary character of the budgetary process in China that matches the specifics of the political system of the country. And at the same time, in practice, the Chinese system is much more different from the Russian one in several important respects, and we cannot say that all differences follow the same logic, or that all differences are due to a single fundamental factor. The central government controls the directions of budget spending both in Russia and China, but in China the function of the administration of the dominant part of the expenditures has been transferred to the subnational level, which at least allows to put forth the question about the full responsibility of provincial authorities over the efficiency of spending. However, the differences between the Chinese and Russian models of multidimensional and every one of them is due to its own factors and considerations. This fact is important because it allows assuming (theoretically, anyway) the possibility of use of certain elements of the Chinese model, without reproducing it in whole. The Chinese model is of more interest for Russia than some other country models, whose elements in general and individually have developed under a single logic and in a specific context radically different from the Russian context.

Obvious and Hidden Effects of the Stimulating Compensations in the Budgetary Sector

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Abstract:

In this study we are attempting to estimate obvious and hidden effects of introducing stimulating wage system in budgetary healthcare sector of Russian economy. We provide the overview of the theoretical approaches to the effectiveness' measures in this sector; Donabedian's triad is justified for empirical estimate of stimulating wage system at budgetary medical institution. We have used content and dispersion analysis in order to study salary inequity between different groups of medical staff. The method of decomposition is used to study the impacts of the effective labor contracts on the effectiveness of the budgetary medical institutions on the example of the multi-field medical institution in Yekaterinburg with the timeframe of 2012-2016 years. Medical, social and economic effectiveness is calculated. The gap between governmental specification with fixed financial provision and actual socio-economical results of the budgetary medical institution is revealed, detected unbalance between expected medical results and actual economic grounds. Moreover we haven't found significant difference in effectiveness of budgetary medical institution before and after performing stimulating wage system.

Keywords: *budgetary medical institution, effectiveness of budgetary medical institution, stimulating wage system, salary inequity,*

1. Introduction

Transition to the effective labor contracts in budgetary sector was done mainly for increasing effectiveness of the healthcare system. It includes combination of medical, social and economic effectiveness with the same turnover of staff as well as increasing prestige and attractiveness of the profession while reaching qualitative and quantitative goals.

The facts say that the goals are reached for the dynamics for the coverage of the staff with effective labor contracts, developing conditions of stimulation and statistical growth of the salaries of medical staff. However some questions are left opened: Isn't this goals' fulfillment just an imitation game? Is there a link between introducing the stimulating contracts in medical sector and effectiveness of budgetary medical institution? What are the obvious and hidden effects of introducing effective labor contracts in budgetary sector of Russian economy?

2. Stimulating Contracts and the Effectiveness of Budgetary Medical Institutions

Stimulating of the effectiveness of budgetary medical institutions with the help result-oriented effective labor contracts and introducing them on all the levels of the system (from municipal to federal) is an important element of reforming Russian healthcare system. However interpretation of the term "effectiveness of medical institution" is still a subject to a discussion among scientists as well as among practical society. One thing should be admitted – it is difficult to use and to measure. According to the concept of Donabedian (Donabedian A., 1990) it is possible to define the results of medical institution with the following characteristics: effectiveness, performance, optimality, acceptability, legitimacy, fairness, equity.

According to some researchers - Kadyrov F., (2008), Korotkova A., (2014), Rashad Massoud (2008), Elizabeth McGlynn (2005), Francis Notson (2009), it is possible to distinguish other characteristics of the performance of medical institutions and the quality of medical assistance such as adequacy, accessibility, continuity and continuity, efficiency, effectiveness, efficiency, security, timeliness, ability to meet expectations and needs, process and outcome stability, continuous improvement and improvement (Kolosnitsyna et al. 2009; Fotheringham et al., 2000).

Operationalization of the category "performance of the medical institution", according to A. Donabedian (1990) led to the identification of three components - the dependence of structure, process and result, called the triad of Donabedian.

In addition, it is known that achieving the effectiveness of the organization is possible only by creating a system of effective incentives for the work of staff (Ruvinsky, 2015; Burgess, Metcalf, 1999; Chinloy, Winkler, 2012).

The stimulating wage system is designed to personalize it for each employee, depending on his qualifications, complexity, quantity and quality of the work performed (Kalabina, 2016).

Increasing the legitimate pay for employees of budgetary medical institutions through the introduction of effective labor contracts involves the formalization of the evaluation of labor results, the lack of a proper system of rationing, medical and economic standards, with restraining the practice of informal payment and the growth of paid medical services (Kadyrov, 2007; Folland et al., 1993).

The complicated and changing structure of incentive payments leads to difficulties in their design and the growing differentiation of the incomes of medical staff, weakening the rigidity of the structure of the overall remuneration of the medical worker, and does not always serve as an instrument for improving the performance of medical organizations.

Dependence of labor remuneration on the fulfillment of the target indicators of the activity of the medical institution is established only for the head of the organization.

Insufficient development of the tools for assessing the results of labor and the activities of medical budget institutions leads to the absence of a decomposition of the assessment of the results of their

activities and the contradictory nature of the results obtained (Kalabina, 2016; Kolosnitsyna et al., 2009).

3. Hypotheses and information base of the research

We formulated and tested the following hypotheses of the study:

- The structure of the general remuneration of medical staff is unbalanced, which leads to a change in the focus of the motivation of employees from conscientious performance of official duties to achieve the estimated indicators of incentives.
- The relationship between labor outcomes and incentive pay, as well as the performance of structural units and the medical institution as a whole is weak or completely absent.
- There are no significant differences in the medical, social and economic performance of the budgetary medical institution before and after the introduction of a stimulating wage system.

Methods of research:

- Content - analysis of the content of labor contracts of medical staff transferred to an effective labor contract,
- Statistical analysis of the average values of the resulting performance indicators of the medical budget institution before and after the introduction of the stimulating wage system (2012-2016).

Data base of the research:

- data on the level, dynamics and structure of the total average monthly remuneration of medical staff of the city multidisciplinary clinical hospital (Yekaterinburg) in 2011-2016.
- information on the content of effective labor contracts for medical staff of a budgetary medical institution.
- information on the results of medical, social and economic activities of the city multi-field clinical hospital (Yekaterinburg) - for the period 2011 -2016.
- results of interviews with experts for the period from 2011-2016.

4. Results of the study and conclusions.

The study carried out by us allowed us to draw the following conclusions.

The choice of the model for building the overall remuneration of medical staff is correct, however, the organization of the transition has certain flaws: the lack of a methodological basis for the development of an effective labor contract, weak consideration of regional characteristics, underestimation of risks in the transition to a contract basis, a formal approach to monitoring performance evaluation.

The rules and procedures for constructing effective labor contracts, including the amount of incentive payments, should not be unified, because when choosing the criteria for wage differentiation it makes sense, not so much strives to accurately measure the individual labor contributions of workers inside the medical institution, how much to ensure for each employee the level of payment, competitive in the labor market.

An obstacle to the implementation of the stimulating payment system is the insufficiently developed standardization of the work of medical staff, and for its adoption there are only the most general regulatory grounds.

The growth of wages is ensured by increasing the cost of medical services, increasing the share of paid medical care, which is affected by the increase in the number of medical errors caused by the additional burden on staff.

It is necessary to develop a balanced approach to the evaluation of the performance of medical institutions, which harmoniously combines medical, social and economic efficiency.

Thus, an understanding of the obvious and hidden effects of introducing a stimulating wage system for workers in medical budget institution on the example of the Sverdlovsk region is necessary for

carrying out public policy in the budgetary sector to the economy that contributes to increasing its efficiency and reducing transaction costs in the labor market.

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Y- and Z-Generation Consumers: Behavioural Patterns and Trends in Russia

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Abstract:

The current report analyses consumer behaviour typical for representatives of different generations. It also focuses on special aspects of designing multichannel strategies and marketing channels for interaction with different generations. A conclusion is made that behavioural characteristics of Russian and European Y- and Z-generation consumers are becoming similar due to penetration of digital technologies.

Keywords: *communications, internet sales, multichannel sales, theory of generations,*

1. Introduction

The current research is based on classification of consumers suggested by the Hove-Strauss theory, which was developed in the beginning of the 1990-s. It is assumed that each 20 years a new generation is being formed, and that these generations have different values. The length of one cycle is estimated at 80-90 years.

Application of innovative marketing technologies depends on whether they have to target these or that specific generation (Hee Jin Hur, Ha Kyung Lee, Ho Jung Choo, 2017).

Internet has become an inherent part of the Y- and Z-consumers' everyday life (Tomayess Issa, Pedro Isaias, 2016) and directly influences their behaviour on the market.

The research aims to define specific features of the Y- and Z-consumers' behaviour in the changing environment characterized by development of digital technologies and internet communications.

This research adopts the case study approach to explore specific characteristics of Y- and Z-consumers' behaviour. The case study of behavioural patterns of Y- and Z- generation in Russia is based on analysis of relevant information sources and interviews with representatives of these generations. During the current phase of the research, empirical data received by Russian and foreign scholars was analysed. In addition, information obtained from industry publications, news portals, sector blogs, research reports published by consulting companies, etc. was examined. Subsequently, an evaluation of the structure of Russia's population has been carried out based on the Rosstat's data (fig. 1). In preparation for the next phase of the research, 100 representatives of the Y-generation (15-34 years old) and 100 representatives of the Z-generation (0-14 years old) were selected to participate in the planned interviews.

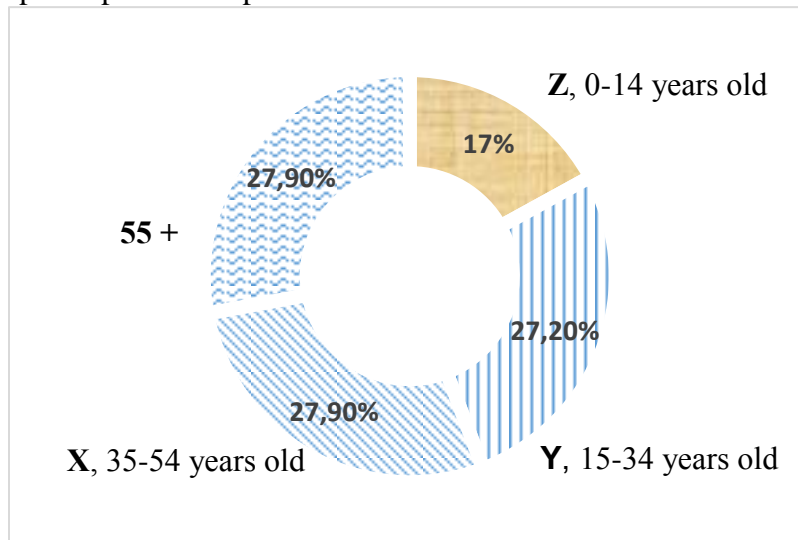


Figure 1. The structure of Russia's population

Source: Rosstat

Generations Y and Z account for more than 44% of Russia's population.

Hypothesis. When building retail distribution channels, demographic characteristics of the society, as well as types of goods purchased by representatives of different generations should take into account. It has been found out that consumers who are making impulse purchases more often use mobile applications, while those who are thoroughly considering purchases more often make them over the internet (Paula Rodríguez-Torrico, Rebeca San José Cabezudo, Sonia San-Martín (2017). Thus, while designing multichannel and omnichannel sales it should be taken into account that different distribution channels could target different groups of consumers and representatives of different generations.

Development of internet, growing possibilities for communication and free exchange of information in real time and without boundaries have direct influence on behavioural characteristics of modern consumers. Positive trends include: better information search skills and higher knowledge level in respect to global and regional developments, as well as increasing level of interaction in virtual reality. Negative trends include: insufficient analytical skills to assess trustworthiness of information obtained, decreasing level of concentration in comparison to the X-generation consumers, insufficient communication and cooperation skills when it comes to non-virtual reality.

Sales via internet can be targeted not only at the Y- and Z-generations consumers, but also at representatives of the generation X. According to a research undertaken in Israel, although Y-generation consumers spend more time surfing the web, the percentage of X-generation representatives who have made purchases of durable goods and tours online is actually higher (Sabina Lissitsa, Ofrit Kol, 2016).

For Y- and Z-generation consumers availability of real-time customer support is an inherent element of making a purchase. In this connection, when designing internet sales channels retailers should pay special attention to offering online support, digital assistants etc. (Salvatore Parise, Patricia J. Guinan, Ron Kafka, 2016).

Decisions concerning purchases are often made with participation from representatives of different generations. Therefore, when carrying out market segmentation and designing marketing programs companies should take into considerations the theory of generations.

2. Conclusions

Demographic characteristics should be taken into account when designing distribution channels and marketing programs. Personalization during the process of making a purchase is crucial for both the Y- and Z-generation consumers. Interactivity of choice and purchase execution is very important for representatives of the generation Z.

Consumption patterns of Russian consumers representing generations Y and Z are becoming closer to those of European consumers representing the same generations. When forming marketing policies and managing client relations, businesses should consider taking into account behavioural characteristics specific for representatives of different generations. Advertising messages and marketing actions should not generate conflicts of interest between representatives of various generations.

The subsequent research will be focused on multichannel sales systems, as well as on identification of specific distribution channels, which cater to representatives of different generations in the most efficient manner.

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Organisational Competence in Managing Projects: an Investigation into Development Constraints

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Abstract:

The study is focused on project capability as organisational competence. Based on interviewing more than 140 managers in Omsk companies, the author examined the current state of organisational project management in the context of organisational performance. While it is empirically tested that high-performers are more likely to understand the value of project management than low-performers, only small proportion of companies demonstrates high level of project capability. Analyzing organisational project management development constraints, the author argued that it should be considered within the broader context of strategic governance and management.

Keywords: *development, organisational competence in managing projects, organisational project management, project capability*

1. Introduction

While the pace and extent of social, technological and economic changes have increased dramatically, top managers recognize the key role of project management (PM) as a means of implementing new ideas, launching new businesses, improving technologies, etc. Although there is lack of research examined the assumption that the effective PM is crucial to business success (Pollack & Adler, 2014), a number of recent studies have revealed the widespread use of PM practices and project-based forms of organising. The research themes have moved from project level to organisation level (Söderlund, 2008; Crawford, 2006) positioning PM in the wider context of organisational strategy and organisational capabilities. Moreover, several studies have identified project capabilities as central to competitive advantage (e. g., Brady & Davies, 2004; Ethiraj et al., 2010).

Nevertheless, while companies have started to invest significantly in PM development, the gap between expected and actual projects resolutions is identified and the project failure rate remains high (PMI, 2014). The other problem in the area is concerned with the maturity of PM processes in organisations. Although most companies fully recognize the value of adopting PM methodology, only small part of them can report the mature processes (PMI, 2015).

2. Materials and data

2.1 Building blocks for project capability development analysis

The author departs from the statement that organisational competence in managing projects should be considered as a part of its strategic competencies that creates competitive advantage. As a positive relationship between investments in PM and organisational competitiveness was revealed (Lappe, Spang, 2014), this gives a platform to improve the analysis of what differentiates high- from low-performing companies.

In line with the structure of the competence in PM (IPMA, 2012), the author suggests that the following items should be included as indicating the degree to which a company demonstrates high level of project capability: standardized PM processes, specialized centre of PM expertise, trained and certified staff for PM activity and fully adopted PM information system.

2.2 Design of the survey

The author undertakes the survey of companies from a variety of industries. All companies participating in the survey have experience in executing projects and they generally run both external and internal projects. In each firm one informant from senior or middle management level was addressed in accordance with a company size. All informants had been more or less trained in the field of PM.

The study is based on the comparison of the results of the survey of development of organisational PM in Omsk region companies in the course of two years (108 managers in 2015 and 40 in 2016 were interviewed).

3. Results

Research findings being presented are as follows.

1. Of the overall survey participants, 51.5 percent in 2015 and 67.5 percent in 2016 noted that PM is crucial for their company's performance and more or less has been adopted within a company.

2. Dividing all companies into three groups: high-, mid- and low-performers, the author has empirically tested that high-performers (86 percent in 2015 and 100 percent in 2016) are more likely to appreciate the value of PM than low-performers (35 percent in 2015 and 60 percent in 2016). Although in 2015 the connection between company's performance and its PM processes maturity was revealed, in 2016 no strong correlation between these variables was found.

3. The author argued that the main constrains revealed in developing competence in managing projects (coordination problems, contradictions and resource conflicts among projects; lack of skills in PM; employee's resistance; lack of standards and instructions; lack of autonomy and authority in

PM; lack of top management support) are concerned with poor support of organisational enablers. Thus, organisational PM should be considered within broader context of strategic governance and management.

4. Conclusions

Despite the rapid growth of PM as a profession, the main problems are low rate of projects success and low level of PM processes maturity. As organisational PM development largely depends on organisational context, organisational enablers should be leveraged to support and develop organisational competence in managing projects.

The research is expected to assist creating the conditions for the development of organisational competence in managing project as a “core” competence in the dynamic and complex business environment.

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Transport and Logistics Potential Measurement in Russia: Methodological Aspects

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Abstract:

The level of national logistics system development of the country is largely determined by the state of its transport complex, logistics infrastructure and efficiency of logistics processes in Russian regions. The uneven development of regional transport and logistics complexes in Russia necessitates a comprehensive analysis of the causes of regional asymmetry and development of recommendations for monitoring and implementation of transport and logistics potential of the regions. The purpose of the study is to create a methodological basis for assessment and comparative analysis of regional transport and logistics complexes based on international experience and development strategies of individual regions in order to integrate Russian transport and logistics complex into the international space and strengthen competitive positions of regions on the global transport services market.

Keywords: *logistics potential, regional development, Russia, transport*

1. Research goal

The level of national logistics system development of the country is largely determined by the state of its transport complex, logistics infrastructure and efficiency of logistics processes in Russian regions. The uneven development of regional transport and logistics complexes in Russia necessitates a comprehensive analysis of the causes of regional asymmetry and development of recommendations for monitoring and implementation of transport and logistics potential of the regions. International experience in assessment and monitoring of logistics capacities provides a system of indicators reflecting the diversity of logistics processes in national systems. Specificity of Russian transport and logistics complex and institutional conditions of its operation requires creation of specific approaches and models for its objective assessment and monitoring.

To create and ensure successful monitoring of transport and logistics potential of Russian regions, it is necessary to develop a system of indicators that quantitatively reflect processes and allow making qualitative conclusions about the effectiveness of the regulatory measures taken by authorities. The current statistical information does not allow to fully analyze the state and development of regional transport and logistics potential, there is no method of comparing individual regions by indicators reflecting the levels of regional transport and logistics potentials taking into account macroeconomic factors of their development. The tendencies of globalization and internationalization in the economy objectively require application of modern standards in measurement, evaluation and comparative analysis of transport and logistics potential of Russian Federation, in general, as well as particular regions.

The purpose of the study is to create a methodological basis for assessment and comparative analysis of regional transport and logistics complexes based on international experience and development strategies of individual regions in order to integrate Russian transport and logistics complex into the international space and strengthen competitive positions of regions on the global transport services market. To achieve this goal, the following objectives are formulated:

- to specify the notion of transport and logistics potential and identify its key elements;
- to review international experience in monitoring transport and logistics potential in developed countries;
- to develop a system of quantitative indicators reflecting the level of development of transport and logistics complexes in Russian regions.

2. Conceptual Background

In 2016 Russian Federation has 2.57 Logistics Performance Index (LPI) being on the 99 place in the Global Ranking of LPI (The World Bank, 2016). One of the reasons of such low level of LPI is territorial scope of Russia and very different levels on transport infrastructure development on regional level. The level of development of the national logistics system of the country is largely determined by the transport complex, its logistics infrastructure and the efficiency of logistics processes (Asian Development Bank, 2012) in every region of Russia. Unbalanced development of regional transport and logistics complexes in Russia raises a need for a comprehensive analysis of causes of regional asymmetry (Vinokurov et al., 2016) and development of recommendations for monitoring and improving the transport and logistics potential of the regions. International experience in assessment and monitoring of logistics capacity provides a system of indicators reflecting the diversity of logistics processes in national systems. Specificities of Russian transport and logistics complex development and institutional conditions of its operations require application of specific approaches and models for its objective assessment and monitoring.

To create and ensure successful functioning of a system to monitor transport and logistics potential of Russian regions, it is necessary to develop a system of indicators that quantitatively reflect processes and allow making qualitative conclusions about the effectiveness of regulatory measures that are taken.

3. Methodology

The project involves two interrelated stages: the aim of the first stage is to develop a methodology for assessing and monitoring transport and logistics potential of Russian regions; the second stage aims to conduct empirical calculations and develop practical recommendations for monitoring the transport and logistics potential of Russia.

To reach the aims of both stages we use mixed methods combining traditional statistical analysis with the study of different cases of particular regions. We start with profound literature review of both foreign and Russian publications. Russian publications are especially relevant for this study as context specificity of the topic is obvious. We, then, identify a large set of criteria to evaluate transport and logistics potential of Russian region, and, using methods of multi-criteria analysis, calculate an integrative indicator that allows ranking Russian regions in terms of their level of transport and logistics capacity.

4. Results

The current monitoring approach and collected statistical information does not allow to fully analyse existing capacity and development of regional transport and logistics potential, there are no methods of comparing individual regions by indicators on the level of regional transport and logistics potential, considering macroeconomic factors of their development. The tendencies of globalization and internationalization of the economy objectively require application of modern standards in measurement, evaluation and comparative analysis of transport and logistics potential of Russian Federation.

Practical relevance of research is in a number of aspects. First of all, calculated indexes and developed rankings can be used by state authorities at federal and regional levels to provide information and analytical support for investment and innovation activities, to plan and organize regional programs for regions' development and to monitor effectiveness of programs' implementation.

As a result, implementation of developed methodology should improve the balance of regional transport and logistics infrastructure capacity in order to form a single transport space and stimulate export of transport services. Introduction of advanced technologies and processes can increase satisfaction of society and business entities in accessibility and quality of transport services. Strengthening implementation of transit potential of Russian regions should also facilitate integration of Russia into the international transport space.

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The Economic Performance and Size of Firms: The Case of Russian Health Resort Market

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Abstract

The paper is devoted to the assessment of the impact of internal and external macroeconomic factors (decrease in real incomes, weakening of the ruble to the US dollar in 2014-2015, growing interest for Crimea as a destination for health resort treatment and health improvement for Russian citizens) on financial-economic indicators of health resort organizations of Russia in 2012-2015. Using econometric modelling based on a sample of 272 health resort organizations we test the hypothesis about the “beneficial” status of the large Russian health resort organizations (with revenues over 400 million rubles) derived from changed macroeconomic factors and revealed in the growth of return of sales (profitability) and annual revenue.

Keywords: *health resort organizations, size of firm, panel date, Russian health resort market.*

1. Purpose

The Russian health resort market is one of the leading market of services in 2012-2015. The revenue of health resort organizations increased by 32% in 2015 compared to 2012, and the number of placed persons in health resort organizations increased by 6% (<http://fedstat.ru>). The existing dynamics the Russian health resort market was due to the influence of internal and external macroeconomic factors: decrease in real incomes, weakening of the ruble to the US dollar in 2014-2015, growing interest for Crimea as a destination for health resort treatment and health improvement for Russian citizens, as well as statistical accounting of the Crimea in macroeconomic indicators Russia.

Scholars went through the debates on creating of significant economic benefits and opportunities in solving many social problems due to the health resort market (Mueller, Kaufmann, 2001; Bihari-Axelsson, Axelsson, 2002; Bennett, King, Milner, 2004; Hofer, Honegger, Hubeli, 2012; Heung, Kucukusta, 2013), the growing importance of developing a spa, wellness, health focus in the resort hotels business-models, including the importance of quality customer service in gaining competitive advantages (Cockerell, 1996; Ogorlec, Snoj, 1998; Johanson, 2004; Chen, Liu, Chang, 2013). However, scholar's attention to the microeconomic estimate of emerging health resort markets (e.g. Russia) is extremely limited, although there are studies devoted to the analysis of existing marketing practices and network form of business organization (exp., JSC «Russian Railways-HEALTH) (Kazmin, Petrov, 2015).

The purpose of the study is to define the impact of size of firms (health resort organizations) on their financial and economic indicators in 2012-2015 on the case of the Russian health resort market.

2. Novelty

The impact of size of firms on financial and economic indicators of health resort organizations (on a micro-level) in the context of changed internal and external macroeconomic factors in Russian academic literature is relatively poor investigated. Thus, the research is the first study of the question.

3. Methodology

In order to achieve the research objective the authors applied the methods of descriptive statistics and regression analysis for the panel data of financial-economic indicators of the 272 leading health resort organizations of Russia in 2012 – 2015.

The study sample of 272 leading health resort organizations included only balanced panels in which all organizations had the same number of time cycles. The study examined two panels with short time series of two years (2012-2013 and 2014-2015).

Two dependent variables were used in the design of the models: a) annual revenue growth, which characterizes the commercial results of the activity and the success of implementing marketing strategies in the health resort organizations; b) return on sales (profitability) as a ratio of sales profit (operating profit) to revenue.

One of the most important characteristics of a health resort organization is its size, which, in the framework of this study, is determined natural logarithm of revenue. To measure economic indicators, the annual increase in the cost of fixed assets, as well as the cost of production is used.

To take into account the specifics of the size of firms, the following variables were used: 1) a dummy variable for a group of medium and large health resort organizations (LM_dummy) - revenue in 2013/2015 of more than 400 million rubles; 2) a dummy variable for small and micro-health resort organizations (SM_dummy) - revenue in 2013 / 2015 in the range of 50-400 million rubles.

4. Results and interpretation

Based on the statistic tests (the Wald Test, the Breusch and Pagan Test, the Hausman Test) we run the assessment of the regressive models (the pooled regression, fixed-effects and random effects

models), which showed that the fixed-effects regression reflects our data in the most adequate way. Therefore, the further analysis is completed in accordance with this assumption. From the change in macroeconomic factors in 2014-2015 compared to 2012-2013 significantly won by large health resort organizations: the annual revenue growth increased by 3.4 p.p. (12.8% instead of 9.4%) against 0.3 p.p. (6.2% instead of 5.9%) for small health resort organizations, return of sales by 3.4 p.p. (10.1% instead of 6.7%) against 0.2 p.p. (2.2% instead of 2.0%) for small health resort organizations. Secondly, the results of the estimation showed that the independent variable “the size of the firms” in the panel data 2014-2015 has strengthened its positive impact on the dependent variable “annual revenue growth” in comparison with the panel data of 2012-2013. Thirdly, was found the positive effect of “annual revenue growth“ and "the size of the firms" on “return on sales“.

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Evaluation of Specific Risk Premium for Investment Projects

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Abstract:

This paper is dedicated to estimation of a fair premium for specific risk to the model discount rate of an investment project. Investment projects are exposed to different specific risk factors, which provokes managers to correct the discount rate arbitrarily. Behavioral model introduced in the paper allows to calculate a fair premium for the specific risk and determine whether a particular factor is a substantial source of specific risk. During the course of the study, it was found that operating leverage might be considerate as a significant factor of specific risk, whereas, structure of payments for a project might not.

Key words: investment decisions, operating leverage, specific risk premium, value-at-risk

1. Goal of the Research

Practice of analyzing investment projects often does not comply with the theory's recommendations — while calculating NPV of investment projects many Russian and foreign companies arbitrarily adjust discount rate by introducing markups (premiums) to the fair return required by shareholders (Brounen et al., 2004). The main goal of the study is to estimate a fair premium for some factors of specific risk to the model discount rate in NPV method.

2. Novelty/Author's Contribution

Authors of a great number of papers in corporate finance point out the importance of considering specific risk while evaluating business or making investment decisions (Trugman, 2002); however, their investigations rarely go beyond qualitative risk analysis. Only a limited number of papers have focused on the quantitative estimation of specific risk premium (Butler, 2008; Shepeleva, 2016). Ordinarily, these specific risks are associated with a company's business (company's size, financial stability, etc.)

This paper is one of the first that investigates specific risk premium on project level. The emphasis is made not only on the estimation itself, but also on the identification of specific risk factors — structure of payments for a project and operating leverage (ratio of fixed and variable costs).

3. Methodology

Basing on the approach suggested in (Okulov, 2017), we suppose that risk avoiding managers do not use the simple NPV– rule $NPV(project) > 0$, they prefer to make an investment decision according to a rule, which compares the threshold values of project investments to the threshold values of alternative investments available to shareholders:

$$VaR_{\alpha}(project) > VaR_{\alpha}(alternative\ investment),$$

where VaR_{α} — the quantile at $(1-\alpha)$ confidence level of the distribution for future returns on investment. Thus, VaR_{α} (value-at-risk) — the minimum return that can be achieved with the probability α .

Corporate finance theory defines an alternative investment for shareholders as purchasing of a diversified market portfolio of securities with the same expected return as the project has. VAR for return of market portfolio at the confidence level $\alpha=0.95$ can be computed according to the well-known formula:

$$VaR_{0.95}(portf) = R_{req} \cdot T - 1.65 \cdot \beta \cdot \sigma_m \cdot \sqrt{T}$$

where R_{req} — required rate of return (the fair rate of return for investment with systematic risk $\beta \cdot \sigma_m$ can be calculated according to CAPM), σ_m — standard deviation for market portfolio return, β — beta-coefficient of portfolio, T — time period of project.

VAR of project is calculated by imitation modeling. Due to its stochastic nature, project revenue is being modeled by a geometric Brownian process. Revenue standard deviation depends on both systematic risk $\beta \cdot \sigma_m$ and specific risk σ_s . Relative level of specific risk is set exogenously: $g = \sigma_s \beta \cdot \sigma_m$.

As a result of multiple simulations we choose a rate of return $IRR(project)$ so that VaR_{α} of project return becomes equal VaR_{α} of return for a diversified market portfolio (without any specific risk) at the confidence level $\alpha=0.95$. Consequently, the specific risk premium equals $\Delta Rs = (project) - R_{req}$.

Various specific factors can be included in a project financial model; hence, specific risk premium for different factor's extent can be computed on the basis of presented model. If the estimated risk premiums vary depending on a factor's extent, it might be concluded that this factor is a source of specific risk.

4. Results

Following the outlined methodology, two potential factors of the specific risk for a 5-year project were considered: 1) structure of payments and 2) operating leverage (the ratio of fixed and variable costs).

For different structures of project payments (uniform, decreasing and triangular structures have been analyzed) the specific risk premiums were practically the same, which means that any correction of the discount rate for structure of payments for a project is unreasonable (Table 1).

Table 1. Specific risk premium at different structure of project payments.

		Uniform structure	Triangular structure	Decreasing structure
Relative level of specific risk	$g = 0.18$	0.3%	0.4%	0.14%
	$g = 0.35$	1.4%	1.6%	1.3%
	$g = 0.53$	3.5%	3.8%	3.3%
	$g = 0.70$	6.3%	7.1%	6.3%

For projects with different degree of operating leverage (DOL) the differences in specific risk premiums can be observed. The results are presented in the Table 2.

Table 2. Specific risk premium at different operating leverage of project.

		High DOL (fixed costs — 75%; variable costs — 25%)	Moderate DOL (fixed costs — 50%; variable costs — 50%)	Low DOL (fixed costs — 25%; variable costs — 75%)
Relative level of specific risk	$g = 0.1$	0.8%	0.1%	0.0%
	$g = 0.2$	3.6%	0.8%	0.4%
	$g = 0.3$	8.1%	2.0%	1.2%
	$g = 0.4$	13.5%	3.8%	2.2%
	$g = 0.5$	20%	6.0%	3.5%

It is known that the degree of operating leverage affects the market risk of the project (Damodaran, 1999). The obtained results allow us to conclude that operating leverage can be considerate as a factor of the specific risk as well.

The estimated markups prove to be comparable with the markups that many companies use intuitively while making investment–decisions.

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‘Interests’ in the Field of Public Private Partnership

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Abstract:

This study examines the attractiveness of the public private partnership policy used to modernise public services. It analyses the interests of the government, private sector, and users in the field of UK school PPP contracts, who use their positions and predispositions and their economic, social and symbolic capitals to generate strategies consistent with their interests in the success of PPP. PPP is particularly attractive to governments who are faced with increasing demands to keep public debt under control. It is argued that the value for money and efficiency arguments (doxa) used to justify PPP mask a number of interests and the governments’ neoliberal ideology, which are not readily apparent in policy documents.

Keywords: interests, private finance initiative, public private partnership, UK.

1. Introduction

This study explains the popularity of the United Kingdom's PPP policy by unmasking interests which are not easily captured in the government's value for money discourse and the voluminous critiques of PPP in the literature.

The PPP policy was formulated during the backdrop of the 1990-1992 recession and officially introduced in 1992 by the UK Conservative government as a means of obtaining much needed private finance to fund public services. Subsequent UK governments have portrayed PPP as a policy that serves the public interest and enables the public sector to obtain better value from taxpayers' money than conventional procurement.

However, a number of studies have found that PPP generally offers poor value for money to the public sector primarily because of the problem of incomplete contracts (Khadaroo, 2008, 2014), flawed value for money analysis (Demirag & Khadaroo, 2008) and the potential of risks reverting back to the public sector (Demirag, Khadaroo, Stapleton, & Stevenson, 2012). Despite these criticisms in the literature, the PPP policy has been embraced by the 1997-2010 Labour government and the Conservative and Liberal coalition government from 2010 to date, although these governments strongly opposed PPP when in opposition.

2. Research methods

This study provides insights into the popularity of the PPP policy by uncovering interests through twenty interviews with participants involved in three UK school PPP contracts. Interviewees from the Department of Education and local education authorities provided insights into the government's interests in school PPP contracts, and explained their accountability to HM Treasury, the schools and the community. The head teachers and deputy head teachers explained why they have embraced PPP and how PPP has changed power relationships in the field. The private sector advisors and contractors were interviewed to gain insights into their capitals and stakes in PPP. Information from secondary sources came from HM Treasury rules and guidance on PPP, the full business cases of the three PPP schools, Public Accounts Committee and National Audit Office reports, and the academic and professional publications on PPP.

3. Findings: Interests in the field of PPP

The field of PPP is animated with players, capitals and interests. The UK government has created the field of PPP to improve public services and keep debt under control in the short term by using private sector financing and to pursue a neoliberal agenda of valorising the expertise of private sector actors. However, PPP has committed future governments and generations to service PPP payments and reconfigured power relationships in the field of public services. The transfer of power to the private sector has weakened the control of local education authorities and schools and has enabled the private sector to dominate the field of public services.

Private financing of public infrastructure projects is appealing to governments during an era of austerity which poses unprecedented challenges when procuring public services. The Conservative government's main argument for introducing the PPP policy was that economic recovery would be sustainable if led by the private sector instead of the over expanding public sector. Subsequent governments have emphasised that PPP enables the public sector to obtain better value for money, achieved through risk transfer and private sector efficiency, than conventional procurement. However, the veil of public interest masks the government's own political interests of downsizing the public sector, reducing public spending in the short term and keeping PPP debts off the public sector's balance sheet. Moreover, PPP commits future generations, which may or may not need the PPP services contracted by the current government, to service PPP debts.

Interviewees from the department of education, local education authorities and schools explained that their 'feel for the PPP game' was the result of perceived shortages in conventional capital funding that hindered the development of cultural capital.

PPP is attractive to local education authorities because it enables them obtain schools from their recurrent revenue funding when no or limited capital funding are available. PPP also enables local education authorities to transfer their maintenance and support staff to the private sector, as both hard and soft facilities management services were transferred to the private sector.

Head teachers were interested in the PPP route because it was a faster means to obtain a new school to discharge their downward accountability to pupils, staff and community – that is, the lack of economic capital to build new schools hindered their ability to create cultural capital.

To make PPP viable to the private sector, projects are often bundled. Bundling of PPP schools also enables the private sector to maximise their return on economic capital through economies of scale. However, these cost saving measures were not necessarily in the best interest of the school because “the facilities manager is not always available on site when the school is part of a bundle.” A head teacher stated that the design of her school was very similar to the design of another school in the same bundle.

Banks imposed restrictions on distribution of income in early years and required contractors to provide covenants and the government to provide guarantees to protect their investments and returns. Safeguarding their economic capital was a key concern to them. Bank financiers had significant control over performance monitoring of equity financiers to protect their investments. Banks were reluctant to exercise their step-in rights to impose sanctions on the equity financiers, because this may signal the market that the project is in trouble and eventually affect the bank’s ability to sell the PPP project.

4. Conclusion

Behind the value for money and private sector efficiency arguments used to justify the adoption of PPP there is a covert struggle for the imposition of the dominant systems of classification in the field of public services. As pointed by the interviewees, the dominant position of the private sector in the provision of public services has the potential to create conflict between those who value cultural capital against those who value economic capital.

The school users and private sector players have mutual interests in making PPP work. They place significant reliance on unwritten rules, with the written rules used as backup when relationship fails. One of the claimed benefits of PPP in education sector was that it would enable teachers to focus more on the creation of cultural capital and less time on administrative matters. However, in practice PPP has created structural changes in the management of the education state, and introduced inflexibility and uncertainties for the school. The head teachers were generally unhappy with the relatively dominant influence of the local education authority and the department of education over PPP matters, and the loss of control of their schools to the private sector.

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The Effectiveness of the Installed Flexibility and the Methods of its Evaluation in the Projects of Public Private Partnership

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Abstract:

The projects of the public private partnership with embedded options are under study in the present paper. It is demonstrated that NPV (net present value) of the project may be significantly increased because of the properly designed options what makes the collaboration with the State much more attractive for private business. It is also remarkable that the sequence of embedded options may substantially enlarge the profitability of the project.

Keywords: *installed flexibility, NPV, real options, situation of uncertainty,*

1. Introduction

The process of public private partnership for its entrants implies realization of two different goals. For the State, first of all, it is the fulfilment of social obligations improving the conditions of life for the wide social groups of population. Moreover, because of the money shortage the State is looking for the possibility to implement corresponding projects for the cheapest price. On the other hand, social obligations of the State may bring to imposing certain restrictions on the possible decisions of the private company concerning its management what may substantially diminish the expected net income. First of all, similar restrictions may concern cash payments of the population with the relatively low level of the income for the services provided by the private company. The contrary private business point of view is based on seeking the highest rate of return for the capital investments. It is reasonable to suppose that such circumstances can lead private company to refusal from cooperation. The idea of public private partnership is to reconcile these opposite interests by making the projects attractive for the both entrants of the bargain.

2. Specification of the Problem

One of the widespread ways of similar cooperation is the creation of concessions. In this case the objects built at the expense of private business are transferred to its management for a certain long-term period. The latter implies receiving the lion's share of profit by the private company during the corresponding period of time. It turns out that the NPV of the project may be substantially increased because of the installation of so-called real option in the text of the contract what makes the business much more attractive for private investor in spite of the restrictions imposing by the State. The installed flexibility in the form of real options gives the possibility of changing to some extent the definite conditions of the contract in the process of its realization. First of all, these changes in the treaty provisions may concern the weakening of restrictions imposed by the State on the activity of private business. For instance, such indulgencies may include some tax breaks for infrastructure projects and some help for the manufacturing sector, including a potential temporary cut in carbon taxes to offset some of the escalating increase in energy prices. In other words, there are a lot of possibilities for the State to attract the attention of private business by a number of tempting proposals in the definite instants of the realization of the project. On the other hand, the State may ask private business about additional investments into the project considering them as a compensation for the made indulgencies. Thus the management of private company may choose the most profitable item among all possible for the given option at the instant of its execution by taking into account the current state of the market. Here it is assumed that the factor of uncertainty is concentrated in the initial stage of the concession management before the execution of the first of options. Later the market stabilizes but nevertheless the quantitative magnitudes of the corresponding parameters remain unknown in advance. In this sense the initial stage of the realization of the project strongly affects the rest of the period of the management. The main feature of similar contracts is that the contract is to be signed here and now while the decision to execute one of the option items described in the agreement depends on the situation at the market some time later. Thus the main problem arising in the process of taking the decision about signing such contract is to evaluate the mathematical expectation of the NPV of the project while taking into account the agreements concerning the embedded options. In the present paper we give the method of such evaluation for the wide class of situations arising in the public private partnership based on the usage of real options. Moreover, we demonstrate that the proper increasing of the sequence of options strongly enlarges the NPV of the project. It seems that Trigeorgis I. (1996) was the first who considered this class of problems by introducing the notion of the expanded NPV (ENPV) which includes also the price of the embedded options. Later Bowe M. and Lee D.L. (2004) and also Chen T. with co-authors (2009) applied the technique of embedded options to the special projects which had arisen in the real world economy. The principle shortcoming of the mentioned approaches is

that they do not take into consideration the influence of the one option's execution on the expediency of executing the others. The approach analogous to our was proposed by Andozskaya N.I. (2014) but only for one option installed in the project.

3. Evidence of the Approach Efficiency

As a subject of concession we take the management of toll highway constructed at the expense of the private company. The State establishes fare within the definite sum of rubles per one trip along the highway. The source of uncertainty is the annual volume of traffic at the initial stage of management process up to the execution of the first of the embedded options. In our study this magnitude x is simulated by means of geometric Brownian motion and follows stochastic differential equation:

$$dx_t = c_t x_t dt + \sigma_t x_t dW_t, (1)$$

where $c_t = c(t, \omega)$ and $\sigma_t = \sigma(t, \omega)$ are the coefficients of drift and volatility, W_t is a standard Wiener process (Oksendal B., 2000). There are two embedded options for execution at the definite instants in the process of management. Both of them imply the existence of three items which exclude each other while one of them is obligatory for execution: 1) The treaty provisions remain unchanged. 2) The fare of the toll highway usage may be enlarged within definite percentage but the private company is to invest additionally in the infrastructure of the project the definite amount of money stipulated in advance. 3) The same fare may be diminished within the stipulated amount but the State pays private company compensation which constitutes the definite sum of cash.

The analysis of the described situation gives us strong evidence that the sequence of properly arranged embedded options may enlarge substantially the NPV of the project what makes the public private partnership much more attractive for private business.

In our research we don't try to present the completed examination of the problem in quest. The main goal of this study is to elaborate the adequate mathematical tool to evaluate the expected profit under condition of flexible management and the presence of uncertainty in the process of executing of the given project. The questions of the optimal duration of the project and the choice of other accompanying parameters is the topic of the future research.

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Regionalization as a Driver of Russia's Integration into the Global Innovation Space

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Abstract:

Mutually beneficial cooperation (inter-country, inter-regional, inter-bloc, inter-continental) in the innovation sphere is the most important factor of development in the context of globalization. The paper aims to analyze the integrative processes in science, technology and innovation in the Post-Soviet, Western and Eastern directions both between individual countries and within the regional blocs, such as the EAEU, EU, APEC, and others. In the paper we try to justify the priorities and perspectives of Russian involvement into world innovation processes with the greater emphasis on new forms of inter-bloc integration instead of traditional regional economic integration.

Keywords: *EAEU, globalization, interbloc cooperation, innovation, regionalization, Russia*

1. Introduction

In the context of globalization, the innovative component of national economies and regional economic integration ensure competitiveness of countries and regions, serves as a guarantor of their sovereignty and independence (McCann and Ortega-Argilés, 2013). Mutually beneficial cooperation (inter-country, inter-regional, inter-bloc, inter-continental) in the innovation sphere is the most important factor of development in the context of globalization. Considering the expansion and deepening of the integration processes in the world, Russia needs to develop a multidimensional international cooperation in the field of science, technology and innovation not only on the post-Soviet space, in particular, within the CIS and other friendly associations, but also with the EU, Asia-Pacific countries, China, India, etc. The shift in directions of Russia's cooperation to the Asia-Pacific region does not mean abandoning traditional promising directions, primarily, with the EU. To date, the EU has created one of the most advanced innovative systems which generates about one third of global scientific knowledge. The common European research space has been created to form the European market of ideas, knowledge, research, and innovation. At the same time, the EU is lagging behind the United States and Japan in a number of positions in the scientific and innovative sphere (Forge et al., 2013), and is in some way interested in building up its potential through cooperation with Russia.

2. Goal of the Research

The paper aims to analyze the integrative processes in science, technology and innovation in the Post-Soviet, Western and Eastern directions. In the paper we try to justify the priorities and perspectives of Russian involvement into world innovation processes and depict potential areas of future research with the greater emphasis on new forms of inter-bloc integration instead of traditional regional economic integration. The results of the study could serve as a basis for further research in the area of Russian scientific and innovative potential and multi-vector cooperation.

3. Theoretical Background

The nature of globalization is closely linked to regionalization. The further development of the world economic system will be determined by the balance between the current trends in progressive globalization of the world economy and the tendencies of regionalization, as a response to the growing tensions between world centers of power. Regionalization is a process of internationalization of public relations at a regional level expressed in the convergence of a number of closely located countries and their possible integration into a separate group (Keating and Loughlin 2013). Regionalization is a trend in the world economy manifested in the desire to create conditions for the formation of economic and political alliances, zones, associations, etc. in various regions at the interstate level on the basis of the international division of labor and the process of all-round strengthening of reproduction process internationalization.

Regionalization assumes formation of a system of contractual obligations by a group of countries with an aim to achieve sustainable, dynamic development and strategically important landmarks in geo-economic partnerships. It is oriented towards the process of convergence (interpenetration) of the economies of involved countries. Thus, globalization and regionalization are opposing, contradictory, but at the same time interconnected and unidirectional phenomena and processes.

4. Conclusions

Under the conditions of anti-Russian sanctions and implementation of a new policy aimed at import substitution, the most important direction will be the activation of innovative processes through the use of own resources, R&D, and technologies to overcome excessive dependence on import of hi-tech products. Though innovation activity in Russia demonstrates a positive trend increasing expenditures on R&D and producing more innovative products, however, to rely on internal resources and internal scientific and technological potential only would be a wrong strategy, since such approach require the most time and energy and will absorb a large number of domestic

resources, which, in the conditions of dynamically changing conditions, will further widen the technological gap between Russia and other countries, leaders of the world economy. In this regard, the most optimal way to develop technologies and products is in partnership with other countries interested in mutually beneficial cooperation in one or the other technological area.

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Attitude to Difficult Life Situations as a Resource of Women-Entrepreneur Coping Behavior

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Abstract:

Relevance of researches of personal features of entrepreneurs increases. Personal features of women-entrepreneur are a new and poorly studied subject in field of psychology. Coping behavior of women-entrepreneur survey can contribute to development of stress resistance ability and also psychological health of women. The conducted research is devoted to studying of women-entrepreneur's coping behavior as a multiple structure. In the research the author's methods offered in order to study coping behavior as a reactions sequence (an interview, case study), also "Coping Inventory for Stressful Situations "(CISS) questionnaire were used. The survey results include descriptions of women-entrepreneur's subjective attitude and understanding of a difficult life situation features; also comparison of coping behavior of women-entrepreneur with women, who are not involved in an entrepreneurial activity were investigated. As a result of the comparative analysis conclusions were drawn on features of coping behavior of women-entrepreneur.

Keywords: *coping behavior, difficult life situation, women-entrepreneur*

1. Introduction

Business is the special kind of activity, demanding speed of reaction in difficult situations. Studying of experience of coping behavior, the people shipped in business can open mechanisms and ways of effective coping behavior in the situations demanding fast decision-making, search of an exit from the current circumstances, in this regard relevance of a research of an entrepreneurial activity increases (Bergis, 2012; Bodolica, 2015; Bajwa, 2017, Zampetakis, 2017). The entrepreneurial activity at the expense of a large amount of responsibility and need to make decisions is stress producing activity. Studying of women-entrepreneur's coping behavior can make a contribution to improvement of their psychological health and also allows more women to participate in entrepreneurship.

2. Materials and methods

We conducted the research devoted to studying women-entrepreneur coping behavior features. 30 women-entrepreneur and 30 women, who are not involved in an entrepreneurial activity, aged from 23 up to 60 years, who lives in various regions of Russia, participated in a research.

The purpose of the research was identification and description women-entrepreneur's coping behavior and perception of difficult life situation features, which are presumably defining coping behavior.

The methods, suggested in research include the techniques developed by author for studying of coping behavior as a multiple process (an interview, case study); also «Coping Inventory for Stressful Situations» (CISS) (Endler N., Parker J. (1994) was used. Features of perception of a difficult life situation (DLS) were revealed by means of an interview. According to a hypothesis of our research, there are differences in coping behavior features of women-entrepreneur and women, not involved in business activities. Analysis of attitude and understanding of difficult life situation was made based on interview results. Differences between DLS attitude for women-entrepreneur and women, not involved in entrepreneurship, were found.

3. Results

Particular results were found in our research.

3.1 Attitude to difficult life situations

During the interview, participants of a research were offered to tell what "difficult life situation" means for them, and by what criterion they can determine that they are in a difficult life situation. The received results were analyzed and generalized on the basis of what it was succeeded to allocate several groups of the definitions possessing similar signs.

In general, women-entrepreneur mark out bigger amount of criteria of DLS, they are more variable in definitions. For women not entrepreneur is more common to give examples of DLS for definition, their definitions are more similar among themselves. Both for women-entrepreneur and for not entrepreneur the most popular criterion of definition of complexity of a situation is "emotional tension, caused by a situation". For women-entrepreneur grate amount of DLS characterizes by need of decision-making and feeling of hopelessness, on the other side, novelty and uncertainty of a situation causes difficulties for not entrepreneurs. At women-entrepreneur research group such groups of definitions as "Subjective difficulty of a situation", "The situation mentioning values", "A situation in which there is an obstacle for implementation of the purpose" were mentioned, which are not allocated at not women-entrepreneur. Not entrepreneurs carry to difficult situations such groups of definitions as "Deterioration in living conditions" and "A situation in which assistance is necessary" which are absent at women-entrepreneur. For entrepreneurs the situations connected with life and health of relatives while at not entrepreneurs quantity difficulty of such situations is comparable to financial difficulties are considered as difficult generally. It is possible to say that at entrepreneurs higher "a threshold through passage" of difficulty: they mean rather desperate

situations and situations which it is impossible to affect by difficult, and for not businessmen difficult just new situation seems.

Thus, entrepreneur have an understanding about DLS as about the situation causing tension of which it is possible to find a way out not at once and which is difficult for controlling which threatens personal wellbeing and complicates activity realization. Based on results, it is possible to state bigger independence of entrepreneurs and their consciousness and self-checking: they speak about the subjective choice which defines difficulty of a situation, thus, extolling will power over a situational factor. They are also more anxious about the personal wellness in consider threat to values and the purposes of a difficult situation. They do not use negative changes and deteriorations in life for definition of DLS, being guided rather by the positive future, than the stable present. They, also, do not consider the need for the help and feeling of loneliness difficulty.

3.2 Women-entrepreneur coping behavior features

According to the data obtained by means of a questionnaire of «Coping Inventory for Stressful Situations» questionnaire, there is a significant difference in grade level of "Emotion-oriented coping" ($U=245$, $p < 0,005$) indicators. Emotional reaction in stressful situations is a lesser extent characteristic of women-entrepreneur. Such distinction can be explained with the fact, that women-entrepreneur, owing to specifics of the activity, more often than then women, who are not carrying on business, face difficult situations, what leads to decrease in sharpness of emotional experience.

In order to study coping behavior process as a multiple structure, the interview including the analysis of concrete situations was conducted. We formed and described the situations, which are traditionally considered as difficult life situations. The participants were offered to listen to the description of a situation and to assume the reaction in each situation, meeting all detail, until the examinee considers this situation resolved. There were 4 situations: extreme situation, situation of the interpersonal relations, professional situation, and situation of the equivalent choice. The reactions described by participants were split to a multiple coping acts – single reaction, a unit of coping behavior. It was revealed that average coping sequence of businessmen consists of five elements, the minimum quantity of acts in the sequence draws up one statement, and maximum – eleven. Significant distinctions in length of the coping sequences of women-entrepreneur and women, who are not involved in an entrepreneurial activity, were not founded.

As a result of the analysis of the data obtained during the interview and case study methods, coping acts were described and classified by two scales. First, reactions of three types were allocated: behavioral ("I solve a problem", "I call the husband"); cognitive ("I analyze a situation", "I understand that it is not doomsday"); emotional (to "cry", "I fall into a stupor"). As the basis of the second classification the scale of the coping strategy offered in R. Lazarus for questionnaire WCQ was used: "Systematic solution" ("I correct an error"), "The request for support to a social environment" ("I will ask for suggestions relatives"), "Positive revaluation" ("not my person means, I will find to myself better"), "Opposition" ("I will make scandal"), "Self-checking" ("I will take a break to consider"), "Self-accusation" ("I will beg for forgiveness"), "Imagination" ("I hope that he will not notice"), "Distancing" ("I will live further"), "Leaving" ("I will go to travel"), where was added the additional class "Emotional reaction" («I will cry").

The majority of women-entrepreneur coping acts falls into behavioral type (56, 23%), as well as for not businessmen (57, 89%). Behavioral acts are physical actions, regardless of their constructability; an orientation and value prevail in coping behavior of women. The cognitive acts of women-entrepreneur's coping behavior making 26,08% of all coping behavior, while at women not entrepreneur's they make only 15, 79% of the general share of coping acts. More than a quarter coping behavior of entrepreneur occurs at the cognitive regulation and at not entrepreneur at emotional. Entrepreneurs are more inclined to cognitive reaction in difficult life situations.

It was revealed that "The systematic solution" is the most expressed the coping strategy both for women-entrepreneur, and for the women, who are not involved in an entrepreneurial activity, that makes 50% of all applied coping strategy for women-entrepreneur, and 52% for the woman, which are not occupied with business. The second on frequency of use both of groups, is "Emotional reaction". The reliable differences in grade level of indicators "Positive revaluation" and "Distancing" are found in women-entrepreneur and in women not entrepreneur at the level $p > 0.05$. The obtained data demonstrate that women-entrepreneur are more inclined to overestimate the experience got in a difficult life situation, to look for positive sides in a situation and will rethink the values.

It is possible to say, that the regular using of cognitive assessment of the situation, and also smaller expressiveness of emotional reaction at women-entrepreneur allows them to better analyze a situation, and on the basis of the analysis to perceive it as solvable, but not desperate or uncontrollable. More positive spirit concerning DLS can explain tendency of women-entrepreneur to look for positive sides in problems, and also to separate from experiences and to perceive them as less significant.

4. Conclusions

On the basis of results of a research it is possible to draw the following conclusions.

1. Forming the definition of difficult life situation, women-entrepreneurs are guided rather by the positive future, than not the stable present. The level of difficulty that situation require to be called "difficult life situation" is higher for women-entrepreneur in comprising with women not entrepreneur. They, also, do not consider the need for the help and feeling of loneliness difficulty.
 2. There are the significant differences in range level of an indicator "Emotion-oriented coping". Women-entrepreneur show lower level of expressiveness of emotional reaction.
 3. Women-entrepreneurs show the bigger amount of "Cognitive" coping acts in sequences in comparison with women not entrepreneur. For women-entrepreneur planning and analyzing situation, as an intellectual regulation is more important, than for women not entrepreneur.
 4. Necessary to say, that in comparison with other women, women-entrepreneur show higher range level of "Positive revaluation" and "Distancing". It is peculiar for women-entrepreneur to think through experience and to find advantages of it, and also to abstract from a situation and to continue to work habitually.
 5. Possibly, orientation to the positive future at understanding of DLS showed by women-entrepreneur allows them to find positive sides in a situation and to perceive it as less significant.
- Current results lead us to conclusion, that there are special features of attitude to difficult life situations, showed by women-entrepreneur. These features might be a predictor for effective coping behavior, what is extremely important for such a stressful activity as entrepreneurship. It is necessary to emphasize, that particular conclusions may be base for practical programs or trainings: changing attitude to difficult situation might help women to improvement theirs coping behavior, deal with stress more efficient and succeed in entrepreneur activity.

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Innovative KM Tools and Methods: The Shift to Managerial Practices

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Abstract:

This paper investigates KM tools and models depending on the certain knowledge domain. This research has been done as part of INNOVARRA project (Innovations in Company Knowledge Management: Typology, Methodology and Recommendations). The links described between knowledge domains, KM methods and tools may help knowledge managers to select an appropriate method/tool either for the whole company or for its certain functional areas. Special focus in the paper is made on a number of management domains: customer knowledge, operations management knowledge and strategic management knowledge.

Keywords: *domain-specific KM, knowledge management, knowledge typology, KM tool.*

1. Introduction

Knowledge management (KM) in different domains may have some specifics. Different universal KM tools may be more suitable for certain subject domain and corresponding knowledge types. Besides every subject domain has its own tools and methods, which supports knowledge capture, codification and transfer. Since there are a lot of universal and domain-specific tools, which support knowledge processes, the question “What methods and tools are the most suitable for KM in a certain domain?” is of interest for business practitioners. Additionally different tools and methods must create synergies, not extra costs. So the issue of correct integration of different tools into a holistic system is also important. All these topics are addressed within INNOVARRA project (Innovations in Company Knowledge Management: Typology, Methodology and Recommendations) (Gavrilova et al, 2015) with a special focus on several domains of a company knowledge: customer knowledge, operations management knowledge, strategic management and organizational development knowledge.

2. Research methodology

This paper summarizes research works, which were carried out within INNOVARRA project. On the one hand the project provides some innovative artifacts (methods, frameworks, classifications), which were produced using design science research methodology, on the other hand, these artifacts were supported by empirical research (surveys, interviews and documents of leading companies in the field of KM).

3. “Universal” KM tools and methods

Identification and systematization of KM methods and tools was carried out on the basis of literature review (Wiig et al, 1997; Young, 2010; UNICEF, 2015), and also through interviews with KM experts (for example, experts from the companies: Gazpromneft, Lukoil, Yandex) and analysis of company documents. These tools are applicable in various domains and for different types of knowledge: for example, communities of practice, library or knowledge base, idea management system, after action review etc. As part of the project we suggested the taxonomy of “universal” KM methods and tools based on the stages of knowledge process (knowledge lifecycle): knowledge capture, codification, distribution, sharing, analysis and evaluation (Kudryavtsev, Menshikova, 2016).

Domain-specific KM methods and tools are applicable for certain domains and types of knowledge.

4. Domain-specific methods and tools for KM

General overview of domain-specific methods and tools for KM was created using structured literature review for several knowledge domains proposed in the generalized (reference) enterprise knowledge map (Kudryavtsev et al, 2017).

Within INNOVARRA project our team studied and developed KM tools for customer knowledge, for operations management knowledge and for strategic management knowledge.

For customer knowledge management (CKM) conceptual framework was suggested (Golovacheva, Smirnova, 2017). The framework provides guidelines on how to choose CKM solutions depending on firms’ strategic objectives and what customer characteristics to consider when working with a particular CKM solution. The proactivity, continuity, embeddedness, and personification dimensions are the building blocks of the framework that influences the choice of CKM solutions, ensuring a balanced approach to combining exploratory and exploitative dimensions of strategy and considering the managerially relevant customer characteristics. The dimensions of CKM can be linked to strategic capabilities level (continuity and proactivity) and CKM content & implementation (personification and embeddedness). Continuity and proactivity dimensions as strategic level capabilities are required to adjust for dynamics in business environment, which ensure that a firm has a dual focus on exploring and exploiting type of knowledge flows, increasing sustainability of the strategy and CKM. Personification and embeddedness are involved in the daily

CKM implementation, and will depend on the balance of offline and online presence, degree of multichannel strategies, and customer characteristics (persuasion knowledge, affiliation/loyalty, innovativeness, and involvement).

Operations management knowledge is processed differently in various disciplines. Information technologies provide knowledge representation methods and intelligent tools for Internet of things and socio-cyber-physical systems; knowledge-based planning systems (Huang, Lin, 2010). Quality and process improvement provide proven tools for managers: 5S for structuring things (including knowledge), knowledge codification within Standardization of work, knowledge structuring using Ishikawa diagram, Quality Function Deployment (QFD), value stream and process maps, knowledge creation and capture using 5 Whys technique and other KM-related techniques embedded in Kanban, Lean etc. (Dyer, Nobeoka, 2000; Liu et al, 2013; NHS III, 2014). As part of the project the methodology of context-oriented knowledge management in production networks was proposed. The methodology is based on the organizational and individual context modelling in production networks at two levels: abstract level of the creation of conceptual description of the task, and operational level of the collection of knowledge related to a particular situation (Smirnov, Sandkuhl, 2015, 2017). The two-level context modelling substantially decreases the decision making time due to revealing and using knowledge that is relevant at the current moment.

Strategic management decision making is significantly influenced by new properties of the world – VUCA (Volatility, Uncertainty, Complexity, Ambiguity) (Bennett, Lemoine, 2014). Such properties undermine standard approaches to strategic planning, which are now relevant only for some conditions. So strategic management needs its own strategy to select the right methods and tools for decision support (Snowden, Boone, 2007; Reeves et al, 2015). Visual strategizing (Eppler, Platts, 2009) enables to deal with many challenges of modern world. As part of the project our team reviewed visual methods for knowledge structuring in strategic management and organizational development (Kudryavtsev et al, 2016; Kudryavtsev, Gavrilova, 2017). Enterprise architecture methods and technologies were also suggested for knowledge structuring in strategic management (Kudryavtsev, Kubelskiy, 2017).

5. Integration of universal and domain-specific methods and tools for KM

Companies have to create an integrated management system, which seamlessly combines all the tools. If tools are used simultaneously and independently, there is a risk of duplication. Seamless integration may require actions along the following dimensions:

1. processes – align procedures for universal and domain-specific tools;
2. information – align structures of documents and electronic forms, glossaries;
3. people – align educational/training programs, motivation systems etc;
4. technologies – embed KM services into existing IT infrastructure.

More specific recommendations will be provided in the paper.

6. Conclusions

The suggested research supports selection of methods and tools for KM in certain domains of a company knowledge: customer knowledge, operations management knowledge, strategic management and organizational development knowledge. The research stimulates cooperation of “universal” and domain-specific tools for KM and suggests recommendations for proper integration of different tools.

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Institutional Development and Entrepreneurship: An Empirical Examination

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Abstract:

This proposal sets up an empirical agenda to examine several widespread and taken-for-granted linkages between indicators of institutional development and levels of entrepreneurial activity. By pooling secondary datasets on institutions and entrepreneurship, we aim to check whether these taken-for-granted relationships hold true across different groups of countries and over time. The findings may have significant implications for institutional engineering and development projects around the world.

Keywords: *entrepreneurship, institutions, institutional development.*

1. Introduction

Currently, the mainstream developmental policies are largely informed and inspired by impressive achievements in new institutional economics (NIE), while developmental organizations such as World Bank (WB) and International Monetary Fund (IMF) increasingly transcribe and promote a certain set of global standard institutions as a necessary infrastructure for economic growth. Entrepreneurship seen as an engine for economic growth (Audretsch, Keilbach, & Lehmann, 2006; Baumol & Strom, 2007; Reynolds, Storey, & Westhead, 1994) is mediating the relationship between institutions and economic growth, whereas our study aims to test the immediate linkage between certain institutions and entrepreneurship.

2. Institutional development and entrepreneurship

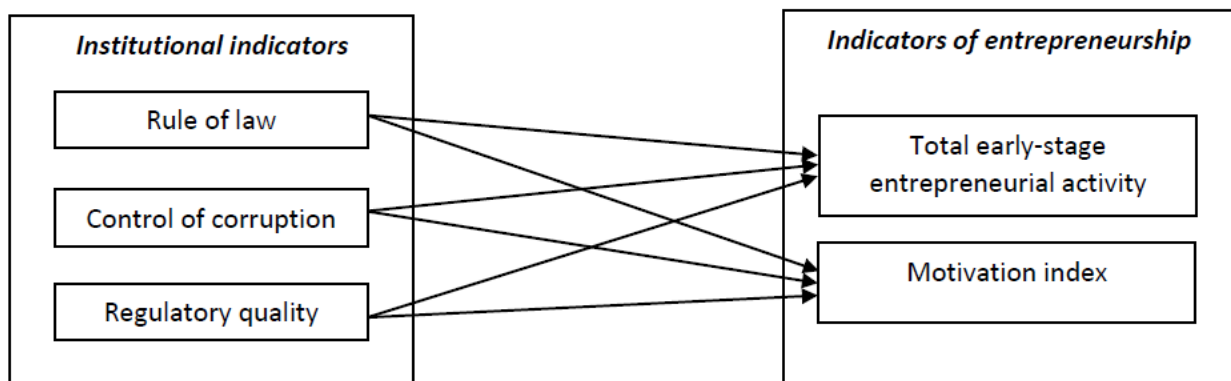
According to Douglas North “*organizations are created with purposive intent in consequence of the opportunity set resulting from the existing set of constraints (institutional ones as well as the traditional ones of economic theory) and in the course of attempts to accomplish their objectives are a major agent of institutional change*” (North, 1990, p. 5). Thus, the two-way linkage between new venture creation (measure of entrepreneurial activity) and institutions has been proposed. Since then, various scholars have tested dozens of relationships between particular institutional factors and some measures of entrepreneurship, but these studies have either been cross-sectional or time-series. While in cross-sectional studies it is not possible to provide a definite answer on the direction of causal relationship, time-series analysis on a particular country is not able to generate any general-level knowledge about the subject matter.

At the moment, few nation-level studies has shown that developmental policies imposed on some developing countries fail to achieve their intended goals (Andrews, 2013; McMullen, Bagby, & Palich, 2008; Stone, 2008).

3. The model and Hypotheses

The current study examines the relationship between development of three sets of formal (regulative) institutions and levels of entrepreneurship over time. Although we admit that informal institutions might play no lesser role for the development of entrepreneurship, we focus on formal institutions as they can be much easier controlled and managed by policy-makers. On the figure below (Figure 1) indicators of *rule of law*, *control of corruption* and *regulatory quality* from The Worldwide Governance Indicators represent respectively legal, political and economic institutions as our independent variables. On the right hand side our dependent variable related to entrepreneurship is operationalized in two ways, namely as *total early-stage entrepreneurial activity* and *motivation index* from The Global Entrepreneurship Monitor (Global Entrepreneurship Research Association, 2017).

Figure 1. An empirical model



The following hypotheses were formulated:

H1a: The higher the level of rule of law in a country, the higher the level of entrepreneurial activity.

H1b: The higher the level of rule of law in a country, the higher the proportion of high-expectation entrepreneurial activity in overall entrepreneurial activity.

H2a: The higher the level of control of corruption in a country, the higher the level of entrepreneurial activity.

H2b: The higher the level of control of corruption in a country, the higher the proportion of high-expectation entrepreneurial activity in overall entrepreneurial activity.

H3a: The higher the level of regulatory quality in a country, the higher the level of entrepreneurial activity.

H3b: The higher the level of regulatory quality in a country, the higher the proportion of high-expectation entrepreneurial activity in overall entrepreneurial activity.

4. Data and method

For the purpose of conducting our empirical investigation two public datasets, namely The Worldwide Governance Indicators and The Global Entrepreneurship Monitor, are utilized. The former one is used to provide us with several independent variables related to institutions. In particular, institutional environment composed of economic, political, and legal intuitions is operationalized through respective proxies of *regulatory quality*, *control of corruption* and *rule of law*. The dependent variable indicating the level of entrepreneurship in a country that is operationalized by two measures: *total early-stage entrepreneurial activity* (TEA) and *motivation index* (MI) is taken from the Global Entrepreneurship Monitor. The inclusion of these two operationalization of our dependent variable allows for making separate inferences regarding quantity and quality of entrepreneurship in a particular country.

Our combined dataset represents an unbalanced panel data of 41 countries over the period from 2007 to 2015. The presence of autocorrelation within panels and heteroscedasticity across panels led to the use of generalized least squares (GLS) procedure, where GLS provides the most robust and reliable estimates on the panel data regression. The Hausman test indicates that fixed effects are sufficiently precise and appropriate for the specified model.

5. Preliminary results and conclusions

The preliminary results (Table 1) shows the first specification of the model where TEA is taken as our dependent variable. Further modeling will include several control variables (GDP per capita) as well as our second dependent variable (*motivation index*).

Table 1. Results of GLS fixed effect panel regression – dependent variable TEA

	Coefficient (P > t)	Standard error	t-statistics
Rule of law	-2.599554 (0.147)	1.788507	-1.45
Control of corruption	0.12331 (0.000)	2.017061	5.02
Regulatory quality	-.8045453 (0.573)	1.427448	-0.56
Constant	6.132546 (0.000)	1.44835	4.23
<i>Overall R²</i>	<i>0.3258</i>		
<i>F (3, 281)</i>	<i>8.62</i>		
<i>Prob > F</i>	<i>0.000</i>		

Notes: Number of countries = 41; Number of periods = 9; Total number of observations = 325

According to our preliminary results, the only significant independent variable is control of corruption, while the direction of this relationship is opposite to what we had hypothesized. Possible explanations and discussion on this and other results will be provided in a full paper format.

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Mediation Nowadays: an Effective Tool of Professional Communication

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Abstract:

The article presents a research into oral mediation of complex abstract texts by means of one language without translating into a second language. The research examines the hypothesis that the success of the communicative task achievement depends on the number of mediation strategies involved and the right choice of the major strategy. To set the background for the research, a brief historical review of mediation is provided; the research methods, results and implications are described. The primary focus is on the social importance of mediation for educational institutions.

Keywords: *assessment criteria, CEFR, mediation, oral tests, tertiary education*

1. Mediation and its Importance

Professional communication at university is challenged by the ever growing diversity of social, cultural and age groups, thus making the problem of understanding between institution members acute and serious. As a solution, mediation strategies (or techniques which we use to clarify meaning and facilitate understanding) can be used routinely to advance understanding between teaching staff and students and within these groups.

Mediation, according to *the Common European Framework of Reference for Languages (CEFR)*, is a kind of activity in which a mediator “is acting as a channel of communication (often, but not necessarily, in different languages) between two or more persons who for one reason or another cannot communicate directly” (2001: 57). For quite a long period of time a mediator was viewed solely as a medium for transmitting information from one interlocutor to another, e.g. spoken interpretation or written translation. However, quite recently the mediation concept has been extended, and now it involves a broader spectrum of activities, such as shuttling between people and trying to bring them together.

The need for a focus on mediation in its wider meaning was brought about by the fact that politically and socially we live in a miscellaneous world of sub-cultures and separatist movements which fail to interact successfully quite often. In a situation like this, mediation strategies may keep open the channels of communication between groups which share some common interests but are experiencing problems in collaboration with each other because of different reasons.

Even though the practice of mediation in a broad sense is becoming a reality right now, its essentials were described by Vygotsky almost a hundred years ago. According to Vygotsky (1934), new knowledge is being acquired by individuals through mediation of social concepts. Moreover, for Vygotsky mediation is a tool of creating new knowledge. This idea is developed by North, who argues that language is not used just to transmit knowledge or enable communication, but also to construct meanings (2016). Coste and Cavalli (2015) elaborate the idea for educational purposes and differentiate the relational and cognitive mediation, thus adapting mediation to learning context.

2. Purpose of the Research

The aim of the research was to identify the criteria of effective mediation. The hypothesis was that in case of mediating a complex abstract notion, the more mediation strategies are employed, the better. That is, if we use a vast array of mediator’s skills to clarify the meaning of a sophisticated issue, we achieve the best results. The research is centred around mediating the meaning of a complex abstract text by means of one language without translating. The language proficiency level of the respondents varied from B2+ to C2 (CEFR) and the working language was English.

3. Research Methods

The way someone communicates the message of a complex text may reveal the level of their language proficiency and their skills as mediators. The respondents’ mediator skills were mapped onto the descriptors list that was written for the higher CEFR levels at the first stage of the research. In order to test the hypothesis of the research, the evidence on how descriptors work at different levels was collected and analyzed (e.g. adding redundancy, exemplifying, adding detail, modifying style and register, exploiting metaphors).

In terms of the procedure and methods, the research involved intuitive methods in identifying descriptors; designing the specification model for oral tasks and the assessment scale; oral tasks completion and recording the performances; assessing the performances using different assessment scales and analyzing the results. Descriptive methods were used for scales and tasks analysis. Raters’ intra- and inter-correlations were estimated and the required statistics collected.

4. Major Results

The conclusion was made that the efficiency of mediation depends on the number of strategies used to communicate the message. Also the right choice of the major strategy is important. These

strategies include summarizing, paraphrasing texts, adjusting language, elaborating, condensing, simplifying the message of the text or illustrating it with a metaphor or providing examples, etc. The scale of the cognitive mediation skills was compiled and related to the tips on how to teach cognitive mediation.

The research revealed that the mediation process should be preceded by creating a pluricultural space and the mediator must be ready to deal with delicate situations and disagreements.

5. Implications

One may argue that the major factor contributing to successful professional communication is the mutual will to understand each other. However, we believe, that a favourable linguistic milieu can form a good platform for the further collaborative efforts.

How to build this milieu? We can do this the same way we teach children the rules of behaviour, providing them with samples of polite language, or as we teach students how to conduct an academic discussion by using certain communicative strategies and language functions. In both cases, language as a locomotive of a certain behaviour patterns comes first. Then, having acquired the necessary language, students are gradually mastering the desired social norms. To sum it up, the mediation strategies and language patterns should be integrated into curriculum and become a norm of professional communication, thus creating the aforementioned milieu.

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Knowledge Management Practices as a Source of Absorptive Capacity of Emerging Market Firms: Evidence from Russia

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Abstract:

In this paper we investigate knowledge management (KM) practices as a source of absorptive capacity (AC) and discuss its connection to organizational performance. We study the intentional KM practices, and build theoretical framework showing how particular KM practices increase AC through a group of antecedents, influencing organizational performance. Based on the sample of 94 companies operating in Russia, our findings reveal KM practices connected with learning mechanisms and work organization being associated with higher potential AC; and realized AC being conditioned with the practices related to information technologies, training and development, learning mechanisms and work organization.

Keywords: *absorptive capacity, emerging markets, knowledge management, Russia*

1. Purpose

This paper is aimed to fill gaps in theoretical framework of AC concept, which are the general lack of research on how certain managerial actions influence AC (Lane et al., 2006; Volberda et al., 2010), limited knowledge of routines able to enhance AC (Lewin et al., 2011), insufficient scrutiny of AC influence on general and financial firm performance instead of innovative one (Kostopoulos et al., 2011) and lack of evidence from emerging markets (Liao, Welsch, & Stoica, 2003).

We introduce KM practices to explain different side of AC development. We seek to find how application of these practices affects company's financial performance, mediated by AC. The aim of the research is to answer the following research questions: how specific KM practices influence particular dimensions of AC and whether AC serves as a mediator in the relationship between KM practices and organizational performance.

2. Methodology

We provide the integrative models of AC antecedents and KM practices, both being adopted from earlier researches (Inkinen et al., 2015; Volberda et al., 2010) and modified for our research purposes. We develop theoretically and test empirically connection between KM practices and AC, supposing that KM practices might influence the antecedents of AC and AC subsequently.

For the purpose of studying KM practices as a source of AC development and exploring AC's role in relationship between KM practices and organizational performance, we conduct an explanatory cross-sectional research using online questionnaires, which was responded by 94 companies.

The analysis of the responses is conducted quantitatively deploying IBM SPSS and Amos. We conduct hierarchical linear regression along with structural equation modelling and bootstrapping.

3. Major results

3.1. KM practices and potential AC

KM practices connected with learning mechanisms and work organization have proved to be positively related to potential AC, while assumption about training and development and IT-related practices' influence on it was not supported by statistical tests. These relationships were explained: we suggested that through elaboration of more effective learning mechanisms a firm also develops the ability to acquire and assimilate knowledge (Bosch, Jansen, Van Den Bosch, & Volberda, 2005). Moreover, we assumed that involvement of employees in decision-making as part of work organization practices increases potential AC and is proved to be one of the antecedents of it (Bosch et al., 2005). As for talent and development and IT-related practices, we found that the possible explanation behind the absence of the effect might be presence of nonlinear relationship between them rather than linear one.

3.2. KM practices and realized AC

All sets of KM practices, including learning mechanisms, work organization, training and development and IT-related practices turned out to have statistically significant influence on companies' realized AC. Again, we provided explanations for these results. IT practices are able to create a common ground for intraorganizational interaction, bridging different organizational units and thereby building better degree of socialization crucial for realized AC (Bosch et al., 2005); enhance expertise of the employees allowing them to better transform knowledge they possess. Work design determined with work organization practices enables more efficient knowledge transformation, increases understanding of business situation and thus enhances one's ability to determine the gaps to be fulfilled and to subsequently fulfill them. We also suggested that experience of dealing with knowledge in general that enhances the ability to transform knowledge is obtained within learning mechanisms practices. Finally, we assumed that receiving adequate training and development increases one's ability to transform existing knowledge and connect it with the new one, which leads to higher realized AC.

3.3. Influence of KM practices on organizational outcomes through AC

We concluded that there was no evidence that AC mediates the relationship between KM practices and organizational performance within the current sample. We came up with three possible explanations: the first one concerns our desire to switch measurement subject to overall organizational performance rather than innovative performance alone. The second reason relates to diversity of industries companies from our sample belong to. Finally, the absence of proposed relationship may be caused by time lag between innovative performance and financial performance, which was impossible to capture in this study, being not longitude in nature.

4. Implications

Our study contributes to KM and AC literature, as well as research on factors influencing organizational performance. We developed the theoretical framework on the linkage between specific KM practices and particular dimensions of AC enriching the existing model of AC antecedents (Volberda et al., 2010). Moreover, we bridged definition of the KM practices suggested by Andreeva and Kianto (2012) with certain managerial practices (Gold & Malhotra, 2001; Husted & Michailova, 2002), revealing tight connection of some of them with KM. Additionally, we justified the benefits of classification of KM practices introduced by Inkinen et al. (2015), contributing to this work by proving that it comprises all relevant elements investigated in previous researches. Our study expands existing research on influence AC has over firm performance (Kostopoulos et al., 2011). creating the field for further research, where limitations of this study would be taken into account and mitigated. Finally, our study results in several implications that may be adopted in managerial practice.

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From Brain Drain to Brain Gain: Exploring the Role of Global Talent Management in Emerging Market Multinationals

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Abstract:

To provide a better understanding of the issues connected to demand-supply gap of talent, and rise of emerging economies and international mobility this qualitative study aims at systematically reviewing current theories and studies in the global talent management, absorptive capacity and global mobility fields where Latin American, Russian, Indian and Chinese firms are analyzed. The authors determine the main causes of the so-called brain circulation, their effect on the organizational and national absorptive capacity levels as well as talent management practices implemented within these emerging market corporations.

Keywords: *emerging markets, global talent management, global talent mobility*

1. Research problem

Due to globalization, recent economic downturn, demographic shifts, intense competition, large international wage gaps, increasingly global economic systems and climate change (Clemens, Montenegro, & Pritchett, 2008), firms inevitably face challenges connected to the demand-supply gap of talent, the need for global integration of processes and systems, shifting demographics and rise of emerging economies and international mobility (e.g. Collings, 2014). The latter alone has brought about dramatic changes to national and social contexts during the past decades that global talent management (GTM) has not been immune to. Most scholars agree that a fundamental understanding of an organization's efforts to attract, select, develop and retain talent can be reached only by developing an interdisciplinary approach to the study of GTM, the main aim of which is to develop a differentiated HR architecture that will facilitate the systematic identification and filling up of key positions with high-performing incumbents to achieve sustainable competitive advantage in a competitive global environment. The ability to produce a critical mass of human talent is essential to sustaining a country's competitiveness as well. "Nation-states no longer have exclusive claim to people who were born, raised and/or educated within their national boundaries" (Tung, 2008, p. 299) therefore attracting, developing and retaining highly-skilled human talent is of utmost importance for both developed and developing countries, but it is particularly relevant for emerging regions worldwide (Chaloff & Lemaitre, 2009). Knowledge is embedded in people, not organizations or country, which makes the question of how to globally manage the human capital and knowledge flows to be of both practical and theoretical significance.

2. Emerging market context

The brain circulation process is not as straightforward as it may seem especially when considering the emerging market context (EM). On the one hand, EMs are at a disadvantage – such countries are losing their most promising human capital to developed countries and at the same time they are forced to select from a smaller talent pool. A major case of the brain drain occurs when talented young people from EM countries decide not to return home after their studies and/or gaining work experience abroad. This mass departure of highly skilled human capital can lead to a serious issue – such countries could become less attractive to MNCs from the investment standpoint. On the other hand, recent changes in the political and economic systems among EMs have contributed to substantial growth and development in many of these countries. EMs have been viewed by many European companies as attractive for low-cost manufacturing, opportunities for new market development, and targets for M&A activities (Kearney, 2003). Papademetriou and Sumption (2013) state that emerging economies have been quite successful in identifying, attracting and retaining internationally mobile foreign professionals with "the skills that will help to build new infrastructure and seed high skill-intensive industries" (p. 3) and they have been active in their attempts to develop human capital by "pulling" back highly skilled members of their Diasporas. As a result, though countries with a human development index (HDI) are expected to experience more brain gain, while medium HDI countries – to suffer more brain drain (Tung & Lazarova, 2006), the situation might change significantly in the future if the EMs play their cards right.

3. Research objectives and methodological approach

According to literature, there is little theoretical and empirical guidance on how to maximize the integration of global mobility and GTM, human capital management and absorptive capacity (AC) – the capacity of a firm to value, assimilate and apply, for commercial ends, knowledge from external sources – and how to increase the contribution of TM to organizational and national performance via AC. To deepen our current knowledge of how such managerial practices drive EMs we aim at investigating the dynamics of brain circulation in an EM context, its influence on the relationship between GTM, AC and performance. To provide understanding of AC through the TM lens we review current theories in the GTM, AC and global mobility fields where Latin American, Russian,

Indian and Chinese firms are analyzed; we determine the main causes of talent circulation (i.e. push / pull factors), their effect on the organizational and national AC levels as well as TM practices implemented within these EM corporations. To produce our research we apply a qualitative approach.

4. Findings

We analyze existing literature taking into account the Latin American, Russian, Indian and Chinese contexts and find the following: international workers and “gurus” produce substantially more research than similar-skilled return migrants and non-migrants due to their unique experiences that create tacit forms of knowledge which are strategically valuable and irreplaceable to the company (Morris, Snell, & Björkman 2016); therefore, they increase the levels of potential and realized AC. However, talented workers are versatile in their expertise and attracting them leads to high transaction costs for EM companies; nevertheless, this variety and heterogeneity in talent are more likely to generate new knowledge necessary for increased performance. The main factors that “push” talent out of an EM company for new opportunities in developed countries are the following: low salaries, poorly funded scientific laboratories and the low success rate of grant funding requests, lack of career related opportunities (as a mean of leveraging internal knowledge and innovation), inadequate compensation from organization and social support, outdated infrastructure, perception of personal and job security, discriminative policies. The main pull factors are high returns on one’s own human capital investments, personal and professional growth opportunities, dynamic transformative environments, presence of critical masses of other talented professionals, synergetic work environments, high quality of life, acceptance and respect for diversity of language, ethnicity, culture, and religion, transparent economic policies and governmental programs and incentives (appropriate immigration package, infrastructure development, research investment, education, and workforce training), recognition of international qualifications, and opportunities for family (re)unification.

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Innovative Entrepreneurship in Russian Resource-Rich Regions: Challenges and Outcomes

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Abstract:

The paper investigates challenges faced by entrepreneurs of Kemerovo region and Krasnoyarsk region acting outside of privileged «resource sector» bell jar as well as the possible strategies of their behavior. The residents of the «developmental institutions» as potential productive entrepreneurs are the subject of special analysis in the paper. The authors use such methods as questionnaire survey and statistical analysis of its results. Fulfilled analysis showed that productive entrepreneurs behaved simultaneously as institutional entrepreneurs using individual political resource to create «market» rules of game for themselves and other participants.

Keywords: *emerging markets, enclave dual economy, individual political resource, productive and rent-seeking entrepreneurship, questionnaire survey, resource-rich regions, statistical analysis*

1. Introduction

Nowadays sharp distinction is displayed between limitations and utility functions of entrepreneurs in emerging markets countries and classical model of entrepreneurial behavior. At the present one should pay special attention to the problem of entrepreneurship development in Russian resource-rich regions that represented primarily with enclave dual economy (Stiglitz, 2002). The subject of the study within this paper is challenges faced by entrepreneurs of Kemerovo region and Krasnoyarsk region acting outside of privileged "resource sector" bell jar and possible strategies of their behavior. The authors focus on the possibilities and specifics of productive entrepreneurship development in the context of enclave dual economy as a variant of the emerging markets economy.

2. Rent-Seeking Entrepreneurship and Institutional Entrepreneurship in Countries with Emerging Markets

The authors use the following theoretical approaches to fulfill analysis of productive entrepreneurship development problems in Russian resource-rich regions.

Firstly, W. Baumol conception, who mentioned the fact that various types of institutional environment created incentives for entrepreneurs to be engaged in different types of activities: productive, rent-seeking, destructive (Baumol, 1990). He showed that there were possibilities to develop rent-seeking and destructive entrepreneurship.

Obviously, institutional conditions of Russia created vast opportunities for destructive entrepreneurship development. In particular, in his book V. Volkov characterized "violent entrepreneurship" as a form of destructive entrepreneurship as well as demonstrated its destructive impact on the Russian economy development in the 1990-s (Volkov, 2002). One can say that rent-seeking entrepreneurship is widespread in Russia in even greater scale (Kosals, 2006). It seems that W. Baumol associated the opportunities for productive entrepreneurship development with the institutions configurations that had been created in developed market economy countries, within which the predominant form of entrepreneurial activity was Schumpeterian entrepreneurship as a process of creative destruction. From our point of view, there are opportunities for productive entrepreneurship development in emerging markets countries, as well as in Russia, however it takes specific forms.

Second significant theoretical concept the authors use in the paper is the model of institutional entrepreneurship. According to this concept, institutional entrepreneurs are entrepreneurs who play not only the role of Schumpeterian entrepreneurs, but also promote market institutions in the process of their activity (Daokui Li et al., 2006). Institutional entrepreneurs should have skills of Schumpeterian entrepreneurs, but also they should have skills to interact with public officials and to handle with public opinion. Differences between the concept and traditional approaches are in assessing the role of individual political resource. In traditional approaches it is used for rent-seeking entrepreneurship that is to find new combinations of official privileges. According to the model of institutional entrepreneurship special attention is paid to the fact that individual political resource can be used in alternative way, i.e. to be not only basis for rent-seeking activity, but keystone for productive entrepreneurship in emerging markets countries.

The authors focus on the possibilities and specifics of productive entrepreneurship development in the context of enclave dual economy as a variant of emerging markets economy, so the subject of special study are behavior models of «developmental institutions» residents in Kemerovo region and Krasnoyarsk region, i.e. entrepreneurs oriented to "innovative" activity, who are the embodiment of Schumpeterian entrepreneurship in the current conditions. According to this fact one can expect that actors focused on productive entrepreneurship will concentrate in «developmental institutions» residents.

3. Data and sample

The source of the data is questionnaire survey of «developmental institutions» residents functioning in selected regions: "Kuzbass Technopark" and "Krasnoyarsk Regional Innovative Technology Business Incubator". Firstly, «developmental institutions» residents may act as potential Schumpeterian entrepreneurs focused on innovative projects implementation. Secondly, «developmental institutions» are sites that provide direct interaction between entrepreneurs and public officials in economic development projects implementation of resource- rich regions. Identification of productive and rent-seeking entrepreneurs as well as possible channels of their interaction with public officials was direct task of the questionnaire survey.

There were received 14 questionnaires from residents of "Kuzbass Technopark" (overall 40 residents) and 21 questionnaires from residents of "Krasnoyarsk Regional Innovative Technology Business Incubator" (overall 70 residents).

4. Empirical results and conclusions

The results of the questionnaire survey were processed using statistical analysis methods. Integrated assessment of the expression degree of productive or rent-seeking behavior for each entrepreneur was calculated. This indicator was a polar scale. The maximum value corresponded to the ideal first type, and the minimum value corresponded to the ideal third type. The range of changes in the values of this scale was divided into three levels corresponding to the following types:

1. Productive type.
2. Mixed type.
3. Rent-seeking type.

The fulfilled analysis showed that productive type entrepreneurs faced with a large number of challenges and were forced to find ways to overcome them. According to this fact they used actively individual political resource. To assess its contribution to solve such problems as administrative barriers, access to infrastructure, lack of large companies and monopolies demand for innovative products, the following results were obtained.

The majority of the first type entrepreneurs chose individual interaction with authorities (84.7%), while the majority of the third type entrepreneurs did not use this mechanism to solve problems (78.9%).

Correlation analysis showed that there were statistically significant links between integrated assessment of entrepreneur type expression degree and his/her assessment of importance to establish and maintain political connections to do business and to ensure its further successful development. First type entrepreneurs more highly appreciated the importance of establishing links with the following actors: representatives of local authorities ($r = 0,57$); participants of expert councils under the region / city authorities ($r = 0,54$); representatives of advisory bodies preparing / making decisions about conditions of doing business in region ($r = 0,51$); representatives of entrepreneurs industrial associations ($r = 0,45$); representatives of regional authorities ($r = 0,44$). In this case, we are talking about accumulation and using of political resource embodied in the relations with representatives of "power vertical" and its affiliated persons.

Obtained results correspond with the conclusions of institutional entrepreneurship concept. Productive entrepreneurs of Kemerovo region and Krasnoyarsk region acting outside of privileged "resource sector" bell jar faced with a range of problems similar to those faced by Chinese entrepreneurs and entrepreneurs from other emerging markets countries whose practices are reflected in the institutional entrepreneurship model. Productive entrepreneurs should act simultaneously as institutional entrepreneurs who create "market type" rules of game for themselves and other participants. Thus, institutional entrepreneurship is a specific form of productive entrepreneurship for the countries and regions with emerging markets conditions.

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Reverse Logistics Aspects in Efficient Inventory Management

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Abstract:

The paper present preliminary results of work in progress devoted to the investigation of reverse logistics influence on the inventory management. The research question is more practical than theoretical as many companies are using such practices as redistribution or reverse delivery to minimize holding costs, but the theory is dealing with the problem of efficient order policy. Traditional theory is based on the reordering point approach that takes into account amount of incoming goods, but there is a need to take into account the opportunity to send extra amounts to other subsidiaries or recycle materials if possible.

Keywords: *inventory management, Metso, reverse logistics*

1. Research goal

The goal of the paper is to investigate the effect of reverse logistics policy on the inventory management in the companies. The proposed goal raises several research questions:

- What are the current theoretical approaches that lie at the basis of reverse logistics?
- What are the modern trends in the inventory management both in theory and practice?
- How two theoretical concepts could add together to help practitioners to minimize costs and inventories?

2. Theoretical background

The idea of this research is closely connected to the sustainable development and green economics concepts that have been growing in the past two decades in a myriad of different fields. As such, there has been a great deal of research performed in the fields connected with supply chains and logistics. Also there is a trend of operationalization of such ideas and creating practical oriented instruments. One of the crucial ideas are based on the closed-loop supply chain management that is defined as the design, control and operation of a system to maximize value creation over the entire life cycle of a product with dynamic recovery of value from different types and volumes of returns over time (Guide et al, 2003). The following activities are taking place in CLSCM: collection, inspection/separation, re-processing, disposal and re-distribution (Krikke et al, 2003). As we can re-distribution is a part of this concept and it is also influence in the inventory and order management. Another concept of Reverse Logistics (RL) is the opposite of traditional or forward logistics (Beamon, 1999). Dowlatshahi (2000) and Carter and Ellram (1998) define reverse logistics as a process where a manufacturer accepts previously shipped products from the point for consumption for possible recycling and re-manufacturing. Such movement of goods also should be the responsibility of supply chain departments. The approaches of Waste Management are also deals with inventories and falls on the shoulders of the supply chain department and inventory management. The recycle and re- use waste management programs focuses on management of waste after it has been created. On the other hand Source Reduction focuses on the prevention or the reduction of wastage during production rather than managing it after it has been generated with the aim of efficiently utilizing resources by examining how business is conducted, how materials are used, and what products are purchased.

A deterministic EOQ-type inventory model for repairable items was first offered by Schrady (1967) and is widely used in our days. This model is implemented in most inventory control software products. Model of Nahmias and Rivera (1979) was the second lot sizing model. That has been extended by finite repair rate as the repair process needs time. Some additional modifications was offered by Lukinsky (2008). As we can see the development of theoretical background on the instrumental level is also quite prolific.

Real cases of companies also demonstrate the urgent relevance of reverse flow management. Price Water House Coopers in 2008 prepared the guideline “How to realise an agile and efficient reverse chain within the Consumer Electronics industry” where covered aspect of efficient inventory control, tax problems dealing with reverse flows and many operations decisions. Their main conclusion was: “operational as well as tax & financial considerations must form an integral part of the reverse chain strategy to realise a “best practice” reverse chain” (PWC, 2008).

3. Methodology

In the paper we use empirical case of Metso - world leading industrial company serving the mining, aggregates, recycling, pulp and paper industries operating in more than 50 countries. Its products range from mining and aggregates processing equipment and systems to industrial valves and controls. They have developed one of the industry's most advanced solutions range, including equipment and complete systems and services for handling virtually every type of waste and scrap metal. On top of this, Metso has strong know-how and offerings for companies dealing with asphalt,

construction and demolition waste recycling and incarnates everything first and foremost inside the company. Metso has outstanding standards in inventory control and supply chain management with global databases and professional software instruments.

We use real data about inventory levels of the company and analyze their activity in reverse logistics in order to find adequate parameters of implemented solutions in order to formulate the constraints for a suitable formula and specify the statement of the problem in a descriptive form. Our main scope is service inventory, spare and wears parts for aftermarket sales.

4. Results

As a result of deep analysis of Metso inventory management approach based on closed loop supply chain concept we can divide a range of implemented practices:

- Efficient ordering policy
- Re-distribution activity
- Recycling actions
- Reverse flow of products

The efficient ordering policy is based on the traditional model but is controlled by the vertically integrated global supply chain department. As Metso Company uses make to stock, make to order, assemble to order and engineer to order policies in the production and supply chain, they use different approaches. In the situation of “make to stock” production the decision about deliverance is based on the forecast created by global inventory team. In the case of “make to order” and “engineer to order” the decision is triggered by the final customer order. The reverse flow here can appear after any changes in customer order as Metso gets all risks in case of quality problems. As the company operates in more than 50 countries the re-distribution activity is efficient option to maximize the circulation of inventory. If there is a demand for some product in any location the first “market” for the distributor is other distribution centers. The global inventory team is responsible for the efficient re-distribution management. Recycling measures are undertaken if there is no potential demand for some product in the near future and holding costs are critical, so the company recycles excess spare parts, fixes loses for holding and returns value in the form of raw materials. And the last but not the least activity for Metso is reverse flow management that is controlled by local distribution networks. Statistics of inventory turnover with the understanding of real decisions undertaken by global inventory team helped us to understand some parameters that should be taken into account in the inventory management calculations: Accumulated storage cost limit; Restriction on effective re-distribution, determined by the distance and the cost of transportation and Limitations of inventory accounting of local distribution network.

Managerial implication of the results can increase the effectiveness of the inventory management system of Metso Company and minimize holding costs and optimize ordering strategy.

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Predicting the Level of Accrual-Based and Real Earnings Management of Russian and Chinese Companies

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Abstract:

The purpose of the paper is to elaborate a model to forecast a particular type of earnings management by companies: upward earnings management, downward earnings management or the absence of significant manipulation. Both accrual-based and real earnings management are considered. The sample analyzed in the current paper comprises 664 Russian and 2,380 Chinese public companies for the period 2009-2014. Regression analysis and classification and regression tree modelling (CART) methods were used. The paper outlines the main conditions under which a particular type of earnings management is expected to take place in a company in the accounting period following the current one.

Keywords: *decision tree, earnings management, earnings manipulation, prediction*

1. Theoretical Underpinnings of Research

Earnings management (manipulation) is a field of study that receives nowadays a considerable amount of attention among scientists and business practitioners. Earnings management in companies encompasses “a purposeful intervention in the external financial reporting process, with the intent of obtaining some private gain” (Schipper, 1989, p. 92). In other words, companies may use different instruments in order to adjust their earnings in the necessary direction. Earnings management can be both legal and illegal. Notorious corporate scandals connected with large US and European companies at the beginning of 2000s are generally attributed to illegal earnings management (Tsai and Chiou, 2009). Nevertheless, the main subject of scientific research within accounting and corporate finance literature is legal earnings management.

There are two main types of legal earnings management: accrual-based and real (Schipper, 1989; Healy and Wahlen, 1999; Zang, 2012). Accrual-based earnings management implies that a company uses only accounting methods to influence its earnings, while real earnings management involves specific transactions conducted by a company.

The peculiarity of the existing research on earnings management is that it mostly focuses on historical data and consequently reveals factors that are somehow correlated with earnings manipulations. However, in order to gain a more thorough understanding of the earnings management process, it is equally important to be able to forecast the level of a company’s earnings manipulation, i.e. to identify factors that influence a company’s intention to manage earnings in the future. Given the scale of the potential negative consequences of earnings management for a company’s shareholders, this task also has significant practical importance. However, there is little research proposing specific models for forecasting the level of earnings manipulation of a company, with papers only starting to appear (e.g. Tsai and Chiou, 2009; Etemadi and Moghadam, 2014).

The purpose of the current study is to develop a model to identify factors that will determine a particular earnings management behavior in the future: upward earnings management, downward earnings management or the absence of significant manipulation. The study considers both accrual-based and real earnings management. The model is tested on the data of two BRICS countries: Russia and China. Methods of regression analysis and CART are used.

The choice of the Chinese market as a base for comparison with Russian companies was made for several reasons. Firstly, Russian-Chinese relationships have been attracting attention in recent years, especially from the business perspective. This phenomenon has given rise to many research studies, primarily of an empirical nature, with attempts to compare the two countries from different perspectives. Secondly, several institutional and macroeconomic factors make Russia and China reasonably comparable, another reason for considering these countries in the current study. Thirdly, given the large size of the economy and, hence, a relatively high number of listed firms, China offers the large amount of statistical data necessary for our analysis.

2. Research Methodology

Our sample is from Russian and Chinese public companies with available data. The forecast was performed for 2014 based on annual data from 2009 to 2013. The choice of 2014 was appropriate for Russia because it was the first year of international sanctions, and we assume that they had not yet exerted their full effect on companies and their financial reports. For this reason we have not considered later years. The overall sample size was 664 Russian companies and 2,380 Chinese companies.

The research was conducted in several stages. First, for each company in the sample, we assessed the level of earnings manipulation based on *actual data*. The accrual-based earnings management was measured using Jones model (Jones, 1991):

$$Total\ Accruals_{2014}/TA_{2013} = \beta_1(1/TA_{2013}) + \beta_2(\Delta Rev_{2013,2014}/TA_{2013}) + \beta_3(PPE_{2014}/TA_{2013}) + e, \quad (1)$$

where $Total\ Accruals_{2014}$ – total accruals of company for 2014; TA_{2013} – total assets at the end of 2013; $\Delta Rev_{2013-2014}$ – change in revenue between 2013 and 2014; PPE_{2014} – property, plant and equipment at the end of 2014; $\beta_1 \dots \beta_3$ — model parameters, e — error term.

The level of real earnings measured was evaluated according to (Roychowdhury, 2006):

$$PROD_{2014}/TA_{2013} = \alpha_0 + \alpha_1(1/TA_{2013}) + \alpha_2(Sales_{2014}/TA_{2013}) + \alpha_3(\Delta Sales_{2014}/TA_{2013}) + \alpha_4(\Delta Sales_{2013}/TA_{2013}) + f, \quad (2)$$

where $PROD_{2014}$ is the sum of the cost of goods sold in 2014 and the change in inventory from 2013 to 2014; TA_{2013} – total assets at the end of 2013; $Sales_{2014}$ is the net sales in 2014; $\Delta Sales_{2014}$ is the change in net sales from 2013 to 2014; $\Delta Sales_{2013}$ is the change in net sales from 2012 to 2013.

The next step was to forecast the level of a company's earnings management for 2014 based on the data for 2009-2013. The forecasting was conducted using the decision-tree approach, and the value of discretionary accruals of each company for 2014 was obtained.

In the final stage, the decision-tree method enabled us to determine the quantitative conditions under which a company is expected to belong to a particular cluster of earnings management level in the next accounting period.

3. Main research results

It is shown that the main factor influencing the company's level of accrual-based earnings manipulation of the next accounting period for both Russian and Chinese companies is the debt ratio calculated as the ratio of total liabilities to total assets. This is feasible, since many previous researchers have shown that the greater the debt ratio, the greater the company's propensity to manipulate its earnings in order to meet its debt covenants (see, e.g., Defond and Jiambalvo, 1994; Stanley and Sharma, 2011). The other important factors are: the company's size, return on equity, earnings persistence, the level of earnings manipulation in the current period and stock emission.

As for real earnings management, the main factor that influences future level of earnings management is its current level of earnings manipulation measured by the Roychowdhury model. Such a result may imply that companies consider earnings manipulation as a long-term process and adjust their behavior (i.e. to increase or decrease earnings) according to their current goals.

The results of our study have certain practical implications. They can be used by many external users of accounting information (potential investors, creditors, analysts, regulators, etc.) in order to predict financial results for the companies they deal with. We believe that such an opportunity will enable them to reduce their financial risks.

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The Strategy of Region Development on the Basis of the Cluster Policy

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Abstract:

This article is devoted to the study of cluster policy one of the most industrially developed regions of Russia - Rostov region. With this aim was the analysis and assessment of the level of development of the industry of the Rostov region, made comparative analysis with macroeconomic indicators and indicators of industrial development of the southern Federal district. The results of the study determined that the development strategy of the region is possible when there is a clear programme for the development of the industrial sector, which can be developed using the cluster approach to planning. Were used research methods: systemic analysis and synthesis, comparative and statistical analysis. The complex of measures to enhance industrial development of the Rostov region.

Keywords: *effective management, innovation territorial industrial cluster, set of activities, strategy development*

1. Introduction

The imperative of forming a new quality of economic growth is innovation focus policies and programmes on industrial development of regions. Currently in planning the industrial development of the regions most important area is the formation and development of innovative industrial clusters. Sustainable development of any regional socio-economic system is impossible without development of the industries. In the period of the planned economy, placing of productive forces took place in accordance with developed and approved five-year plans. Currently, one of the key factors of industrial development are considered innovative territorial industrial clusters.

2. The cluster approach in strategic management

The hypothesis of the study is that for effective development of industrial complex of region it is necessary to use the approaches in the strategic management of development of the region. The study of cluster component of the socio-economic system devoted to the work: Baier E., Kroll H., Miles I., Cunningham P., Raines P., Rosenfeld S. A., Sölvell Ö., Jappe-Heinze A., M. Porter, T. Anderson, J. Schumpeter, A. N. The Asaul, O. N. Kulikova, O. V. Gorsheneva

Author	Definition
M. Porter	A cluster is a group of geographically neighbouring interconnected companies and related organizations operating in the field of innovation, irrespective of technological specialization, complementary and contributing to the development of each element of the cluster, and the innovative potential of the region as a whole
T. Anderson	Innovation cluster is a special kind of cluster, possessing properties to expedite the process of generation, production and commercialization of innovations
I. Schumpeter	Innovation cluster is a collection (package) of basic innovations to be implemented at a single point in time
G. R. Khasaev	Innovative territorial cluster is a sustainable partnership of interconnected companies, institutions, organizations, individuals who have the potential that exceeds the simple sum of potentials of individual components
A. N. Asaul	Innovative regional cluster is a Union of business entities operating within clearly defined territorial entities
O. N. Kulikova	Innovation cluster is an Association of industrial companies, research and educational institutions, suppliers of equipment and services, working together to solve a common problem with the aim of obtaining competitive advantages, create high-tech products
Gorsheneva V. O.	a cluster is a group of geographically localized interconnected companies, suppliers of equipments, components, specialised services, infrastructure, scientific research institutes, Universities and other organizations complementary to each other and reinforcing the competitive advantages of individual companies and the cluster as a whole

Studies on the development of innovative regional clusters in the Rostov region no. The purpose of this study was to determine the development of innovative regional clusters in the Rostov region. Different authors had data of different cluster definition, but basically they boiled down to the fact that the cluster is a cluster is a group of geographically neighbouring interconnected companies and related organizations operating in the field of innovation, regardless of technological expertise, complementary. Despite the evolution of the conceptual framework of the innovation cluster and the existing institutional environment, contractual enterprises in the study region – the Rostov region,

according to official statistics there is no innovative territorial cluster. Although there are all conditions – industrial enterprises in the manufacturing, extractive sectors and the production of electricity, gas and water (7961 enterprise), educational and research organizations such as the Southern Federal University, Don state technical University, human resources.

For the development of innovative regional industrial clusters in sectors such as mechanical engineering and metal processing in the region under investigation, it is necessary to form program development, the region and districts on the basis of scientific planning methods: system approach and program management.

3. Data and sample.

A comparative analysis of the main indicators characterizing the level of socio-economic development of the Rostov region, Southern Federal district, Russian Federation: GDP, GDP per capita, gross value added, growth rate of gross value added by type of economic activity, the index of industrial production, the dynamics of the sectoral structure of industrial production, the dynamics of the degree of wear of fixed assets, the balanced financial result of organizations by kinds of economic activities, dynamics of the indicator "fixed capital Investment" inflation.

So, the index of industrial production of the Rostov region has made in the crisis years of the economy in 1998 . – 98.1 %, and in 2008 – 105 %, in 2014 – 105, 4 %, and in 2015 – 153, 2 % drop occurred in 2016 by 41 %, due to the exhaustion of domestic production resources development (Fig. 1).

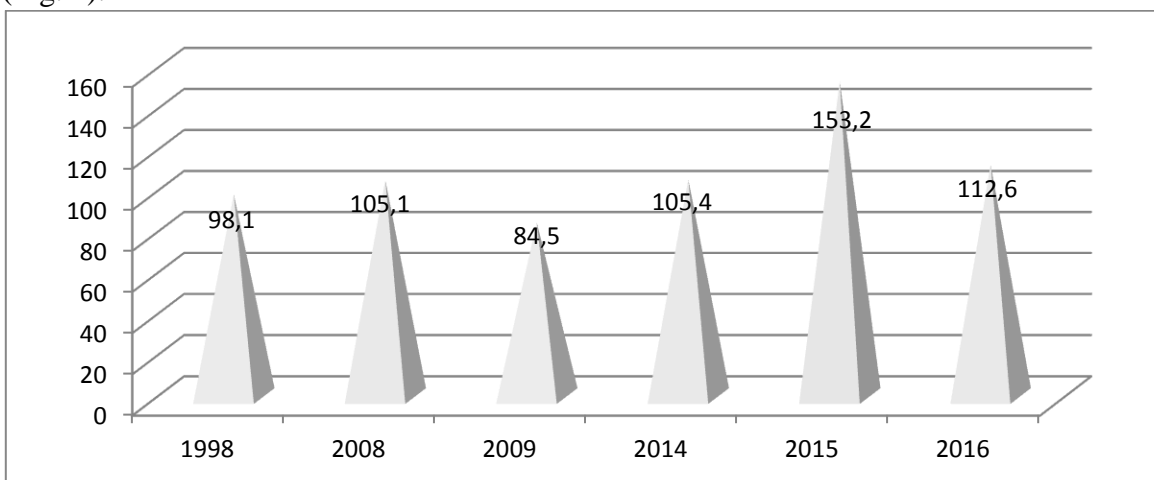


Fig. 1. The index of industrial production of the Rostov region, bln.

The same momentum and the sectoral structure of industrial production (Fig. 2).

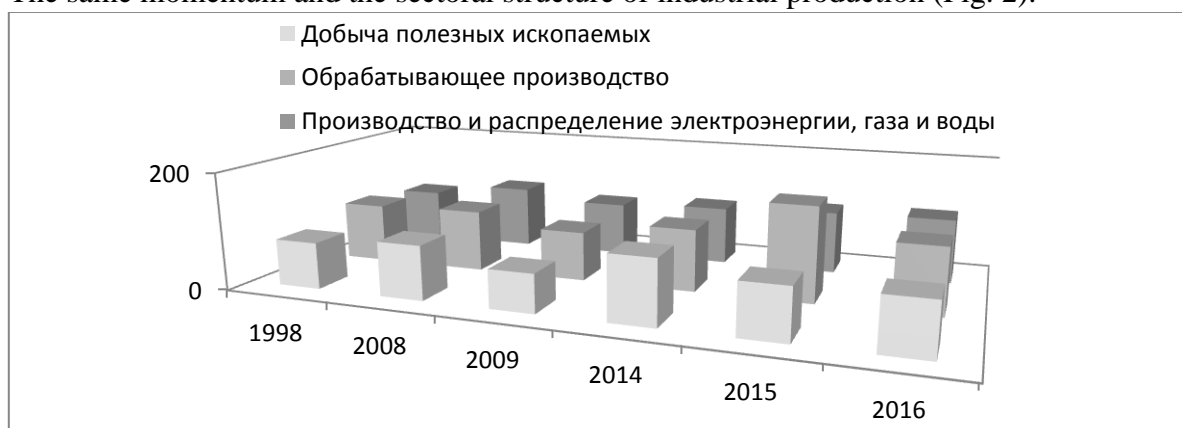


Fig. 2. Dynamics of branch structure of industrial production of the Rostov region, mln. RUB

4. Empirical results and conclusions.

Regional development strategy should be based on a clear plan for the development of specific industries, attracting investment, the achievement of specific quantitative indicators, a systematic approach to planning that take into account the macroeconomic indicators of the country.

With the aim of enhancing the industrial development of the region and formation of cluster policy needs simplifying access to energy resources. Rostov oblast has a large amount of power generating capacity far beyond the needs of the regional economy. However, due to organizational and economic reasons, access to them by industrial consumers is difficult. This is a serious barrier to economic growth and, in fact, is for this region a kind of monopoly tax.

It is necessary to develop directions for attracting foreign investments. An increase in the number of unprofitable enterprises. The difficult financial situation of a significant number of large and medium-sized enterprises indicates a depletion of internal investment potential for industrial development of the Rostov region.

A critical depreciation of fixed assets (about 50 %), use of outdated technologies, formed system of infrastructure provision may limit the ability to manufacture competitive price and quality. In the whole manufacturing industry enterprises generally have idle production areas and engineering infrastructure, the lack of which inhibits the activation of investment activity in the region. Thus, enterprises need to develop a plan for the modernization of fixed assets, the introduction of advanced technologies within a single territorial cluster using the tools of transfer of new developments and technologies.

According to the results of the conducted research it can be stated that having a high scientific and technical potential, Rostov oblast is characterized by insufficient level of implementation of the industrial development. To a large extent this is due to the fact that the region lacks a sufficiently effective system of interaction of subjects of development and production, to ensure the transformation of scientific ideas into technologies and products. The result is a decline in the index of industrial production, growth rate of gross value added.

The main objectives of development of the industry, including use critical technologies are: development of complex of measures aimed at creating industrial clusters, creating a favorable investment and business climate, stimulation of innovative activity, development of financial infrastructure, the restructuring and reforming of enterprises, development of infrastructure of transport, communications and telecommunications.

For the development of industry in the Rostov region it is necessary to form development programs at the level of not only the region but also the southern Federal district on the basis of scientific planning methods: system approach and program management.

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Impact of Corporate Taxation on Leverage of Innovative Companies

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Abstract:

There is still no clear answer to a fairly long-standing question about the impact of corporate taxation on the company's capital structure, especially for innovative companies. Thus, the goal of this article is to identify the impact of the corporate tax rate on the level of leverage of innovative companies. The article shows that corporate tax rate is positively influence on the leverage of the firms. However, corporate taxation has no significant impact on the capital structure of companies, which are listed in the "R&D Tax Credit" program.

Keywords: *capital structure, corporate taxation, emerging and developed markets, innovative companies*

1. Literature review

The topic devoted to the determinants of the capital structure is widely covered in the scientific literature. F. Modigliani and M. Miller (Modigliani, Miller, 1963) were the first to prove that the corporate tax rate is a determinant of the capital structure.

Authors who analyzed the impact of corporate taxation on leverage use three main proxy variables: statutory, effective and marginal tax rate. Generally, it was found that corporate tax rate has a positive influence on the company's debt-to-equity ratio in developed markets (Faccio, Xu, 2015; Graham, 1996; Rajan, Zingales, 1995).

Studies devoted to the analysis of capital structure in emerging markets also show a positive impact of the corporate tax on firms' leverage but the effect of the tax rate is weaker (Booth et al., 2001; Céspedes et al., 2010; Krause, Lahmann, 2017; Lazăr, 2014). The main reason for these differences between emerging and developed countries is the level of financial markets' development and the degree of access to the borrowing market. Moreover, on the figure A1 in the Appendix, it is clearly seen that in developed markets the effective tax rate is higher and less volatile. On the contrary, the statutory tax rate is higher in emerging markets.

There are four types of innovation, but since marketing or organizational innovation is hard to analyze, only the product and process innovation are studied (Heidenreich, 2009). Generally, when identifying innovative firms, mostly the sic-code classification is used. Additional criteria are: the innovative company should have more than 5% of total assets as R&D expenses, the existence of patents, investments in intangible assets and a sufficient number of scientists.

The key features of innovative companies are information asymmetry (Hogan, Hutson, 2005); high proportion of intangible assets (Brierley, 2001); excess cash (Brown, Petersen, 2011). Studies devoted to the analysis of innovative firms show that such firms prefer a lower level of debt because of higher risk and higher interest rates.

The reason why corporate tax can be an important factor is the existence of R&D tax incentive programs, which governments have implemented in order to motivate to invest in R&D. The aim of R&D tax incentive programs is to reduce either the tax rate or taxable income, or in some cases withholding tax for innovative. Figure 1 was constructed by investigation of many programs in different countries (PWC, 2016; OECD, 2016).

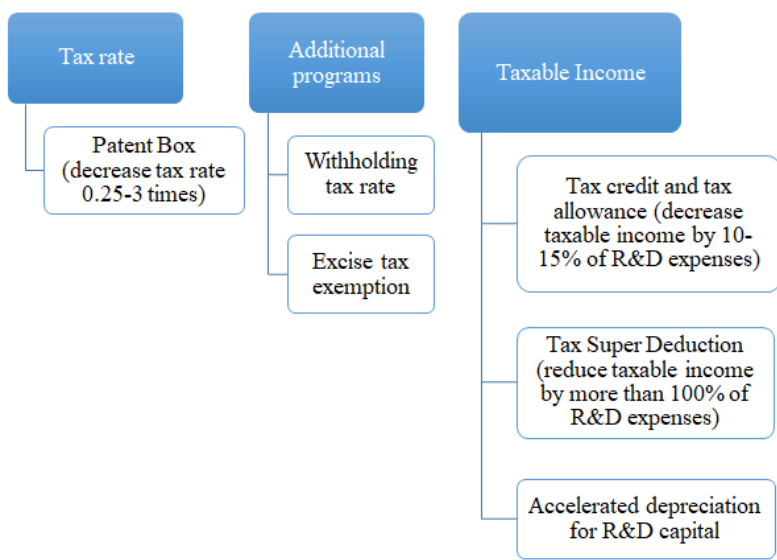


Fig 1. Supporting programs of the innovative industry.

Due to limited access to data, in this work only the most popular programs will be tested, they are a tax credit, tax super deduction, and Patent Box.

2. Hypotheses

Based on literature review it is expected that corporate tax rate influences capital structure in different ways under different tax incentive programs.

H1. There is a positive impact of the statutory corporate tax rate on the leverage of innovative companies under the Patent Box program.

H2. There is a positive impact of the effective tax rate on the leverage of innovative companies under the tax super deduction program.

H3. There is a significant impact of the effective tax rate on the leverage of innovative company under the tax credit program.

3. Data and Methodology

The data was collected using the report of the European Commission “The 2016 EU Industrial R&D Investment Scoreboard” where firms with high R&D expenses are represented, these companies were chosen using the criteria of Oslo Manual. The sample consists of 729 companies with high R&D expenses from 2007 to 2016 from following countries:

Table 1. *The policy of stimulating innovation by countries.*

<u>Countries</u>	<u>R&D tax credit</u>	<u>R&D super deduction</u>	<u>Patent box regime</u>
Australia	+		
Belgium	+	+	+
Brazil		+	
Denmark	+		
France	+		+
Ireland	+		+
Israel		+	+
Japan	+		
Netherlands	+	+	+
South Korea	+		+
Switzerland			+
UK	+	+	+
USA	+		

In order to test hypotheses, the sample will be divided by 3 subsamples under the availability of the certain program in the country.

4. Empirical Results

The fixed effect model was used. Tests for autocorrelation, heteroscedasticity, and multicollinearity were provided and hypotheses of these problems were rejected.

Table 2. *Results of Fixed Effect Regression for 3 programs*

	Patent box		R&D Tax Credit		R&D Super Deduction	
	Book Leverage	Market leverage	Book Leverage	Market leverage	Book Leverage	Market leverage
Corporate tax	0.699***	0.671**				
Effective tax			-0.032**	0.007	0.039**	0.048**
ROA	-0.001	-0.001*	-0.275***	-0.496***	-0.451***	-0.463***
Growth Opp	0.176***	0.240***	20.35***	17.18***	24.38***	13.24***
Size	-0.015	-0.047	3.53***	3.21***	7.61***	3.51*
NDTS	-2.71*	-2.75***	30.59	-19.47	-38.62	-18.97
R&D intensity	0.009	-0.013	-0.023	0.135	-0.274	0.414
Tangibility	0.151*	0.202*	17.81***	21.92***	8.86*	-1.45
GDP	-0.001**	-0.019***	0.115*	-0.23*	0.186	-0.772***
Inflation	0.003	-0.002	-0.514	-0.963***	-0.124	-0.724
Constant	0.156	0.631*	-13.21	-9.53	-37.55**	-7.8
R2	11%	21%	17%	12%	18%	23%
N	569	569	4659	4659	527	527

The table 2 indicates the positive coefficient of the corporate tax rate on both book and market leverages under the Patent box program. It means that the higher corporate tax rate, the higher debt-to-equity ratio. These results reflect the idea that corporate tax rate is one of the main determinants of capital structure in innovative companies. Based on the literature review, the average coefficient of the impact of the corporate tax rate is 0.8-0.95. (Krause, Lahmann, 2017). The key feature of innovative companies – lower leverage – can explain the difference between coefficients for the general case and for innovative companies.

Coefficients under the R&D Super Deduction program are also positive and significant. However, the degree of impact of the effective corporate tax on leverage is rather low. The influence can be weaker because taxable income was reduced dramatically, so the effect of tax shield cannot be huge. The impact of the effective tax rate on book leverage is negative and significant and there is no any significant impact on the market leverage under the R&D tax credit program. This program allows reducing taxable income by 5-10% of R&D expenses. Under such weak program, the tax rate is more likely to have a very weak impact.

5. Conclusion

To sum up, all hypotheses were not rejected; hence, the tax remains the determinant of the capital structure choice of the innovative companies.

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Appendix

Figure A1. Average statutory and effective tax rate for 2005-2014 by country

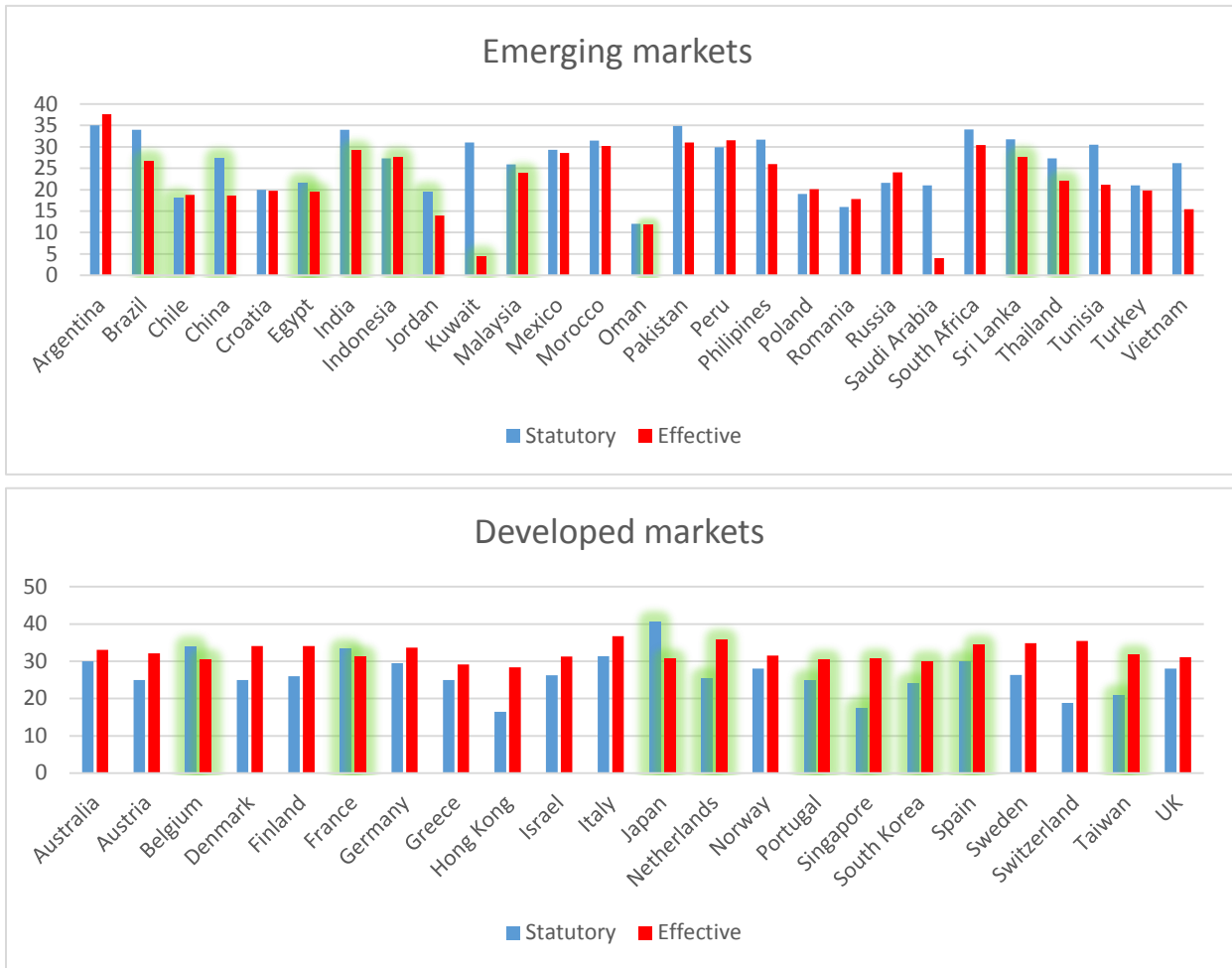
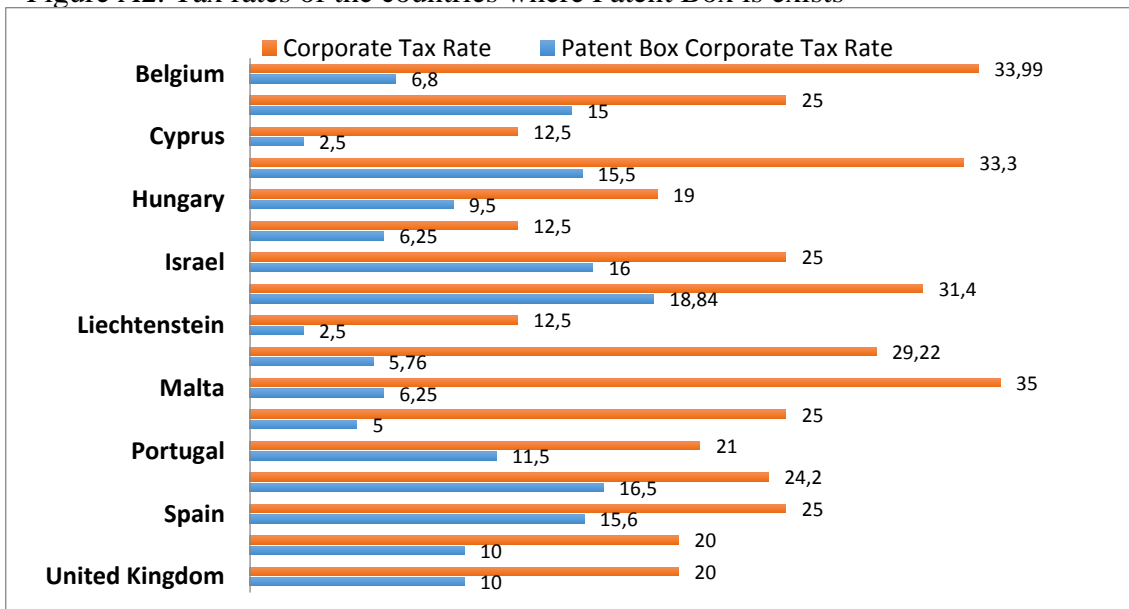


Figure A2. Tax rates of the countries where Patent Box is exists



Exploring the Nexus between Institutions and Entrepreneurial Behaviour in Peripheral Transition Economy Contexts

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Abstract:

This paper compares and contrasts entrepreneurial behaviour in response to institutional pressures in two peripheral transition economies of Kyrgyzstan and Tajikistan. We find appreciable differences in entrepreneurial responses to institutional constraints in the comparator countries. This is argued to have important but varied outcomes on institutional change, with entrepreneurs in Kyrgyzstan and Tajikistan, respectively, contributing to lessening and widening of the asymmetry between formal and informal institutions. This paper contributes by developing a more nuanced understanding of the role of entrepreneurs in shaping their institutional fabric and extending scholarly debate to previously under-explored transitional periphery of Central Asia.

Keywords: *formal and informal institutions, entrepreneurship; institutional asymmetry; institutions; transition economy.*

1. Introduction and Purpose

Following two decades of intensive scholarly research on entrepreneurship and small firm development in the context of post-socialist economies, Welter and Smallbone (2011) argued the dominant institutional approach that has influenced much of this work requires extending by taking into account more explicitly the “recursive relations between institutions and entrepreneurial behaviour” (p120). This paper responds to this call by comparing entrepreneurial behaviour in response to institutional pressures and examining the implications of this behaviour on institutional change in two peripheral transition economies.

It is widely acknowledged that entrepreneurship is an important ingredient for strong economic performance and successful institutional change in transition economies. While the literature on entrepreneurship and SME development in the former communist countries has witnessed significant theoretical and empirical development in the last two decades, it is argued that knowledge about entrepreneurial functioning in these countries is still deficient (Ahlstrom and Bruton, 2010; Luthans and Ibrayeva, 2006; Puffer and McCarthy, 2001) and much research remains to be done on how entrepreneurs contribute to shaping their institutional contexts (Manolova and Yan, 2002; Welter and Smallbone, 2011). Against this backdrop, this paper aims to: (a) examine if and how entrepreneurial behaviour in response to institutional pressures varies in transition economies; and, (b) explore and illustrate what are the implications of this behaviour on institutional change. Our study is informed by institutional theory, the institutional change perspective, and the literature on entrepreneurship and SME development in the context of transition and emerging economies.

2. Methods

The study aims are pursued via a comparative, matched-pair case study research design that focused on small entrepreneurial firms in the garment and textile industries of Kyrgyzstan and Tajikistan. The data comes from an extensive fieldwork conducted in both countries in 2011, which resulted in over 80 in-depth semi-structured interviews. Interviews were conducted with owners of privately-owned SMEs, and these were complemented by insights from a range of experts. Analysis of data was conducted in several stages. First, all interview recordings were translated into English and transcribed verbatim. The next stage involved thematic analysis, following a grounded theory building strategy. This was facilitated by using NVivo 9, a computer software for coding and retrieving qualitative data. This facilitated the organization and categorization of data, thereby enhancing the trustworthiness of research findings. Both within-case and cross-case analyses were undertaken.

3. Results

Our findings revealed a contrasting picture: entrepreneurial firms in Kyrgyzstan demonstrated more proactivity, stronger resistance to institutional pressures and willingness to seek solutions within formal institutional framework, whereas in Tajikistan these firms demonstrated comparatively less proactivity, less resistance to institutional pressures and tendency to seek solutions outside the formal institutional framework. Furthermore, entrepreneurs in the two countries appear to have different perceptions about institutional constraints, and this, in turn, seems to influence their response to institutional challenges. We argue that different strategies adopted in response to institutional pressures lead to divergent influence on institutional change. While entrepreneurs in Kyrgyzstan appear to positively influence institutional change by reducing the asymmetry between the formal and informal institutions, entrepreneurs in Tajikistan appear to widen this asymmetry, which amounts to a negative influence on institutional change. Taken together, the paper shows that entrepreneurial actors play an important role in institutional change in transition economies.

4. Contribution

The development of this paper is still work-in-progress, however it is expected to make a number of important contributions. Firstly, our study responds to increasing literature calls for more research on

recursive relations between institutions and entrepreneurship. While much research has focused on understanding the influence of institutional contexts on entrepreneurial behaviour, scholars recently pointed to comparatively less attention placed on how actors influence their institutional contexts (Kalantaridis and Fletcher, 2012; Manolova and Yan, 2002; Williams and Vorley, 2015). We contribute to this debate by examining entrepreneurial behaviour in response to institutional pressures and illuminating their role in institutional change. Our study provides rich insights on how actors interact with their institutional environment and as a result contribute to the process of institutional evolution. Thus, theoretically, we contribute to enhancing the institutional approach to entrepreneurship in transition economies by placing emphasis on the role of entrepreneurial agency. Secondly, the paper makes an important empirical contribution by extending entrepreneurship research into the relatively under-explored transitional periphery. Thirdly, the paper also calls for policy makers to recognise SME entrepreneurs as key change agents and consider the increasingly diverging transition paths and, through institutional levers, develop relevant policies that can help entrepreneurs in contributing more positively to institutional change.

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Collaborative Interactions in Higher Education Settings: Opportunities and Challenges

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Abstract:

This paper aims to analyze the opportunities and issues of collaborative interactions at higher school. Collaborative learning is student-centered, encourages greater students' autonomy and positive social interdependence. Yet, it has some limitations as it implies students' advanced thinking abilities and their readiness for subject-subject interaction practices. In fact, the literature review shows that collaborative learning is not a cure-all solution. It must be implemented along with direct instructional guidance, especially in low-proficiency student groups.

Keywords: *collaboration, interaction, instructional effectiveness*

1. Introduction

In the recent decades “collaboration” has become a “buzz” word in the educational field. Oxford (1997) states that collaborative learning is based on a ‘social constructivist’ philosophy that views learning as construction of knowledge within a social context. Given numerous attempts to define this concept, researchers still are not unanimous in their approaches. Dillenbourg broadly defines “collaborative learning” as “a situation in which two or more people learn or attempt to learn something together” (1999, p.1), “a situation in which learners interact in a collaborative way”. This situation can encourage particular forms of interactions that “trigger learning mechanisms”. These have a great collaboration potential, given they meet some criteria: interactivity, synchronicity and negotiability. That is why some authors argue that collaboration is possible only in student-student interactions, or when teachers perform a role of a facilitator rather than a guru.

In the literature there is drawn a clear distinction between collaborative learning and cooperative learning. Panits defines cooperation as a form of interaction designed to facilitate the achievement of a goal through getting people work together in groups. By contrast, collaboration is “a philosophy of interaction and personal style where individuals are responsible for their actions, including learning and respect the abilities and contributions of their peers” (1999, p.3). Both use groups, assign specific tasks, have the groups share and compare the conclusions in plenary class sessions (Rockwood, 1995). Yet, given the Latin origin of both terms, collaboration focuses on the process of working together, while cooperation emphasizes the product of such work (Myers, 1991). Most importantly, in collaborative learning the authority is transferred to the group and the group task is always open-ended, whereas cooperative learning does not empower students to such extent (Panits, 1999).

Seen from this perspective collaborative interactions are bound to be productive and meaningful. Yet, despite very obvious strengths, there are some concerning issues to be resolved to ensure learning effectiveness of collaborative interactions.

2. Collaboration in the classroom: Opportunities

Collaborative interactions aim to implement high levels of interaction among students and dramatically increase the quality of students’ learning experiences. To achieve these goals, collaborative assignments must be properly designed and delivered.

Dillenbourg points out four ways to increase the occurrence of effective interaction practices during collaboration: 1) setting up initial conditions; 2) developing ‘collaboration’ contract with scenario-based roles; 3) scaffolding productive interactions by encompassing interaction rules; 4) monitoring and regulating the interactions (1999, p.6).

Although a teacher is supposed to facilitate the entire collaborative learning process, students have greater autonomy in collaborative learning environment (Henri & Rigault, 1996). So, learning becomes student-centered and encourages students to take on responsibility for their learning outcomes.

Positive social interdependence is another benefit of collaborative interactions. Johnson and Johnson (1996) argue that when students depend upon each other, they have to make much more efforts to achieve their goal and enjoy greater social support. It leads to students’ greater self-esteem than in competitive and individualistic settings.

Successful collaboration is possible both in on-campus and off-campus settings. Most authors report benefits of collaborative learning in face-to-face situations where non-verbal clues are an important component of effective interaction. Yet, the recent research shows that in online educational environment collaboration practices can be almost equally successful (Curtis & Lawson, 2001). Factors that contribute to the success of online collaborative learning involve students’ familiarity with the medium and user-friendly interface.

3. Collaboration in the classroom: Challenges

Despite learning opportunities embedded in the collaboration learning approach, teachers pose some challenges in its implementation.

Firstly, it is important to remember that this approach has some constraints in terms of students' level and aptitudes. Authors severely criticize constructivist-based minimal guidance when teaching novice to intermediate students (Kirschner, Sweller and Clark, 2006, p.83), because they do not have the cognitive and interaction skills, required to succeed. Ken Bruffee (1995) stresses, that collaborative learning requires more advanced students' preparation for working in groups.

Secondly, a new generation of students is characterized by high degree of individualism, poor communication skills and lack of critical thinking skills (Isaeva, 2012). Given these characteristics, students must be provided with strong learning support, otherwise they will experience "a measurable loss of learning" and dissatisfaction with their learning outcomes.

4. Conclusions

To conclude, collaborative learning has a great potential for students' effective and satisfying learning experiences. However, its successful implementation requires understanding the needs of the student audience, their level of proficiency and interaction skills.

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How the Composition of Board of Directors Affects the Propensity to Hostile Takeovers for Russian Acquiring Companies?

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Abstract:

The study examines the relationship between the characteristics of the board of directors of Russian public companies and their activity as initiators of hostile takeovers. Though plenty of academic studies has been published on the interrelation of the board features with different indicators of companies' performance and activities, a research gap exists, both in the empirical testing of the propensity to hostile takeovers, and hostile takeovers themselves. The study is a regression analysis fulfilled on the sample of 209 deals by Russian public companies in the period of 1999-2015. We collected data from Thompson Reuters and SKRIN databases. The most important board characteristics tested are the shares of female directors, independent directors and multiple directorships.

Keywords: *board of directors, corporate governance, hostile takeovers, mergers and acquisitions, Russian public companies*

1. Introduction

The crucial role of the board of directors is widely discussed in the academic literature. This paper poses the research question whether the board characteristics matter in defining a company's policy in the sphere of mergers and acquisitions, and, more precisely, hostile takeovers. Mergers and acquisitions represent one of the most popular corporate growth strategies. Hostile takeovers in these strategies are under discussions: they can serve as a marker of inefficient management of target companies and at the same time, they can pursue other gains. In Russia, hostile takeovers seem popular due to the lower transaction costs and the quality of corporate governance. In our previous study (Maricheva, Rogova, 2016), the significant negative market reaction to hostile takeovers for Russian buyers was detected; nevertheless, many boards decide to perform such deals. What composition of a board increases the probability of hostile takeover?

2. Literature Review

The board of directors takes key decisions in companies' activities, so its characteristics impact at the quality of these decisions (Adams, Hermalin, Weisbach, 2010). In Russia, the status of the board is also the subject of discussions, because there is a lot of evidence that the owners control their businesses and takes key decisions, while the boards mainly help to create the appropriate image of companies (Duliak, 2012).

The majority of academics agrees that the larger share of independent directors increases the company's performance, though at the Russian market this increase is insignificant (Peng, Buck, Filatotchev, 2003). As for gender composition, Levi, Li, Zhang (2014) come to the conclusion that the larger presence of female directors in the board correlates negatively with the number of deals made by the company. As for the multiple directorship, the scholars agree that it is more suitable for emerging markets, though there is a lack of empirical research (Berezinets, Illina, 2016).

Analysis of hostile takeovers usually is based on case studies, with plenty of research discussing the overall effects of mergers and acquisitions on companies' value and financial performance. If target companies almost always increase their performance, the acquirers come to different results. For emerging markets, there is an evidence that M&A create value and increase financial performance for the acquirers (Rani, Yadav, Jain, 2014).

There is quite few studies aimed at the relationship between the board composition and M&A effectiveness. In (Cotter, Shivdasani and Zenner, 1997) the positive relationship between the number of independent directors and the market returns after hostile takeovers.

3. Hypotheses

From the literature, we come to the conclusion that friendly acquisitions enhance the effectiveness of acquiring companies, whereas hostile takeovers decrease it. This conclusion lets us to assume that the board characteristics generally accepted as promoting effective decisions and M&A deals are unlikely suitable for companies who actively undertake hostile takeovers. In accordance with these conclusions we develop *our hypotheses*.

H1. Companies with lower share of independent directors in their boards are more likely implied to hostile takeovers. .

H2. Depending on the share of female directors in the board, companies demonstrate different propensity to hostile takeovers.

H3. The companies with the larger fraction of multiple-engaged directors would be more active in hostile takeovers.

4. Methodology and Data Sampling

Our sample covers the period of 1999-2015. It consists from deals completed by Russian companies listed at Russian and foreign stock exchanges. We checked the statuses of companies and left only those whose status has not been changed during these years. The data was collected from Thomson Reuters Eikon Platform. The final sample consists of 209 deals, 152 are marked as friendly

acquisitions, and 57 as hostile takeovers. To be more precise, we referred as hostile takeovers all deals that were not marked as friendly and were paid by cash or where the top-management has been replaced soon after the deal completion. The information on the board members was taken from SKRIN database, and for control variables we also referred to SPARK database. Then we performed an analysis with marginal effects logit regression.

5. Results and Discussion

As a result of empirical research, it revealed that there is a significant negative relationship between the share of independent directors and the propensity to hostile takeovers that supports the 1st hypothesis. The second hypothesis also was confirmed, and the results were unexpected – the increase of the female directors' share in the board also increased the probability of hostile takeovers. Some support of this result can be found in (Atkinson, Baird, Frye, 2003), who reported that female directors have the same or even higher risk appetites than their male colleagues. But this conclusion needs an additional investigation. The third hypothesis of our study was rejected – no significant relationship between the share of multiple-engaged directors and the probability of hostile takeovers was revealed.

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International Legal Regulation on Public Private Partnership

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Abstract:

In the international environment legal conditions for PPP can be created by means of international agreement (co-called ‘hard law’) or resolutions of international organizations and units (co-called ‘soft law’) or international custom (unlikely). Considering the complexity of both the unification and creation of hard law rules, these processes seem to be at least premature at this stage. There are not international legal rules in present time, only international and regional organizations are involved in the process of creation of the International PPP legal framework. In this paper all present activities, available mandates and powers, generate different results are analysed and preferred legislative guides and legal recommendations in respect to model laws are considered to development.

Keywords: *public-private partnership, PPP, sustainable development goals, SDG, international legal framework of PPP*

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1. Introduction

The United Nations Sustainable Development Goals, in September 2015 adopted by the United Nations, identify PPP as the key implementation for its achieving. The same is specified in the international conferences and forums and also in the United Nations Resolution A/70/L.1 (2015), which has approved the Sustainable Development Goals.

Presently SDGs have become the benchmark for all member states. SDGs are of importance for the community in general, but not for the individual country. Their achievement will not be isolated by activities within a state, will not be limited by its territory. SDGs are of an extraterritorial nature, they are universal. Their achievement is the aim of the global community.

Therefore, it is the perfect time to discuss the problem of general framework of legal conditions for PPP. In my view it must including issue within the legal framework in which PPP must operate within the international environment also. This discussion may be very, very wide and vary from the development of guidance PPP standards to the development of legally-binding documents, for example, “an international agreement”.

2. Public Private Partnership: Theoretical Approaches

- PPP is the long-term, legally formalized cooperation between the public authorities and private business based on the pooling resources and risk allocation, implemented through the financing, creation, reconstruction, operation and maintenance of public infrastructure facilities in order to improve the quality of public services.

- PPP are financial models that enable the public sector to make use of private finance capital in a way that increases the possibilities of both the elected government and the private company.

- PPP is also the long-term contract between public authorities and private sector where risks and resources are allocated for the sake of the public infrastructure development.

Key features and benefits of Public Private Partnership:

First, the pooling resources, competencies and strengths of partners

Second, the using the instruments of private financing

Third, the creating positive incentives for the private partner for quality management

Fourthly, the clever allocation of risks

3. International Legal Rules with Respect to Public Private Partnership

There are not international legal rules in present time. Basically only international and regional organizations are involved in the process of creation of the International PPP legal framework. Their activities, depending on available mandates and powers, generate different results: from legislative guides and legal recommendations in respect of the general terms to model laws.

Main resolutions and acts adopted by these international units, including:

- UNCITRAL Legislative Guide contains 71 recommendations for the legislative authorities of states.

- UNCITRAL Model Legislative Provisions contains 51 provisions, which may become part of national PPP legislation.

- UN Resolution 58/76.

- OECD Basic Elements of a Law on Concession Agreements (1999-2000). EBRD Core Principles for a Modern Concession Law.

- EU PPP Regulations:

- European Commission Interpretative Communication on Concessions under Community Law (2000)

- European Commission Interpretative Communication on the Application of Community Law on Public Procurement and Concessions to Institutionalised PPP (2008)

- Guidelines for Successful Public-Private Partnerships (2003)

- Green Paper for Public-Private Partnerships and the European Union law on public contracts and concessions (2004)
- EU Directive on the Award of Concession Contracts adopted by the European Parliament on 15.01.2014, etc.
- Model Law on Public-Private Partnerships for CIS Countries.
- Memorandum of Cooperation on PPP Development in Member States Eurasian Economic Commission is organizational paper. There are not legal conditions for PPP but stages and forms of cooperation for the PPP development only.

4. National PPP Legislation

Currently most states have national PPP legislation, including legislation on concessions. For example, in Asia: Law Emirate Dubai, Law of the Kingdom of Cambodia, Philippines BOT Law, Law of the Republic of Korea, Law of Japan, Law of the Mongolian People's Republic, Law of the Republic of Kazakhstan, etc.

Rules of national PPP legislation are similar in many ways. However, there are many contradictions between national laws on PPPs. Now comparative legal research of national PPP laws of different states is carried out.

Comparable measurement:

- Legislative definition of PPP
- Fieldes of PPP projects implementation
- Main rights and obligations of PPP projects participants
- PPP models and/or their elements
- Private partner selection principles and basic procedures
- Key conditions of PPP agreements
- Main forms of governmental support of PPP projects
- Disputes resolution
- Choice of applicable law
- Scope and procedures of governmental support of PPP projects
- Types and scope of guarantees to a private partner
- Procedures for the conclusion, amendment and termination of the PPP agreement
- Step-in rights of creditors and grantors
- Responsibility of the parties
- Compensation due as a result of the cancellation
- PPP support institutions and many other.

5. Conclusion

In the international environment legal conditions for PPP can be created by means of international agreement (co-called 'hard law') or resolutions of international organizations and units (co-called 'soft law') or international custom (unlikely).

Considering the complexity of both the unification and creation of hard law rules, these processes seem to be at least premature at this stage. Presently, they will be more of a hindrance than a driver for SDG achievement and PPP development. However, they are necessary, and we optimistic about them as long-term objectives. They may be triggered rather soon at the regional level or within bilateral relationships. Therewith, they can use the available results of harmonisation, for example, the CIS Model Law on PPP, or EU documents, since they have been approved at least by the states of those integrated structures.

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Knowledge Creation in Network: Game Equilibrium Approach

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Abstract:

This research develops a conceptual model of knowledge creation in a network context. Two concepts of equilibria are compared: Nash equilibrium and Jacobian equilibrium, which assumes that agents perceive surrounding knowledge as exogenous. We show that both the initial endowment and the position in the network determine agent's investment in knowledge. In complete networks, in which knowledge is universally available, arrival of new members decreases the overall level of knowledge and agents' payoffs.

Keywords: *Jacobian equilibrium, knowledge creation network, Nash equilibrium*

1. Introduction

To manage knowledge in an optimal way, it is essential to understand how it is created. One option is to treat knowledge as a common productive factor created and used as a result of investment of money and time. Its accumulation raises productive possibilities; however, knowledge is often not available to everyone: it spreads over networks, affecting more those who have better positions in the networks. Typical examples are modular systems of firms in an industry, members of a research community, consumers of a new type of good.

The present research develops knowledge creation that incorporate these features models (Matveenko, Korolev, 2017; Romer, 1986). Each agent chooses her level of investment in knowledge. Agent's own knowledge combined with the knowledge externality – knowledge of all other agents in the network (Romer, 1986) or of only direct neighbors (Matveenko, Korolev, 2017) – creates a certain amount of new knowledge.

We compare two types of game equilibria in this system: the *Nash equilibrium* and the “*Jacobian equilibrium*” (Jane Jacobs holds the priority in studying positive externalities in socio-economic systems (Lucas, 1988)). According to the Jacobian definition, agents, when making a decision, do not take into account that their individual investment can change their local knowledge level.

2. Model

There is a network (an undirected graph) with n nodes; \mathbf{M} is its adjacency matrix. Each node i represents an agent who is endowed with a certain amount of good e in the first period, which she can spend on consumption in the current period and/or on investment in knowledge: $e = c_1^i + k_i$.

Consumption in the second period is $c_2^i = F(k_i, K_i) = Bk_i K_i$, where $K_i = \varphi k_i + \tilde{K}_i$ is the local knowledge level, which we define as the sum of the agent's own investment in knowledge with a reducing coefficient $\varphi \in (0, 1]$ and the sum \tilde{K}_i of investments of all her direct neighbors in the network.

Agent's preferences are described by a quadratic utility function: $U(c_1, c_2) = c_1(e - ac_1) + bc_2$, where $0 < a < 1/2$, $b > 0$. We will denote $A = bB$ for convenience and assume $a < A$.

We introduce the agent's payoff function: $V(k, K) = U(e - k, F(k, K))$. Under both definitions of equilibrium, it takes the following form: $V(k, K) = e^2(1 - a) - ke(1 - 2a) - ak^2 + AkK$. However, under the Nash equilibrium, the agent distinguishes between the two components of the local knowledge ($K_i = \varphi k_i + \tilde{K}_i$). Therefore, for the Nash equilibrium, the local knowledge is disaggregated in the payoff function into its components:

$$V(k, K(k, \tilde{K})) = \tilde{V}(k, \tilde{K}) = e^2(1 - a) - ke(1 - 2a) - ak^2 + A\varphi k^2 + Ak\tilde{K}.$$

In the matrix form, the column vector of the local knowledge levels is $\mathbf{K} = (\mathbf{M} + \varphi\mathbf{I})\mathbf{k}$, where \mathbf{M} is the adjacency matrix, \mathbf{I} is the identity matrix, \mathbf{k} is a vector of the own knowledge levels.

We distinguish between passive ($k = 0$), active ($0 < k < e$) and hyperactive ($k = e$) agents. The *internal equilibrium*, i.e. the equilibrium with all active agents, is found from the following system of equations:

A) under the standard definition of equilibrium: $(2A\varphi - 2a)\mathbf{k} + A\mathbf{M}\mathbf{k} = \bar{\mathbf{e}}$, where $\bar{\mathbf{e}} = (e(1 - 2a), e(1 - 2a), \dots, e(1 - 2a))^T$.

B) under the Jacobian definition of equilibrium: $(A\varphi - 2a)\mathbf{k} + A\mathbf{M}\mathbf{k} = \bar{\mathbf{e}}$.

Corner equilibria are also possible: all agents or some of them may be passive ($k = 0$) or hyperactive ($k = e$).

3. Relation between the internal equilibrium and α -centrality

Several works, e.g. (Ballester, Calvo-Armengol, Zenou, 2006), demonstrate that the optimal behavior of an agent is determined by her position in the network described by some measure of centrality. This also holds true for our model with the key centrality measure being α -centrality. It accounts not only for the position of the agent and her neighbors in the network, but also assigns to each node an exogenous "importance", which contributes to centrality.

Theorem 1. The level of agent's investment in the inner equilibrium under the standard and the Jacobian definitions is equal to her α -centrality: $\mathbf{k}^* = (\mathbf{I} - \alpha \mathbf{M})^{-1} \tilde{\mathbf{e}}$. Under the standard Nash definition of equilibrium: $\alpha = \frac{A}{2(a - A\varphi)}$, $\tilde{\mathbf{e}} = \frac{\bar{\mathbf{e}}}{2(A\varphi - a)}$. Under the Jacobian definition:

$$\alpha = \frac{A}{2a - A\varphi}, \quad \tilde{\mathbf{e}} = \frac{\bar{\mathbf{e}}}{A\varphi - 2a}.$$

This theorem shows that agent's behavior in the internal equilibrium is completely determined by her α -centrality. Notice that the signs of α and \tilde{e}_i are opposite. Therefore, agent's position in the network and her exogenous "importance", which depends on the initial endowment, always affect the equilibrium level of investment in the opposite directions.

4. Internal equilibrium in complete network

Theorem 2. In complete network under both definitions of equilibrium agents' behavior is uniform, i.e. the knowledge level is the same for all agents.

This theorem means that in complete network there is homophily in investments in knowledge: all agents have the same behavior in equilibrium.

Theorem 3. In a complete network, under the standard Nash definition, internal equilibrium exists if $\frac{1 - A(n-1)}{2A} < \varphi < \frac{a}{A}$. Under the Jacobian definition, internal equilibrium exists if $\frac{1 - A(n-1)}{A} < \varphi$. In

both cases an increase in the number of agents, n , leads to a decrease in their utilities.

This effect follows from a significant reduction in investment by each agent when the network expands. As a result, the overall externalities and the level of knowledge decrease, which leads to lower payoffs.

5. Simulations for random networks

We created random networks in simulations using Erdős–Rényi and scale-free models with varying values of network formation parameters. The equilibria were found by iteratively calculating agents' best responses to externalities. Internal equilibria are observed most frequently in stars, in networks with a small number of edges and in complete networks. They are also more common under the Jacobian definition of equilibrium.

6. Conclusion

Our model provides a theoretical approach to understanding knowledge creation in a network context. We show that the agent's investment in knowledge is determined by both her position in the network and by the initial endowment. In the case of a complete network, its growth discourages knowledge creation and reduces payoffs. This result leads to a suggestion that full availability of knowledge to everyone does not create stimuli for agents to invest into its creation.

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Carbon vs. Non-Carbon Intensive Industries: An Analysis of the Relationship between Environmental Disclosure Performance and Economic Performance

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Abstract:

Increasing concerns about foreseeable factors threatening society, the environment and the economy have prompted significant changes in the way corporate reporting requirements and practices are developed to enable the publication of new reporting frameworks, protocols and guidance. Aimed to find whether there is a relationship between information and economic performance, this paper uses a correlation co-efficient and systematic modelling approach to categorise eco-efficient activities and measures company's environmental disclosure performance. The results show that non-carbon intensive industries environmental disclosures are associated with economic performance; also are motivated within companies that are seeking finance.

Keywords: *carbon vs non-carbon, correlation co-efficient, economic performance, environmental disclosure, systematic modelling*

1. Introduction

There is increasing evidence that one of the major contributors to global warming is carbon emission, this impacts seriously the quality of people's lives. Even though, there is not regulation to curtail carbon emission, neither there are clear rules for carbon disclosures around the world. However, the actions of many companies, particularly larger ones, are scrutinised for their objectives to maximise profits and minimise costs as these are seen as key contributors to environmental problems. This has led society to be more inquisitive about company operations and their environmental accountability. On the other hand, some organisations have voluntarily taken the decision to reduce their carbon emission and include in their annual reports disclosures about their environmental actives as important part of their strategical operations.

This study attempt to analyse the factors that attract large corporations (such as FTSE 500) to disclose carbon and greenhouse emissions and climate change strategies. Earlier studies described a number of factors influencing the environmental disclosures of carbon and non-carbon industries; these factors include: leverage, company size, profitability, regulation, economic climate, and specific country issues (Luo, et al., 2010). The results shows that the environmental disclosure performance plays an important role in the economic performance of corporations. An additional contribution of this study relates to increasing literature on carbon emissions disclosure. This investigation comes into this specific research area by analysing the findings supporting the relationship between environmental disclosure performance and economic performance. The study presents strong empirical evidence to support previous claims that environmental disclosure have a positive impact on the economic results of a corporation.

2. Available literature

Previous studies on the relationship between environmental disclosure and economic performance has shown mixed results. Early research reported that pollution reduction and profitability are compactible, and indicated a positive relation between earnings per share and return on equity environmental disclosure rankings (Narver, 1971; Spicer (1978). Spicer study indicated that all signs agree with his hypothesis; however, only the correlation coefficients for size, systematic risk, and the price-earnings ratio were statistically significant. Despite the positive result from early studies, more recent ones have concluded that the association between environmental reporting and corporate performance is not very strong. This points to the conclusion that there is not jet a consistent understanding regarding the relationship between environmental disclosure and economic performance. On the one hand, voluntary disclosure theory foresees that organisations with economic performance are predisposed to disclose information concerning their environmental performance to increase their market value. This type of research supports the view that a greater environmental disclosure is reflected in a better economic performance. On the other hand, legitimacy theory argues that companies employ environmental disclosure to improve the public perception of their economic performance (Deegan, 2002).

3. Research approach

A series of processes are used to estimate the relationship among these concepts using the following simultaneous equations:

Environmental Disclosure Performance:

$$\text{ENVPERF} = \gamma_0 + \gamma_1 \text{ECONPERF} + \gamma_2 \text{ESG} + \gamma_3 \text{GROWTH} + \gamma_4 \text{SIZE} + \gamma_5 \text{TOBIN} + \gamma_6 \text{ORG} + \text{\$1}$$

Economic Performance:

$$\text{ECONPERF} = \chi_0 + \chi_1 \text{ENVPRF} + \chi_2 \text{UE} + \chi_3 \text{PREDISC} + \chi_4 \text{GROWTH} + \chi_5 \text{MARGIN} + \chi_6 \text{ENVEXP} + \text{\$2}$$

To test the relationship between environmental disclosure performance and economic performance this study suggest the following hypothesis:

H1. ‘There is a link between the level of environmental disclosures a corporation makes available to its stakeholders and its economic performance level’.

H2. ‘Organisations showing a good financial performances tend to disclose their carbon exposure performance’.

To test the hypothesis, the year 2015 Global FTSE 500 companies was use. This ensured that the sample represent companies in a variety of industries, such transport, mining, chemical, oil and gas, utilities, insurance and banking. Additionally, large companies are the ones that commonly issue reports on their corporate environmental activities (Okereke, 2007; Spada, 2008). Company size is especially important as large firms are subject to greater scrutiny and media coverage; opposite to small organisations that tend to disclose very little information Van Straelen et al., 2003).

4. Empirical results and conclusions

Only companies listed in the 2015 Global FTSE 500 and also included the 2015 FTSE4 Good ESG Ratings are counted in the sample. The significantly positive relation observed between environmental performance and economic performance is consistent with Michael Porter’s theoretical argument that innovative solutions to reduce the inefficiencies associated with pollution promote both environmentalism and industrial competitiveness simultaneously. The results, are also consistent with this argument, suggest that managers should change their strategic outlook regarding a firm’s environmental performance, from fixating on the deadweight costs of ex post regulatory compliance to focusing on the ex-ante opportunity costs represented by environmental pollution. The finding that good environmental performance and economic profitability go hand-in-hand, in addition to supporting Porter’s theoretical advocacy of this relation, is also consistent with the view that economic performance and environmental performance are both related to the quality of management. Good managers, acting in the firm’s long-term interest, accept the firm’s social responsibility and adopt pro-active strategies for controlling environmental pollution.

Finally, because the study uses market-based proxies to represent economic performance, the observed positive economic-performance–environmental-performance relation is also consistent with investors’ preferences for equities of environmentally responsible firms.

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Managing Corporate Social Performance in Fashion Industry

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Abstract:

The global fashion industry has become one of the most detrimental forces to our planet's eco system due to vast number of products which are manufactured at many factories around the world, consume a lot of planet resources and are pushed to be discarded of very fast due to changing fashion trends. At the same time fashion industry involves a lot of human labor thus influencing whole communities in developing countries and is infamous for human rights violation. Nevertheless, fashion companies have set their foot on corporate social responsibility (CSR) path relatively late because consumers failed to see a direct connection between the end product and disruptions occurring alongside the value chain for a long time. During the last two decades the increasingly elevating consumer awareness has put pressure on fashion companies and forced them to start investing into corporate social performance. The authors investigate fashion companies CSR practices and nonfinancial reports in order to find the common problems in relationships with stakeholders along the value chain, the ways the fashion companies cope with them and lacunas left unsolved or unattended.

Keywords: *corporate social performance, fashion industry, non-financial reporting, shared value*

1. Goal of the Research

Goal of the research is to analyze the specifics of corporate social performance (CSP) management in fashion industry. Even though general CSP managerial instruments (code of ethics, responsible value chain creation and modification, nonfinancial and integrated reporting and analysis) are common for all industries, there are peculiarities related to industrial set of stakeholders and their expectations, typical problems in building and maintaining relationship assets as well as concrete social issues which are associated with different industries.

2. Research methodology

The authors start with identifying typical problems in relationships with stakeholders along the value chain in fashion industry and the ways companies react (or don't). In order to look into specifics of CSP in fashion industry the authors used M. Halme and J. Laurila model (2009) describing CSP portfolio, which includes corporate philanthropy, corporate responsibility integration and corporate responsibility innovation.

Fashion industry is a sector of economy which includes individuals, organizations, institutions, events and practices that are aimed to create a fashionable image, produce correlating goods and distribute them (Mikhaleva, 2012: 115). "Fashion is taken to mean clothing designed primarily for its expressive and decorative qualities, related closely to the current short-term dictates of the market rather than for work or ceremonial functions" (Breward, 1995: 5). Nondurable, psychosocial characteristics of fashion product dominate functional utilitarianism; fashion product depicts social system's "collective taste", psychosocial motivation and social differentiation (Sproles, 1974: 465-466). Due to specific product nature, the pivotal role in fashion business success or failure is played by design, marketing and sales (Easey, 2009: 145).

The industry's value chain is consumer-driven; fashion companies see design and marketing as the most important functions that are controlled by themselves and prefer to outsource manufacturing to developing countries (Gereffi, 2003: 3). Fashion companies usually have no direct ownership of manufacturing facilities and this leads to inability and no particular interest in tracking working conditions and human rights violation. Another disruption happens in fashion companies supply chain. Competition between suppliers is very high and the cost of switching between them is rather low. For example, Zara has worked with 1,725 suppliers in 2015 and quickly switched to different partners if they did not agree to the pricing or code of conduct policy. The pressure of multinational fashion companies makes factories' owners constantly accommodate to the lowest possible price ignoring basic safety rules. This policy leads to poor working conditions, low salaries, child labor usage, injuries and deaths that are usually hidden from public and get revealed only after major accidents like Rana Plaza factory collapse in Bangladesh in 2013. Fashion companies also get questioned about their pricing policy and their impact considering poor usage of planet resources. Fashion trends push customers to use products for a very short period. Clothes, footwear, glasses etc. are thrown away long before they lose their functionality due to becoming out of fashion belongings. Thus fashion industry is also responsible for a big part of planet rubbish burden.

Despite the atrocious effect the industry poses on the global eco system and human right offense cases, fashion companies set their foot on a path of becoming socially responsible only about two decades ago. This can be explained by to the fact that consumers failed to see a direct connection between the end product and disruptions occurring alongside the value chain. However, consumer awareness started to shift with an easy access to information. Today's media, access to Internet, television and magazines make fashion visible to customers and affect the demand (Barnes, Lea-Greenwood, 2010). The increasingly elevating consumer awareness has put pressure on fashion companies and forced them to invest into establishing CSR departments, creating CSR reports, and executing CSR campaigns.

3. Authors' contribution

The authors look into the CSP practices of 14 multinational brands that take part in Sustainable Apparel Coalition and analyze them. The research has shown that there is no direct linkage between having a lengthy report on corporate social responsibility and being indeed socially responsible. The majority of fashion companies that try to accentuate their high level of CSR in reality are companies with more accusations in Mass Media concerning the unethical practices those companies use. Huge Multinationals like Inditex Group have the resources to write lengthy reports and upkeep CSR department, however, companies that are smaller in turnover, revenue and size tend to be more socially responsible. The authors also look closer to the CSP practices of Russian company – Melon Fashion Group – and analyze them using CSP portfolio classification: corporate philanthropy, corporate responsibility integration and corporate responsibility innovation. The conclusions considering success and fail factors of Melon Fashion Group CSP practices are made.

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Impact of Adopting Shareholder Primacy Corporate Governance on Financial Market Growth of BRICS (1995-2014)

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This paper investigates the impact of adopting shareholder primacy corporate governance regulations into the domestic legislations of BRICS countries on the financial market growth in these countries. It has been speculated by the international financial institutions that adoption of shareholder corporate governance will enhance financial market growth which in turn would power economic growth ultimately leading to overall sustainable growth. This research empirically looks into the first part of the claim and tries to find out if adoption of the international corporate governance framework has any impact on the financial market growth in BRICS countries.

Keywords: *Bayesian analysis, BRICS comparison, corporate governance, empirical corporate governance, financial market growth, panel data analysis, legal convergence*

1. Introduction

Since the late 1990s, developing countries especially the top emerging economies of Brazil, Russia, India, China and South Africa (BRICS) have been encouraged by international financial organisations to adopt a shareholder primacy corporate governance model. It was anticipated that in an increasingly globalised financial market, countries which introduced corporate governance practices that favour investors would gain a comparative advantage and attract more capital leading to financial market growth. This research empirically finds out if the shift in corporate governance towards a shareholder primacy model has a corresponding impact on financial market growth in BRICS countries.

2. Methodology

The present research investigates whether adopting shareholder primacy norms has had any impact on the growth of the financial market of BRICS countries. First, a time series (1995-2014) corporate governance index is prepared for these five countries using data compiled by local expert respondents on fifty-two corporate governance parameters based on 2004 OECD Principles of Corporate Governance; second, a financial market development index comprised of five variables, and three control indices comprised of ten variables are prepared for a similar time frame; third and finally, a lagged multilevel regression between these indices coupled with change-point analysis shows the strength and direction of causality between the adoption of pro-shareholder corporate governance and the growth of the financial market.

3. Empirical results and analysis

We find the following results:

	Corporate Governance coefficient			Intercept	Control 1 coefficient	Control 2 coefficient	Control 3 coefficient
	Mean	2.5% quantile	97.5% quantile	Mean	Mean	Mean	Mean
Brazil	0.062853	0.049519	0.0761	-0.11515	0.418122	0.084039	0.43738
China	0.032681	0.018637	0.046816	-0.00826	0.46066	0.24393	0.327721
India	0.062502	0.003676	0.120785	-0.01918	0.398711	0.057521	0.472082
Russia	0.064709	0.051765	0.077738	-0.24181	0.413657	0.084067	0.452866
South Africa	0.064471	0.053535	0.07527	-0.11819	0.417834	0.087343	0.435347

The research finds that the adoption of shareholder primacy corporate governance has been steadily rising in BRICS countries in the past twenty years, however, the rate has considerably slowed in recent years. The research also finds that shifting towards a shareholder primacy model in corporate governance has a very small effect on growth of financial market in developing countries. It also finds that though some BRICS countries react more positively than others to the adoption of shareholder primacy corporate governance models, but overall the financial, economic, and technological controls have more impact on the growth of financial markets.

4. Conclusion

Thus the article discusses the relative growth of corporate governance in BRICS and focuses on the comparative perspective discussing the major gains which translated into the G20 Corporate Governance Principles. The article recommends that to achieve greater financial market growth from corporate governance regulatory perspective BRICS countries need to adopt policies encouraging R&D and focussing on high technology-led export industries. The article argues that increasing adherence to law is a better way to improve financial market than just incorporating the G20 Principles into the national legislations and listing rules in BRICS economies.

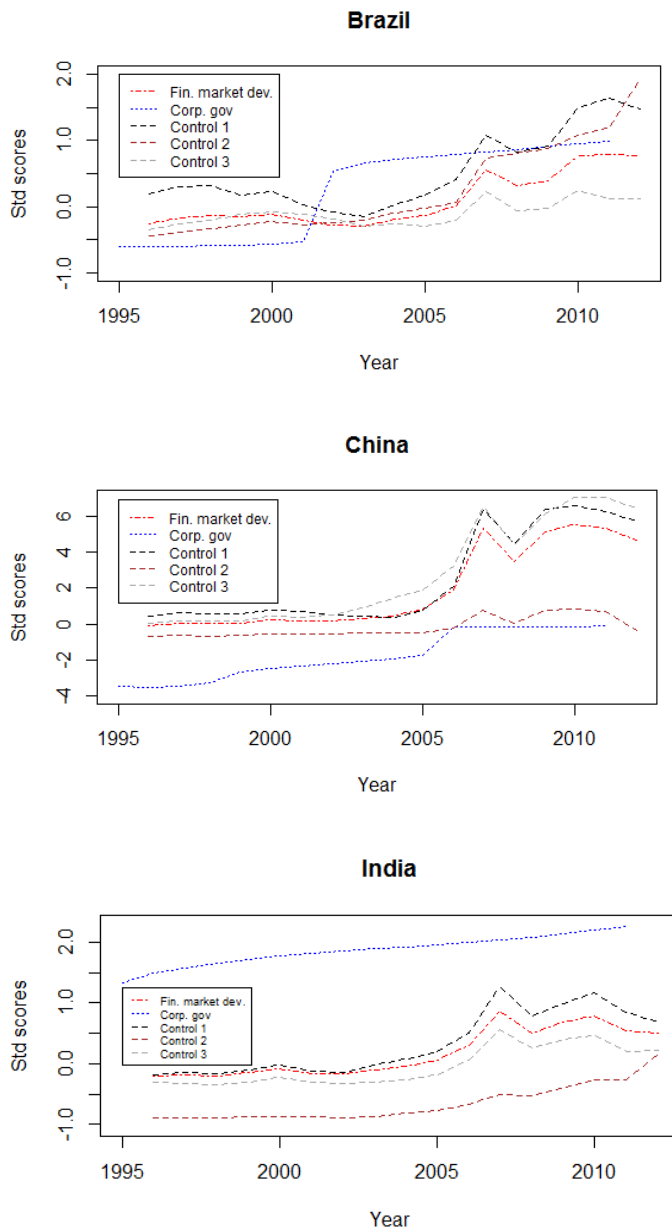
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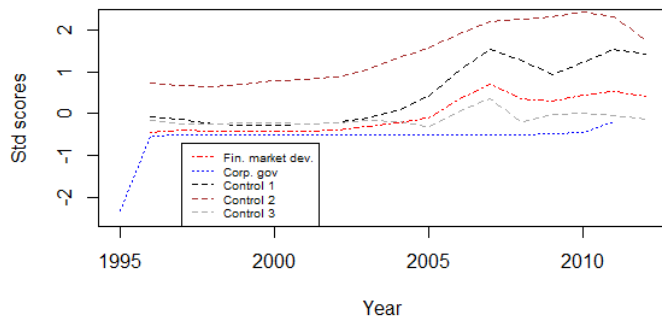
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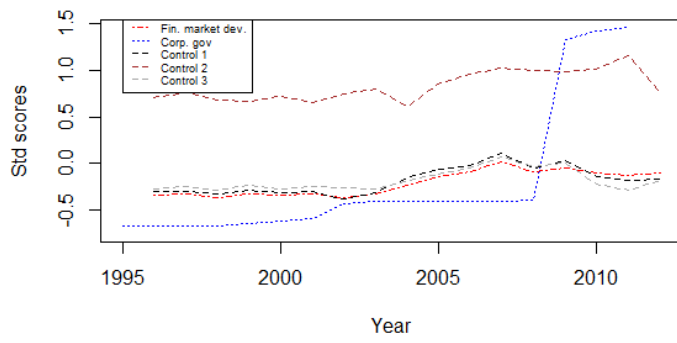
Appendix: Evolution of corporate governance, outcome factor and the controls



Russia



South Africa



Impact of Consumption Values on Consumer Attitude toward Green products: Sustainable Consumption in Russia and China

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Abstract:

This paper presents the results of a research which purpose was to investigate the influence of consumption values on the attitude of consumers in China and Russia towards green products and eco-goods. Consumer behavior of "green" buyers determine the present and future of the "green economy". Survey was administrated in China (n=304) and Russia (n=328). We analyzed relationship between environmental concerns and consumer choice behaviour in purchasing green products. The results of exploratory factor analysis and cluster analysis indicate some segments that are very similar with regard to their consumption values. The research is relevant for marketers because allow getting a deeper understanding the attitudes of consumers towards green-goods or "environmental friendly products" both in Russia and China.

Keywords: *Chinese consumer, consumption values, environmental impact, environmental friendly products, green products, Russian consumer, sustainable consumption*

1. Introduction

The general pollution of the environment, connected with various manufactures and technogenic processes, influences the economy and social life, both in Russia and in other countries. At the same time in different countries there is a steady increase in the level of greening companies and demand for green goods / services, the rapid development of technologies and processes that reduce the impact on the environment, as well as the accelerated formation of the market for environmental goods and services. Eco-goods or "environmental friendly products" are aimed at preserving and improving the habitat. According to the definition of OECD, these products are produced without toxic chemicals or are recyclable, namely reusable, bio-degradable or having eco-packaging, and with low detrimental environmental impact at all stages of its life-cycle with the long term goal of preservation of natural environment are termed as green or environment friendly products (OECD, 2009).

On the one hand, the need for such goods and services is unique, and therefore the way of its adequate satisfaction must be unique. On the other hand, consumer behavior of "green" buyers determine the present and future of the "green economy". Therefore companies need to understand who are "green" consumers and what motivates them to "green" consumer behavior. These let create and promote products that meet their needs. Surveys that analyze the purchasing behavior of consumers of eco-friendly products (e.g., Davis, 1992) or the attitude towards environmental friendly products (e.g., Kaiser, F. G., Wolfing, S., 1999) have been conducted since the 1990s. A lot of models have been developed to explain the "green" consumer behavior by different authors: Zsoka, Szerenyi, Z., Szechy, A., Kocsis, T., (2013), Lin P. and Huang Y. (2012) and others. Acquisition of eco-products has different motives. So, according to Wier M, Jensen K., Andersen L. and Millock K. (2008), these motives can relate to taste, health benefits, as well as the overall environmental impact or footprint. Some scholars (e.g., Biswas A., Roy M., 2015, Suki and Suki, 2015, Gonçalves, 2015, Lin, P.C., Huang, Y.H., 2012) examine the influence of consumption values on sustainable consumer behavior across consumer segments. These research were based on the theory of consumer values of Shett, Newman and Gross (1991), which emphasizes the importance of consumer values in making decisions about the purchase of goods and explains why consumers choose to buy or not buy (or to use or not use) a specific product, why consumers choose one product type over another, and why consumers choose one brand over another. In Russia some researchers are also interested in identifying factors that affect the demand for eco-products, including the effect of eco-labeling on the choice of goods and sustainable consumption. But there are no studies on the impact of consumer values on the choice of eco-products.

2. Methodology

Thereby, based on the literature review, we developed an approach to the study of the consumption values influence on the attitude of consumers towards eco-goods. The purpose of our research was the understanding of consumption values, which are reflected in sustainable consumer behavior. The following hypotheses were developed:

H1: The choice of Chinese consumers of eco-products is influenced by more functional, social and epistemic values then others.

H2: The choice of Russian consumers of eco-products is influenced by more functional, situational and epistemic values then others.

A cross national survey was conducted in 2016 in China (n=304) and Russia (n = 328), with a total of 632 respondents. Data were collected in five cities from various geographic regions in the Far East of Russia, as well as in different cities of China. The basis for the development of the questionnaire was the theory of consumer values of Shett, Newman and Gross (1991), which emphasizes the importance of consumer values in making decisions about the purchase of green goods. These values include functional values (value is influenced by physical performance and

functional benefits of the product gained by the consumers), social values (relate to approval and self-image improvement), conditional values (consumers' choice of goods under certain circumstances), epistemic or knowledge values (desire to gain knowledge by consumers), environmental values (ecological attitude) and monetary values (the desire or readiness of consumers to buy an eco-product or an environmentally friendly product for a higher price than its non-ecological analogue). We adopted scales from the Biswas A., Roy M., (2015), Gonçalves, (2015) and used a five-point Likert scale with a range from strongly disagree (1) to strongly agree (5).

3. Results and discussion

First, reliability and validity of the measurement scales of values in the survey were examined based on Cronbach's alpha(α): scores were 0.923 (China) and 0.808 (Russia). These reliability values were in acceptable limits. Second, through the principal component analysis of varimax rotation by SPSS 19.0 the consumer values were categorized into four factors both in Russia and in China. They were named in Russia as "Eco-oriented consumers", "Innovative consumers" (epistemic values), "Situational consumers" (conditional values), "Rational consumers" (functional values) and in China as "Price sensitivity consumers", "Social consumers" (social values), "Eco-oriented consumers" and "Rational consumers". Then for segmentation, a cluster analysis was conducted with Ward linkage method and Euclidian squared distance, which was based on the factor scores. As a result, five clusters (segments) were identified in Russia and four clusters in China. Thus we partially confirmed the hypotheses and developed the recommendations to the companies, taking into account the consumer preferences of identified segments. Further research would be possible to include emotional values and we intend to test validity of the model using structural equation modeling analysis.

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How Knowledge Management Support Talent Management in Organizations: Initial Evidence from Slovenia and Russia

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Abstract:

The main purpose of this paper is to address the role of knowledge management in the process of talent development. The focus is on current utilization of knowledge management tool in organizations, since the extent of knowledge management tool utilization significantly influence on the amount of available and gathered knowledge, which is then available in the process of talent development. Preliminary calculations, based on 342 responses from employees in Slovenian organizations, reveal that knowledge management is not among most used management tools in Slovenian organizations. Similarly, we can conclude for Russia, for which we done a qualitative analysis of available literature. The paper outlines some starting points for discussion and implications, as well as emphasizes future research steps.

Keywords: *knowledge management, management tools, Russia, Slovenia, talent management*

1. Introduction and the gap

In nowadays environment the management of knowledge is critical to success of organizations (Bruton, Dess, and Janney, 2007). In the last decade employees have become most valuable asset in organizations and an important source of organizations' competitive advantage (Ashton & Morton, 2005). In that frame organizations must assure that they attract best available employees and continuously develop their employees. Crucial role here plays talent development, for developing employees in organizations in order to be better prepared for everyday challenges in organizations (Becker, Huselid, and Beatty, 2009). One among key building block of successful talent development process is also knowledge (Lewis & Heckman, 2006; Cappelli, 2008). In that frame, knowledge management – and its key activities of acquisition, storage and dissemination (Becerra-Fernandez, Gonzalez, and Sabherwal, 2004) – have become of crucial importance for talent development in organizations, as well as organizational learning in general. Above outlined cognitions and the available literature reveals lack of evidences about the link between talent management and knowledge management, while also revealing lack of studies about knowledge management utilization in former transition economies, like Slovenia and Russia.

2. Novelty and the contribution

We argue that, the extent of knowledge management tool utilization significantly influences on the amount of available and gathered knowledge, which is then available in the process of talent development and affect on talent management process outcome. The paper contributes to the literature in following ways, it: (1) reveals state of knowledge management tool utilization in Slovenia and Russia, (2) establishes the link between knowledge management and talent management in organizations, (3) identifies the role and importance of knowledge management for talent development success, and (4) outlines several practical implications.

3. Methodology

In order to empirically examine utilization of knowledge management in organizations, we used a survey instrument about management tools utilization, including 25 tools (Potocan, Nedelko, and Mulej, 2012). We done calculations based on 342 responses from employees in Slovenian organizations. For determination of knowledge management utilization in Russian organizations, we rely on secondary sources – i.e. we analyzed articles about knowledge management utilization in Russia and experiences from business practice.

4. Results and discussion

Preliminary calculations, based on 342 responses from employees in Slovenian organizations, reveal that knowledge management is not among most used management tools in Slovenian organizations. According to the results of our survey, knowledge management is ranked 12th among 25 management tools considered in the research.

Several papers addressed utilization of knowledge management in Russia. Klafke, Lievore, Picinin, Francisco, and Pilatti (2016) provide an overview of the articles addressing utilization of knowledge management practices in BRIC countries. Based on the content analysis of the paper, they conclude, that in Russia two common knowledge management practices can be outlined (e.g. organizational learning and best practice; companies benchmarking), while in other BRIC countries more practices can be identified (i.e. Brazil – 7, India – 8 and China – 3). Based on above outlined cognitions and experiences from business practice, we can presuppose that the knowledge management tool is also not among most used management tools in Russian organizations.

Based on above cognitions we can argue that the enhancement of knowledge management utilization could lead to the better talent management, since broader knowledge repository will be available to transfer knowledge. Thus, if an organization has an extensive knowledge base, containing cutting-edge knowledge, can better develop talents in organizations, in comparison to the organizations, that don't possess such knowledge repository. In terms of enhancement of knowledge

sharing, Michailova and Hutchings (2006) argue that national culture influence on knowledge sharing. In their research they claim that vertical collectivism and particularistic social relations, facilitate knowledge sharing between in-group members in Russian organization. For Slovenia we can outline that despite tradition of collectivistic culture, there are some barriers to the effective knowledge sharing between employees in organizations, like lack of cooperation between employees, low level of trust, abuse of knowledge, etc. (Potočan & Mulej, 2007).

Above findings will be useful for practice, since a lot of Slovenian organizations have their operations in Russia and vice versa. Looking from that perspective, knowing actual level of knowledge management tool utilization will be useful for organizations, to better support talent development process in organizations and in their subsidiaries abroad. For instance, when Russian organization has its operations in Slovenia, can recognize level of knowledge management utilization in Slovenia and can design needed actions, based on our findings about knowledge management and identify potential for using knowledge for talent development or other purposes. Similar is valid for Slovenian organizations, entering and/or operating in Russia.

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Value Chain Reconfiguration as a Response to Changing Business Environment: the Case of Emerging Market IT Companies

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Abstract:

Global value chain (GVC) configuration is a complex sequence of decisions made by internationalising firms to suit their strategies and country business environment. We use multiple case study method looking at GVC configuration and make cross-cases analysis in order to identify similar patterns in Russian IT firms' GVC activities. Our research findings suggest that ownership advantages constituted by firm- and country- specific advantages strongly affect configuration strategy within GVCs. We observe that IT firms tend to locate R&D departments in Russia or partly in other locations but transferring Russian specialists, while other GVC activities are distributed beyond Russia.

Keywords: *global value chain configuration, internationalization strategy, IT sector, location advantages*

1. Goal of the research

Factors of firm internationalization changed the reasons and processes by which global value chains evolved (Alcacer, et al., 2016). In return, growth and renewal of multinational companies reformed the global environment by means of FDI and various contracting methods (UNCTAD, 2014). It is within this context that 80% of global trade occurs through complex, fragmented and geographically dispersed value chains and networks of multinational companies, which are challenged by constant competition, and respond by optimization and restructuring of their value chains (Mirza, 2015; OECD, 2011). Consequently, global production became highly distributed, and more integrated, between developed and developing economies (UNCTAD, 2014).

Academic literature provides a strong understanding of GVC configuration decisions in manufacturing and resource industries (Heide et al., 2015; etc.). The IT sector is deeply integrated in various industries as a supporting activity (Frederick, 2014), and the role of IT in GVC configuration is well-researched and understood by both academics and development researchers (OECD, 2011; Sun, Grimes, 2016; etc.). However, GVC configuration of IT companies as service providers (a primary value chain activity) is not well researched (Lanz, Maurer, 2015).

Cloud computing is an emerging activity area within the global IT industry, which is yet to be specifically examined in terms of its global value chain configuration (OECD, 2011; Lanz, Maurer, 2015). Extant research focuses mainly on the role of cloud computing in GVC reconfiguration of manufacturing companies (Jede, Teuteberg, 2015), but not on service providers themselves, leaving a gap to be investigated.

We know that traditional GVCs benefit from the location advantages of emerging markets (Ferreria, 2011). We also know that IT companies in emerging markets benefit from the access to relatively cheap, and high skilled specialist workforce, constituting competitive advantage (Beerepoot, Roodhevel, 2016). Other institutional and environmental considerations within emerging markets however may hamper these competitive advantages.

We analyse GVC configuration strategies of Russian IT firms through ownership, location and internalization (Dunning, 1989) lenses arguing that Dunning's paradigm dimensions can structure possible explanations for location choices of GVC activities. Recent political impacts associated with Russia impose new challenges for Russian companies operating abroad in terms of both increasing importance of country of origin effect and intra-country government regulations affecting business environment. These external events are reflected in GVC activities of Russian cloud computing service providers. The research thus aims to explore, how the home country environment affects GVCs of Russian IT companies.

2. Data, Variables and Methods

The multiple case-study method is applied in this research. Solid multiple case study method can serve a researcher in three different ways – it can inspire when connecting different propositions to make contribution for some focused well-studied field; to bring consolidated theoretical contribution with the help of the wide set of cases; to motivate new research question developing for specific field (Siggelkow 2007).

The method of data collection was semi structured and in-depth interviews with business owners/CEO/founders. Particular could computing firms within IT industry were chosen due to the data accessibility and availability. The interviews were conducted either face to face or by phone. Overall we conducted 4 semi-structured interviews with the firms' representatives as a source of primary data. As a secondary data we used companies' websites, reports, media news and expert's talks. As a result of data analysis we provide a detailed description of each firm's GVC and uncover the drivers of the GVC configuration.

We used abductive approach to data analysis that means moving from data to theory back and forth. We coded the interviews trying to capture 1) internationalization motives in each case 2) value chain activities 3) location choice and determinants. On the second round of analysis we related our findings to OLI concept of Dunning and GVC activities specified by Porter (1985).

Thus, new coding strategy emerged and we proceeded with the analysis. The final round was the visualization of our findings and cross-case analysis.

3. Results

The data analysis reveals that all firms have very strong ownership advantages such as unique IT product based on high qualified and “cheap” IT specialists comprising their country specific advantages. These ownership advantages allow fast internationalization to culturally, institutional and geographically distant markets. Nevertheless this ownership specificity determines the GVC configuration strategy – centralization or transition (rarely) of R&D mainly in Russia. The analyzed IT firms became international almost from the inception. Such fast internationalization is also explained by the fact that Russian market is not ready for the product of IT firms and they have to look for customers abroad. Thus the first offices abroad are sales and marketing and they are predominantly located in Europe or US with one exception – Thailand due to company’s orientation to the Asian market. What is also notable is that finance and accounting activities (HQ as a rule) are moved from Russia as well and the reason for this is better taxation and regulations in other locations such as Switzerland or Cyprus. Another reason for moving HQs abroad is to be perceived as European or American company because “being Russian” according to founders’ evidence doesn’t serve cloud computing companies in a good way.

Analyzing internationalization path of Russian firms through OLI lenses we can conclude that “L” which stands for location advantages is often determined by home country disadvantages. Seeking for better taxation, regulation, reputational bonuses and so on, Russian IT firms have to escape from their home market and pretend to be of different origin. This home market specificity affects the GVC strategy in a way that marketing and sales departments are highly globalized.

The main objectives of this configuration of activities are a) to be closer to customers thereby to be able to adapt the product to foreign market; b) to be representative of the firm hiding its Russian origin; c) to operate in well-developed and financially sustained market in order to get resources and become competitive globally in IT sphere. All analyzed firms invested in representatives offices abroad escaping from low regulations, country of origin effect and economic instability at home. Combining their ownership advantage and location advantage of host markets Russian IT firms are able to internalize their products what otherwise would be hardly possible.

This study makes several theoretical contributions: firstly, we contribute to GVC literature by increasing the scarce knowledge of IT firms GVC configuration strategies; secondly, we applied Dunning OLI paradigm explaining firms’ internationalization and systematizing determinants of strategic choices and GVC configuration. We believe these two concepts can enrich our understanding of emerging market firms’ internationalization strategies by capturing environment specificities and systematizing them. Thirdly, we contributed to research of Russian firm’s internationalization which is still insufficient and requires more studies especially in the field of non-traditional for Russia sectors such as natural resources and high tech industry.

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Global Value Chain Participation in Service Industries – A Preliminary Study of Russian Multinationals

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Abstract:

Global value chain (GVC) participation allows for analysing country-based contributions of particular industry sectors to global trade. Studies have focused on emerging multinationals from China, India and Brazil of the BRICS nations, but Russia has not been subjected to analysis despite Russian FDI stock having substantially increased from 3bn USD to 501bn USD during the past 20 years (UNCTAD, 2014). Investigating services firms, in particular, IT, telecommunication and financial services from Russia provides validation of prior theories and new insights into the development and internationalisation of Emerging Market Multinational (EMNE) value chains. We use the GVC participation index to assess the balance between long-term and short-term benefits of international trade for Russian companies. We observe that Russian service sector EMNEs rely mostly on their supplier role, and therefore opportunities exist for GVC upgrading in several sectors.

Keywords: *emerging country multinational enterprises (EMNEs), global value chain participation, home country environment, service sectors*

1. Goal of the Research

Rapidly increasing volumes of global trade between developing and developed countries in the first quarter of the XXI century are widely discussed and analysed in both development literature (UNCTAD, 2014; OECD, 2011; etc.) and academic articles (Dikova et al., 2016; Narula, 2015; Nicholson, Salaber, 2013; etc.). At the same time only few work provides empirical analysis on this phenomenon for Russian companies (Meshkova, Moiseichev, 2016; Panibratov, 2015; Berman, 2011; etc.), despite that Russian MNEs are particularly interesting for international management literature, as their evolution process was unique and more than challenging comparing to multinationals from other emerging countries (Mihailova, Panibratov, 2012).

Intensive firm internationalisation of EMNEs has changed the underlying drivers and processes by which global value chains are reconfigured (Alcacer, et al., 2016). This growth and renewal of multinational companies reformed the global environment by means of FDI and various contractual foreign market entry methods (UNCTAD, 2014). It is within this context that 80% of global trade occurs through complex, fragmented and geographically dispersed value chains and networks of multinational companies, which are challenged by constant competition, and respond by optimization and restructuring of their value chains (Mirza, 2015; OECD, 2011). Consequently, global production has become highly distributed, and more integrated, between developed and developing economies (UNCTAD, 2014).

Academic literature provides a strong understanding of GVC configuration decisions in manufacturing and resource industries (Heide et al., 2015; Meshkova, Moiseichev, 2016; etc.), however, the substantial GVC participation of service industry EMNEs requires further investigation. This is especially the case for Russian EMNEs, with strong participation in IT, Telecommunication and Financial services sectors. These sectors and the role of Russian EMNEs in them is not well researched (Lanz, Maurer, 2015).

The purpose of this paper is to analyse the role of Russian EMNEs in GVCs. Of particular interest are the consequences of their rapid growth patterns, and the subsequently increased volumes of international trade. Exploring how effective their growth was in terms of long term benefits and possible technological upgrading for the service industries listed above will enhance our understanding of the key success factors of EMNE participation in GVCs. Furthermore, recent political influences associated with Russia impose new challenges for Russian companies operating abroad, potentially increasing the importance of country of origin effects and economic diplomacy, affecting their operational environment. We also endeavour to consider this factor in the analysis, forcing Russian EMNEs to be increasingly adaptive.

2. Data, Variables and Methods

We used the TiVA (www.oecd.org/tiva) database as basis of the analysis, which provides information on the export-import linkages of most industries in Russia, including the service sectors. We explore GVC participation index, that is based on the sum of two indicators: the share of the import component in a country's total exports and the share of exported goods and services used as imported components in other countries' exports (OECD, 2011). The objective of the GVC participation index is to capture backward and forward engagement in GVCs (OECD, 2011), and therefore it can be used to evaluate changes of GVC participation of firms from particular countries, in different industries, over time

3. Expected Results

The data analysis has so far shown that the participation of Russian EMNEs in certain listed service industries (Telecommunication industry – 8%; Financial services – 2%) as of 2009 was relatively high in comparison to other BRICS nations. On the other hand, it is probably only driven by short-term benefits, as the highest component contributing to the final proportion is made up of the export amounts used as imported components in other countries' exports, suggesting that Russian service sector EMNEs export intermediary components, instead of final products. This preliminarily results indicated that Russian companies maintain their traditional role of supplier in the global arena, however this also means that there are opportunities for

technological upgrading. Incorporating current data in the analysis is the next step for updating the results.

This study makes three contributions: firstly, we contribute to GVC literature by analysing the participation of Russian companies being global players in service industries; secondly, we demonstrate that the home country environment is the main driver of GVC strategies; thirdly, we provide suggestions on how to balance between long term and short term benefits of increasing intensity of international trade on global markets in service sectors.

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Concession in Urban Management Model

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Abstract:

Based on the analysis of the concession practice in the urban economy field, the authors identify six key constraints for the transition to new forms of relations between the state and private institutions. It is projected that the expected effect will change the position of all participants in the concession process. The population of Russia will get improved quality of public services. Municipalities will acquire new equipment, the accident rate of the infrastructure decreases. Investors will receive direct revenues and pursuing new markets at the lowest cost.

Keywords: *concession agreements, investments, municipal infrastructure, municipal management, public-private partnerships, transformation of lease contracts*

1. Introduction

In protracted crisis, the economy faces an acute problem of funding social programs. One option to preserve the position stability of the national economy is a public-private partnership (PPP). We are talking about the transfer of certain state functions on a fixed term contract to a private investor on a mutually beneficial basis. In Russia over the past two years strengthened the interest in concession management, worked out the legislative and regulatory framework. Concession, in contrast to privatization involves the transfer to private companies separate public functions on an established contract time, subject distribution of risks and competencies. State imperative to reduce the expenditure budget by attracting investors for the reconstruction and maintenance of the "problem" objects, which are, for example, dilapidated structures. The idea of concessionary agreements has worked well in the sphere of Western countries municipal economy. This form of mutual obligations is the most elaborated scheme used in the housing sector.

2. The modernization of the urban economy through the concession instruments

Budget funding is reduced dramatically, and the urgent need for modernization is becoming increasingly important. The modernization of infrastructure scheme through government programs gradually lose significance. "Legacy leases" de facto demonstrate ineffective approaches because they do not support the mutual rights and obligations of the parties. So, a private operator as a management company in accordance with the lease agreement is not responsible for building modernization. This structure is responsible only for maintaining the current status. In the long-term option is much more attractive scheme submitted by the co-financing of private capital and different levels budgets funds. The state may act as the customer in the construction or improvement field of socially significant object, and "encouraged" private initiative in infrastructure projects.

The lack of positive dynamics against the backdrop of economic turmoil forms the population of persistent negative feelings and expectations. The lack of positive dynamics of the housing-utilities sector on the economic turmoil background forms the persistent negative feelings and expectations among the population. Infrastructure continues to "deteriorate", and the cost of services is unreasonably overstated. The development of leased fixed assets is entirely the prerogative of the owners of the funds, but not tenants. Western Europe has been successfully practicing the three basic models of management in the sphere of PPP. The English model suggests complete privatization of public infrastructure. In the German utility model objects are included in the authorized capital stock of the company as a municipal contribution. Municipality controls most of the shares. The French scheme is based on long-term (30-50 years) concession agreement with transfer management to a private company of public property. The government has shown preference for the French model. Clarify in the concession law constitutes a symbiosis of two requirements: the facilitation of investors "entry" in the sector of urban economy and increase of their responsibility for the modernization and service quality.

3. Data and sample

The article analyzes the rating results of Russian regions by PPP development level. More than 30% of the unitary enterprises in 2016 were found to be ineffective and transferred to concession. Performance indicators of concession activities according to the Russian Federation official statistics convince potential investors about the opportunities offered by the market. The state worked out long-term rules of the concession activities; fixed the procedure of bidding for the concession; the possibility of concluding a contract without competition (on the initiative of the concessionaire); defined the model concession agreement.

4. Empirical results and conclusions

The authors have identified and classified six basic requirements for the proliferation of "concession practices".

1. *The confidence of the private investor in the public co-financing.* Otherwise, the investor loses a fixed business income even if its effective management. The mechanism guarantees to concessionaires in the containment of rising rates and rising inflation is under development.

2. *The level of training of the concession deal and responsible for its termination.* The concessionaires, having received the money, do not hurry to invest their money and "inhibit" the real innovation. It takes time to prepare new documents for the competitive selection in the event of the concession termination.

3. *The return's mechanism of the invested investor funds.* The authors propose to pay attention to the development of the five indicator of contractual obligations provisions, which will guarantee return of funds to the concessionaire.

4. *The level of municipal economy management.* Low level management does not effectively dispose of the equipment, tools and technologies. The issue of improving professionalism through training programmes and middle managers selection discussed in the previous authors papers.

5. *Support from the municipal authorities.* "Silent" sabotage municipalities may hamper the initiative of the concessionaires as they are deprived of the usual influence levers on the enterprises and do not encourage independent entrepreneurial behavior.

6. *Support innovation.* The phenomenon of "fear of new" due to the desire to maintain social status and the stereotypes of habitual behaviour, to protect yourself from excessive intensification and alien schemes. Fears can be dispelled through advocacy to develop ways of mutually beneficial cooperation, cooperation between municipalities.

The authors believe that the consolidation of the proposed measures on the legislative level will allow to achieve a triangular effect. 1. The concessionaires undertake and to achieve targets and investment. On this basis they will be able to attract long-term bank loans. 2. The "burden" of payment for housing and communal services will be not only citizens, but also two participants: concedente (provide up to 30 % of the obligations under the concession agreement) and the housing and utilities reform Fund. Municipal infrastructure acquires real "master's care", which will decrease the accident rate.

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Improvement of Operational Performance of Internationalized Companies through Collaboration in Distribution Networks

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Abstract:

This paper provides theoretical insights on the impact of supply chain collaboration on the operational performance of firms and collaborative advantage as an intermediate variable in the context of the supply networks of internationalized firms. The research is based on a case study of a distribution network constituting Russian and international firms. The obtained results indicate that supply chain collaboration improves operational performance of internationalized firms and firms in domestic market. The study proves that collaboration in distribution networks can motivate international firms to enter the emerging markets through supply networks.

Keywords: *collaborative advantage, distribution networks, internationalization, operational performance, supply chain collaboration*

The increasing number of international organizations accessing new markets to seek higher efficiencies in sourcing and production have heightened the importance of supply chain collaboration today. Supply chain collaboration (SCC) is often defined as two or more companies working together to create a competitive advantage and higher profits than can be achieved by acting alone (Simatupang and Sridharan, 2002). Olorunniwo and Li (2010) take a relational position arguing that collaboration can also be defined as a relationship between independent firms characterized by openness and trust where risks, rewards and costs are shared between parties. Focusing more on the outcome of collaboration, Simatupang and Sridharan (2005) also use the term collaboration to describe “the close cooperation among autonomous business partners or units engaging in joint efforts to effectively meet end customer needs with lower costs”. We advocate that collaboration involves multiple firms or autonomous business entities engaging in a network relationship that aims to share improved outcomes and benefits. In terms of internationalization supply networks play an important role. Johanson and Vahlne (2003) proposed a network model of the internationalization process. Chetty and Blankenburg-Holm (2000) showed the dynamics of interaction between supply network partners, which allows the firms in the supply network to enter and expand in their international markets, as well as and develop integration of them. Loane and Bell (2006) concluded that a high proportion of firms actively used existing networks to develop their knowledge of international markets and to improve their international competitiveness.

Studies on supply networks (Gadde and Håkansson, 2001) and on global value chains (Gereffi and Korzeniewicz, 1994) highlight that supply networks provide learning opportunities, whereas strategic suppliers positioned in the international markets may present advantages to a firm’s competitiveness. Firms participating in a network may contribute to it based on their experience and involvement in the relationship, no matter where they are located. Networks are flexible structures that involve firms interacting with each other in order to solve their various problems and needs.

A firm’s decision to internationalize involves a continuous learning process, the main components of which are trial and error, exploration, and knowledge transfer (Bilkley and Tesar, 1977; Reid, 1983; Erramilli, 1991; Eriksson et al., 1997; Vermeulen and Barkema, 2002). The main assumption of this view is that, in order to reduce the impact of environmental uncertainty and bounded rationality, managers participating in the internationalization process have to obtain knowledge on international markets and operations. In this perspective, international firm strategies can be considered as the firm’s position in the network as well as decision on how to expand representation in the emerging markets with the lowest costs. With the advent of new technologies, the collaboration among multiple international participants in the large-scale logistics distribution network has become much easier. It allows to reduce logistics costs, increases profits for large-scale industrial companies, and can benefit the overall economy (Wang et al., 2017).

The purpose of this paper is to provide theoretical insights on the impact of supply chain collaboration on the operational performance of firms and collaborative advantage as an intermediate variable in the context of the supply networks of internationalized firms.

Our study relies on previous research by Cao et al. (2010) and van Dijk (2016) and aims to provide theoretical insights and empirical findings on the impact of supply chain collaboration on the performance of firms, as well as factors mediating and moderating these effects in the context of the supply chain of a Russian distribution center and its suppliers.

The research is based on a case study of a distribution network constituting Russian and international firms. In this study, a conceptual supply chain collaboration framework was examined by means of a web-based survey questionnaire (quantitative). Thus, this research is considered to be explanatory and deductive, regarding the latent constructs in the conceptual supply chain framework.

The obtained results indicate that supply chain collaboration improves operational performance of internationalized firms and firms in domestic market. Moreover, the study advocates that

collaboration in distribution networks can motivate international firms to enter the emerging markets through supply networks. A mediating effect of collaborative advantage on the relationship between supply chain collaboration and operational performance was established.

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SME Internationalization in Different Regional Contexts: A Systematic Literature Review

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Abstract:

Although conventional narrative review remains the most popular approach to scholarly reviews of the literature, it is frequently criticized for its inherent subjectivity. This drawback becomes persistent amid the concurrent abundance of evidence in the business and management field. A systematic review approach seeks to eliminate it by adopting a replicable, scientific and transparent process of exhaustive literature search. We conduct a systematic review of articles devoted to the internationalization of small- and medium-sized enterprises (SMEs), published in international peer-reviewed journals since 2005. We attempted to cover the research both on developed and emerging markets to understand the regional foci in general. A number of patterns were identified in terms of geography and research methods, as well as some research gaps which can be used in further research.

Keywords: *international entrepreneurship, SME internationalization, systematic review*

1. Goal of the Research

The purpose of this systematic review is to identify the patterns in the conduct of research on SME internationalization in terms of the geographical location of the research subjects and the applied methodology.

2. Novelty / Author's contribution

International entrepreneurship, a research field with its roots back in the end of 1980's (McDougall, 1989), gained truly explosive interest in 2000's, with hundreds of papers becoming available in the leading peer-reviewed journals. Gradually, as the necessity for the knowledge systematization emerged, a number of articles were published aimed at systematic review of the literature on international entrepreneurship in general (Peiris, Akoorie, Sinha, 2012), and on specific topics (Laufs, Schwens, 2014; Rialp, Rialp, Knight, 2005).

Recently, the skewness and fragmentarity of international entrepreneurship research in emerging economies was articulated (Kiss, Danis, Cavusgil, 2012). We continue research in this direction but attempt to embrace the much larger quantity of articles both on developed and emerging markets to understand the regional foci in general.

3. Methodology

Conventional narrative review is frequently criticized for its inherent subjectivity (Hodgkinson, Ford, 2014). First widely applied in medical science, a systematic review approach seeks to eliminate this drawback amid the concurrent abundance of evidence in business and management field, adopting a replicable, scientific and transparent process, that aims to minimize bias through exhaustive literature searches (Tranfield, Denyer, Smart, 2003).

We conduct a systematic review of articles devoted to the internationalization of SMEs, published in 55 international peer-reviewed journals since 2005.

Articles from each journal were selected by semi-automated search by specific keywords. The preliminary list was then manually filtered for thematic inadequacy. Purely theoretical papers were excluded. *Journal of International Entrepreneurship* was screened manually through all the issues.

A brief overview of each article from the final list followed, aiming at determining the geographic scope and methodology of the study, as well as additional exclusion of irrelevant articles. To reveal authors' implicated objectives regarding regional context, we distinguished between 3 types of empirical articles: (i) those mentioning geographic scope in the title, (ii) in the abstract, or (iii) in the text.

4. Results

The systematization of existing knowledge in the field of SME internationalization is the primary result achieved by the present review.

SME internationalization is a global phenomenon, but many regions are still uncovered by international research – for instance, Latin America, Africa, and some non-EU countries in Europe. Notably, the internationalization of SMEs in Russian context, as a research subject, attracts not only Russian authors (e.g. Shirokova & McDougall-Covin, 2012; Volchek, Jantunen, Saarenketo, 2013), but also foreign research teams (Ricard, Le Penne, Reynaud, 2016; Thurner, Gershman, Roud, 2015).

Quantitative methods prevail in the field, and authors, in this case, usually do not aim to reflect regional context. Qualitative methods (mainly multiple-case study) were less popular, but dominated in some regions (e.g. Australia).

The present research is preliminary to a more detailed study of SME internationalization. A number of patterns were revealed in terms of geographic scope and research methodology, as well as some gaps, which may be used in future research attempts.

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Sustainable Economic Development of Small Towns: Financial Aspects

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Abstract:

Small cities are important members of regional ecosystems. The degree of their development largely determines sustainable development of Russian regions. However, at present there is no integrated approach to the sustainable development of small towns, based on their resource potential and the possibilities of their networking. In particular, it is necessary to understand the role of financial potential as a source of competitive advantages for small towns. This paper investigates the role of financial potential as a source of competitive advantages for small towns, main obstacles to their financial development, and prospective directions of their financial environment improvement.

Keywords: *sustainable development, small cities, financial potential*

1. Introduction

In Russia, there are about eight hundred small towns, with a population of less than 50 thousand people. The current status of most small Russian towns is characterized by increased sharpness of socio-economic problems and an acute shortage of human and financial resources. On the national average, the increasing level of the gap in the economic development and the quality of life of these settlements is noted, as compared to the big cities. Thus, there is a need to elaborate and implement urgent measures to boost intensive economic growth of small towns. However, there is no integrated approach in Russia to the sustainable development of small towns, based on their resource potential and the possibilities of their networking.

At present, improvement of the socio-economic situation in small Russian towns seems to be a very difficult task due to the limited resources of almost all kinds, including acute lack of financial resources. In particular, it is necessary to understand the role of financial potential as a factor of growth and a source of competitive advantages for small towns. Accordingly, the problem of the proposed research is to find ways of creating the best financial conditions for the development of small cities as the basic territorial units of Russia's regions. In the paper, financial stability of small towns is discussed, main obstacles to their financial development are unveiled, as well as prospective directions of their financial environment improvement.

2. Literature review

In the contemporary world economy, there is a dramatic change in the way cities, towns, and villages are designed, built, managed, and renewed (Cross, 2001; Campbell, 2013; Chadwick, 2016). Thus, the economic features of sustainable cities (Satterthwaite, 1997; Haughton, Hunter, 2004; Nijkamp, Perrels, 2014; Jacobs, 2016), as well as their role in sustainable development of regions, both urban and rural, has become the important subject of study (Calthorpe, Fulton, 2001; Courtney et al., 2007; Pearce, Barbier, Markandya, 2013; Arato, Speelman, Huylenbroeck, 2014; Egziabher, 2014). There is growing evidence that small town sustainability is crucial for well-being of any region in the world (Courtney, Errington, 2000; Knox, Mayer, 2013).

3. Data and sample

The study covers a ten-year period, 2005-2016, the analytical base is represented by the following statistical data: socio-economic development of Russian regions, sectoral indicators, financial and economic performance of business entities in small towns.

Particular attention will be paid to a comprehensive analysis of the historical and cultural potential of the selected regions, since it contributes to the development of promising economic activities that are not feasible in large cities (for example, ecological and agro-tourism).

4. Empirical results and conclusions

As a result of the study, the specific features of the socio-economic development and sources of financial stability in small towns will be determined, with the main focus on their interaction with each other, and with regional centers. Particular attention will be paid to the financial aspect of small towns' strategy, as well as to the analysis of existing state programs aimed at qualitative socio-economic transformation of the regions under consideration.

The directions of financial support for small towns development will be determined that can lead to their better positioning and thus to increased attractiveness and growing demand. The proposed financial strategy will help to identify promising areas of socio-economic development that will ensure synergy and improve the quality of life of residents of small towns.

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Parametric Strategic Management Approach as the Management Instrument for Emerging Markets

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Abstract:

Following presentation substantiates and elaborates the concept of Parametric Strategic Management, where the managerial performance is enacted by institutions, or otherwise, so-called “rules of the game”, thereby ensuring the development of companies and markets towards target attractors – steady states and operating modes through sustainable paths of development. The Coase theorem provides an economic justification for that concept. Based on that approach, following models are built: model of creation of sustainable competitive advantages for the company; model of parametric stimulation of market entry for economic actors under bounded rationality; general model of parametric management of company development towards target attractors on the base of SWOT-matrix.

Keywords: *new institutional economics, parametric strategic management, rules of the game, attractors*

1. Introduction

Strategic Management theory remains rather eclectic and is not universal as of yet. The question of why certain companies are successful, whilst the others are not, remains open. Just as there is no unified response as to how exactly should the strategies for sustainable competitive advantages be created. Even though various authors favor emergent strategies (Mintzberg, 1978), we believe that current situation still grants the opportunities for research of the all-new conceptual approaches to Strategic Management. Parametric Strategic Management can as well become such an approach, where the institutions as “rules of the game” are entitled to provide managerial performance. Once set, they ensure the targeting of specific steady states and operating modes (attractor) for companies and markets. It is worth being noted, that many successful and big-name companies employ the “simple rules” as their chosen strategies (Eisenhardt, Sull, 2007), amongst which are: Akamai, Cisco, Intel, Nortel, Oticon, Yahoo!, America Online, Dell, eBay, General Electric, Southwest Airlines, Vanguard, Wal-Mart. This serves as an additional argument in favor of profitability potential of the Strategic Management concept that would use «rules of the game» as the control parameters.

2. Methodology

The Parametric Management approach by itself is fairly universal to a wide extent, and can be used in managing of various complex and self-organized systems. Like, for example, biophysical systems are (Romanovskiy, Stepanova, Chernavskiy. 1984). The essence of such an approach is to provide the conditions for systems’ development in such a way, that would allow them to evolve towards one of the possible attractors (which would appear as a result of self-organization), rather than forcefully push them in the desired direction. In doing so, company manager chooses the target state from a variety of possibilities. Main analysis tool for connection between parameters and target attractors is the qualitative methods of solving nonlinear dynamic equations. In the Parametric Strategic Management, a wider range of tools has been used by the author, which involves qualitative methods of solving kinetic equations, along with elements of contract theory, method of model representations, etc.

3. Novelty

Solitary efforts to apply the Parametrical Management method have been carried out by D. S. Chernavskiy and his co-authors with the framework of qualitative macroeconomic dynamic model of Russian economics development (Chernavskiy, Starkov, Shcherbakov, 2001). However, the particular conceptual principle of Strategic Parametric Management, where institutions, otherwise, the “rules of the game” are used as the control parameters, is suggested for the first time ever. Also, it is for the first time that, based on that approach, the following models are built – complex model of creating sustainable competitive advantages for the companies within institutional and resource approach, parametric stimulation of market entry for economic actors in the context of bounded rationality model, and general model of strategic management, which involves transferring the managed startup company from it’s current state to its future target state or operating mode.

It should be noted, that such transfers of managed economic organizations exist due to multiplicity of attractors in economic systems, which stems from the famous Coase theorem (Kapeliushnikov, 2007).

4. Results and Discussion

We have built a five-level model for creating a sustainable competitive advantage within institutional and resource approach, where definitely set “rules of the game” (separating equilibrium, separating signaling, transaction-specific investment cost asymmetry requirement, “hostage” institution and relational contract (Obydenov, 2016b)) as well as unique and specific assets play a crucial role.

A Parametric stimulation of market entry for economic actors (companies and private entrepreneurs) in the context of bounded rationality model was built, where the transfers, taxes and fixed prices are chosen as control parameters (Obydenov, 2017).

A complex model to ensure parametric transition of managed company into a steady state on the base of SWOT-matrix has been suggested (Obydenov, 2016a).

Moreover, the concept of Parametric Strategic Management has already been applied by other authors, for example, as a part of strategic planning of finances at the municipal level (Morunova, 2016).

And finally, as a potential use for the approach suggested, we shall indicate the possibility to transfer Russian economics from the evolution pathway B to the development pathway A (Maddison, 2001; Maddison, 2007). Due to the fact, as has been mentioned by other authors, that the institutions might play a crucial role in that matter (Auzan, 2015).

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Consumer-Brand Relationships in Conspiratorial Digital Narratives

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Abstract:

I suggest that conspiracy theories infuse marketplaces, leading to specific conspiratorial relationships between consumers and brands. Drawing on literature in the social sciences and a discourse analysis of 30 conspiracy narratives retrieved online, I differentiate conspiracy theories from related concepts and show how consumers and brands can play the integrative roles of the culprit and the victim.

Keywords: *conspiracy theory, consumer-brand relationship, poststructuralism*

In the realm of consumer research, I define a conspiracy theory as *an alternative, explanatory, non-refutable, and logical narrative about a brand-related event which is rooted in consumer's belief that nothing happens by accident, and that there must be a secret and powerful group of people pulling the strings behind the scene*. It therefore differs from rumors, (urban) legends, hoaxes, and gossip. Marketers are particularly interested in understanding and anticipating conspiracy theories in that these conspiratorial narratives happen outside of marketing channels of communication and therefore out of marketers' control. Moreover it is difficult to persuade conspiracists that their theory is unfounded once they start to believe in it (Nyhan, Reifler, Ubel, 2013; Sunstein, Vermeule, 2009). Reasons for such hardly debunkable narratives might be, among others, that some theories revealed to be true (Keeley, 1999). To Aupers (2012) and Jane and Fleming (2014), conspiracy thinking carries a cultural logic of modernity that is taken to its extreme through the accumulation of proofs in a methodological and rational way, finally leading to a manifestation of distrust and "fashionable conspiracism" (Aaronovitch, 2010, p.3). Recent increase of conspiracy thinking might be understood as a consequence of new technologies of information, and more particularly the advent of the Internet (Barkun, 2003). The abundant flows of online information would decentralize all forms of discourses and favor echo chambers in which ideas and theories are no longer challenged, but only strengthen (Garrett, 2009; Pariser, 2011; Sunstein, 2002).

In order to better understand conspiratorial relationships between consumers and brands, I analyzed 30 consumption-related conspiracy narratives available online --in French and English-- through a poststructuralist perspective (Moisander, Valtonen, & Hirsto, 2009; Thompson & Hirschman, 1995). Analysis was also structured around the idea that characters and storylines structure texts and semiotic relationships (Hirschman, 2000). I have therefore used Greimas' (1966) concepts of *acteur* and *actant*.

Results underline the different roles that consumers and brands can play, and more particularly two integrative roles that gather all the other roles: the victim and the culprit. Most conspiracy narratives in the field of consumption involve a culprit/victim relationship between consumers and brands/companies. From this analysis, I find that a majority of conspiracy theories make consumers the victims, while brands, companies, or industries are considered the guilty party (e.g., *McDonald's* ice cream machine conspiracy). I also find narratives in which the company is a victim of consumers' conspiracy. These narratives often appear as official counter-narratives to answer conspiracy theories that directly attack the company (e.g., Phil Schiller from *Apple* about the removal of the audio jack). Two other kinds of consumer/brand relationships are the culprit/culprit and victim/victim situations. In these cases, events are interpreted either as the *consequence* of collaboration between consumers and brands/companies/industries (e.g., black market of Hollywood movies in Iran organized by consumers themselves and the USA to pervert Islam, local culture, and Americanize the whole world) or as the unfortunate *cause* of both consumer and brand misfortune (e.g., *Malaysia Airlines* flights 370 and 17 in 2014, allegedly shot down for secret political reasons). Finally, the brand can sometimes benefit from conspiracy theories and even feed them. For example, the Newton community considers *Microsoft* to be a conspirator (Muniz, Schau, 2005). Drawing on this narrative in which *Microsoft* is the villain, *Apple* takes the roles of both the victim and the hero fighting the suppressor of superior technology. These conspiracy narratives are even more plausible to the audience when the media announces that *Microsoft* shares consumers' information with the NSA whereas *Apple* refuses to collaborate with the FBI in order to protect its consumers' privacy. Regarding implications, this research helps to theoretically grasp the concept of conspiracy theory that has never been studied in marketing before. From a managerial standpoint, this research offers tools to support companies (and indirectly consumers) dealing with very serious issues regarding vaccines, AIDS, or climate change.

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Benefits of Small and Medium Enterprise (SME) Lending for Commercial Banks in Kenya

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Abstract:

A review of research on bank financing reveals that there are mutual benefits to be gained by both borrowers and lenders when they engage in small and medium enterprise (SME) lending. However, most studies emphasize demand side or borrower benefits and largely ignore lender benefits. Data was collected through semi structured interviews conducted with SME bank managers who work closely with SMEs and analysed using content analysis. The study yields fourteen benefits that commercial banks in Kenya enjoy from engaging in SME lending. With the increased interest in the SME sector by commercial banks, it is important to determine supply side or lender benefits if lenders are to continue serving these firms.

Keywords: *benefits of small and medium enterprise (SME) lending, commercial banks, Kenya, small and medium enterprise (SME) lending*

1. Introduction

Compared to other Sub-Saharan and low income countries, Kenya is a developing country with a financial system that sees higher deposits in financial institutions and higher levels of credit channeled to the private sector (Beck and Fuchs, 2004). There is widespread agreement among financial sector stakeholders that the small business sector is at the heart of a vibrant private sector and as such increasing access to financial services for SMEs is a key pillar of the Comprehensive Financial Sector Reform and Development Strategy (Kenya Treasury, 2011). The Kenyan economy is expected to grow by 6–7 per cent in 2015–17 (FSD, 2015). Given the pivotal role SMEs play in fuelling innovation and employment-creation, understanding the benefits of SME financing from lenders' perspective is crucial to maintaining the current growth momentum. The financial sector's role to channel credit affordably and efficiently to these enterprises is therefore very central for inclusive and sustained economic development (FSD, 2015).

2. Potential Benefits to Banks of SME Lending

In their survey of 91 banks in 45 countries, Beck et al. (2011) find that banks perceive the SME segment as highly profitable. Similarly, Calice et al. (2012) study the extent of bank lending to SMEs in Kenya, Uganda, Tanzania and Zambia and find that banks perceive the SME segment as large, unsaturated, with good prospects and strategically important. Like De la Torre et al. (2010) who use data from bank surveys for a total of 48 banks (plus one leasing company) in 12 countries, Calice et al. (2012) also find that the common drivers of bank involvement with SMEs are, perceived profitability, reduction of information asymmetry and reverse factoring.

Existing empirical studies have come up with the perceived or potential benefits that lenders could enjoy by engaging in SME lending. Boot (2000) concludes that there is still much more work required to determine the precise sources of value of SME lending, because existing work falls short in measuring the precise sources of the added value of relationship banking. This conclusion is also later echoed by Calice et al. (2012) when they point out that relatively little research exists on whether and why banks finance SMEs around the world. What emerges from the empirical studies above is that SME lending is carried out (see Calice et al., 2012; De la Torre et al., 2010), which implies that the question on whether SME lending is carried out, has been answered. This study seeks to then determine what benefits commercial banks gain by engaging in SME lending in an attempt to answer the question “why” banks finance SMEs.

3. Data and Case Study

A qualitative multiple case study design is adopted for this study. The five commercial banks selected for this study are those that have been ranked top three, for the years 2010 to 2014, in the banking survey organised by Think Business Limited (The Banking Survey, 2014, 2013, 2012, 2011, 2010). Think Business Limited is a leading strategic business intelligence, research and publishing company in Kenya specializing in the financial sector (The Banking Survey, 2013). Data is collected through semi structured interviews with SME relationship managers/branch managers from each bank. Content analysis is used to analyse the data following the three concurrent flows of activity suggested by Miles & Huberman (1994): data reduction, data display and conclusion verification. Data is first coded into themes which entails looking for similar words or phrases which are then put into categories. Data is then reduced by condensing it into summaries/paraphrases, followed by data display and then finally, conclusions are drawn (Miles & Huberman, 1994).

4. Empirical Results and Conclusions

The data collected on SME lending benefits yields fourteen benefits that banks enjoy due to lending to SMEs. Respondents from each of the seven banks in the study indicated one or more benefits they enjoy from lending to SMEs. Interestingly, one respondent, B5a, indicates that their bank has not yet started reaping the benefits of SME lending which is in disagreement with other

respondents from the same bank who detail benefits they are already enjoying. The most prevalent is higher interest which is indicated by 8 respondents from 6 banks and this benefit is closely followed in popularity by profitability indicated by 8 respondents from 5 banks. It can be argued that higher interest may lead to higher profits and as such these two benefits may be related. The least popular benefits, as these were indicated by only one respondent in each case, are; government recognition and support, successional business growth, relationship and less competition. Again some, if not most, of the benefits may be interlinked and directly or indirectly translate to value for the bank in terms of increased profitability. The immediate and direct benefit of SME lending is that it adds to the SME book. Lending to an additional SME may then indirectly lead to three benefits; interest income perhaps from higher priced loans due to the higher risk, cheap deposits (due to lack of bargaining power by SMEs since deposit amounts are small relative to corporate deposits) and non- funded income arising from transactions. The three benefits may translate to greater profitability for the bank.

Alternatively, growing the SME book by adding an SME customer may indirectly result in several income tentacles; for instance; referral to a firm (both SME or big corporate) in the SME's value chain or referral to other SMEs or banking of the SME employees. These income tentacles may market the reputation or brand of the bank or form part of the corporate social responsibility strategy for the bank. However, the converse may also occur such that the reputation, brand and CSR activities of the bank result in the income tentacles. As a result, the income tentacles also lead to interest income, cheap deposits and non- funded income arising from transactions which may translate to greater profitability for the bank.

The indirect benefit of income tentacles may imply that a bank gets to support more SMEs and banks that support SMEs may get government recognition and support as these banks are contributing to the economic growth of the country. Also, the reputation or brand and CSR activities of the bank may lead to such recognition by the government. An example of such recognition and support by government is invitation to conferences and meetings to discuss SMEs lending. Banks may benefit if the government chooses to disburse funds targeted to the SMEs through them, resulting again in cheap deposits for the bank and non-funded income which translates to greater profitability.

As previous studies that focus on the benefits of SME lending to lenders tend to provide only indirect evidence about the value-enhancing effects of lending relationships on the banks (Holod & Peek, 2013), this study establishes the actual benefits being enjoyed by banks engaged in SME lending. Further the study shows that these benefits are interlinked and directly or indirectly translate to value for the bank in increased profitability. The benefits determined in this study confirm the perceived benefits in prior studies and add to the existing knowledge on the benefits of SME lending to commercial banks. With these actual benefits it may be possible to predict the viability and scale of relationship banking in the future as suggested by Boot (2000).

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Tracing Indicators of Program Implementation Effectiveness: Course-Related Professional Communication

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Abstract:

The study investigates the impact of the quality of faculty professional communication on the effectiveness of a language and communication program implementation at business school. Faculty professional communication development implies mastering new form of in-class and out-of-class engagement between foreign language and communication instructors and students.

Key words: *faculty professional communication, program effectiveness, professional development, student engagement, teaching*

1. Introduction

The present study sets the objective of reconsidering professional communication at the Languages for Academic and Business Communication department (LABC) as a factor that influences the effectiveness of the language and communication program implementation at its full-scale stage. The need to investigate professional communication as a key competence of a university teacher stems from the previous research which aimed to trace true indicators of the language and communication program effectiveness at the stage of its implementation.

We argue that professional communication of the faculty is a crucial component of high performance that lead to achieving the intended goals of the program. Without a proper communication between the faculty and students even a well-grounded program is doomed from the start. That is why, high professionalism of the faculty accounts for the program's effectiveness.

There have emerged a number of challenges in the process of the language and communication program implementation and empowering students to become active learners who collaborate with instructors on a course design, teaching methods and instruction as well as the quality of learning materials' content. A growing number of students have reshaped expectations about an effective language and communication program that can satisfy their academic and professional needs. This fact raises an urgent issue of a new quality of in-class and out-of-class collaboration between the faculty of the LABC department and GSOM students.

Another challenge is establishing and maintaining effective communication with students at professional level which is represented in two integral forms in the academic context – written and oral.

This paper gives an account of new formats of written or text-based and oral in-class professional communication between the instructor and the student. We explore the ways how the program and syllabus texts' design should be elaborated in order to efficiently communicate the value that the language and communication program comprises to program and academic directors and students. Moreover, we assess the significance of feedback text design as a form of teacher-student communication which can enhance a positive impact of learning on students.

The communication challenges under discussion reveal the need of professional development of the faculty at the LABC department. This need has been claimed to be ongoing efforts so that a university teacher's expertise can comply with constantly changing demands of the society and higher education institutes (Diaz-Maggioli, 2004; Lorange et al., 2014; Korthagen, 2017).

The key research question of this study is whether the language and communication program efficient at the stage of its full-scale implementation regarding professional in-class oral and written communication between course instructors and students.

2. Literature review

In the search for explanation of the changing nature of professional communication we addressed the issues that come to the fore in educational studies: the development of teacher identity through dynamic interaction between a reflection of teaching practice and knowledge of pedagogical theories (Nevgi, Löfström, 2015); teachers' needs and expectations of their professional development (Matherson, Windle, 2017); new approaches to professional development building on the multi-level and multi-dimensional nature of teacher learning (Korthagen, 2017).

The previous research has indicated that the willingness to reflect is crucial for the development as a university teacher (Nevgi, Löfström, 2015). Reflections and previous experiences make the basis for a teacher's self-understanding which encompasses five components: self-image, self-esteem, task perception, job motivation, and future perspective of professional development as a teacher (Kelchtermans, 2009). These components underlay the teacher identity that the instructors of the LABC department should formulate in their "professional profile of language and communication instructor".

3. Methods

The quantitative research methods and qualitative evaluation procedures used at this stage of the research are the following: students' survey on teaching quality, the faculty's survey on professional development needs, the language and communication program implementation seminars, benchmarking and best practices, and cross-discipline observation.

The findings to be collected will allow the researchers to conclude whether or not the professional communication of the faculty at the LABC department promotes the effectiveness of the program implementation.

4. Conclusion

The study raises questions regarding the issues of challenges of professional communication and discusses the ways how to deal with them in order to enhance the effectiveness of the language and communication program implementation. The research justifies that teacher-student professional communication is a key indicator of program effectiveness provided the faculty is involved in ongoing professional development activities.

Also this research gives insights on the emerging communication roles of a teacher in the context of professional communication at business school.

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Jurisdictional Issues of Conflict Resolution of Public-Private Partnership Relations

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Abstract:

The article explores jurisdictional forms of protection of the parties of partnership relations between state and business. The comparative analysis of normative legal acts of the state in the sphere of public-private partnership and international acts, including model acts, is conducted. The analysis of the current Russian legislation regarding the application of various forms of protection (judicial and alternative) that the parties can choose in the event of disputes is analyzed. The law-enforcement practice of Russian courts is investigated and problems arising in the sphere of resolving contradictions arising from the relations of public-private partnership are revealed.

Keywords: *public-private partnership, dispute resolution, arbitration, arbitration proceedings, procedural forms, concessions, investments*

The study was sponsored by the Russian Humanitarian Science Foundation in the framework of a research project RFH «The concept of international procedural law» project № 17-03-50181

1. Goal of the research

The hypothesis of the study is the provision that the subjective composition of relations forms also legal means of legal protection acceptable in the state. The state itself determines which types of jurisdictions the parties can apply to resolve disputes from partnership relations. Some types of disputes can be resolved only in state jurisdictions. In other cases, the state allows the opportunity of usage of transnational jurisdiction, including international commercial arbitration or other body of arbitration jurisdiction.

2. Methodology

The research was carried out on the basis of general scientific methods of analysis, as well as special legal methods: comparative legal analysis, logical and formal legal.

3. Results

The interaction of power and business can have different content, and their relations are formalized in agreements of different types. The main forms of contracts are:

- contract (agreement) on PPP, MPP;
- concession agreement;
- a direct agreement;
- investment agreements;
- lease agreement with investment obligations;
- production sharing agreement;
- agreement on the implementation of industrial and production activities or logistic activities, an agreement on the implementation of technical and innovative activities in the industrial-production special economic zone, etc.

Real relationships are not always implemented without various, including legal, problems. In the relations of power and business, may arise disputes, the so-called "diagonal disputes" in which one authority is the authoritative subject (the state), and the other is an impermanent subject. Diagonal disputes are resolved in order, established in national jurisdictions, and, as a rule, the state provides an opportunity for the parties to choose one way or another.

Contracts concluded by the state and private partner (business partner) should provide for ways of protection in case of violation of the provisions of these contracts.

The article on dispute resolution is one of the most important in contracts, since in case of disagreement it is desirable to settle them in such a way that the parties continue to maintain their partnership relations.

Article on the resolution of disputes is the procedural basis of the system of protection of rights, implemented in private law relations.

The choice of one or another method of resolving disputes depends on the autonomy of the will of the parties, but at the same time, it is also limited by power regulations. The right to defense is one of the fundamental constitutional principle. States must entitle individuals the right to judicial protection. At the same time, the state can allow the possibility of using non-state jurisdictional forms of protection, such as arbitration.

Parties, choosing the possible ways to protect their rights, should evaluate the advantages and disadvantages of state and non-state jurisdictions, and minimize the risks that may arise while choosing methods for resolving disputes.

PPP agreements. The legal basis for the implementation of public-private partnership in the territory of the Russian Federation is Federal Law No. 224-FL «On Public-Private Partnership, Municipal-Private Partnership in the Russian Federation and Amendments to Certain Legislative Acts of the Russian Federation» limited the circle of private partners only to Russian legal entities.

According to the norms of this law, only Russian legal entities can be private partners. It should be noted that in the laws on PPP of a number of the subjects of the Russian Federation (St. Petersburg, Tomsk Oblast), foreign entities are also named among private entities.

In Federal Law No. 224, dispute resolution is allowed only within the framework of Russian jurisdiction - in state courts and internal arbitration.

FL-224 does not contain separate provisions on the procedure for resolving disputes from the PPP agreement. The parties can resolve their disputes in state courts (the court of the Russian Federation) or use an alternative procedure - arbitration (internal arbitration). It should be noted that the laws of St. Petersburg and the Tomsk region also allow appeal for international commercial arbitration.

Legislation of other states allows the possibility of entering into public-partner relations with foreign persons. The range of remedies in these states is wider, and along with state jurisdiction, the parties are given the opportunity to choose as international arbitration for arbitration, including specialized arbitration to resolve investment disputes – ICSID. Solving the issue of the method of resolving disputes, the parties must take into account the effectiveness of the selected procedures.

Concession agreements. The legal basis for concessionary forms of partnerships is the Federal Law of July 21, 2005 No. 115-FL «On Concession Agreements».

In accordance with the norms of the legislation of the Russian Federation, concession disputes from agreements concluded by the Russian Federation and the concessionaire can only be considered within the framework of Russian jurisdiction – in courts, arbitration courts and arbitration courts of the Russian Federation. In addition, the law provides for a mandatory claim procedure prior to applying to the state court.

According to the legislative acts of a number of foreign states, concession disputes can be considered not only in state courts, but also in international arbitration bodies, if the parties consider this method preferable.

Usually, the resolution of disputes arising from concession agreements takes several stages. As a rule, at first the parties try to resolve their contradictions through negotiations, the term of which is limited to three months. In case of an unsuccessful result of the negotiations, the concessionaire may later refer the dispute to a court or arbitration (for example, created under the UNCITRAL rules).

Investment agreements. Investment relations in the Russian Federation are regulated by the norms of the Federal Law No. 160-FL «On Foreign Investments in the Russian Federation» of July 9, 1999, as well as multilateral and bilateral treaties to which Russia is a party.

Disputes arising from investment relations in the territory of the Russian Federation may be resolved in court, arbitration court, or international arbitration.

It is the international arbitration body (international commercial arbitration) that has become most in-demand for resolving investment disputes with involving foreign persons.

In addition, in accordance with the Energy Charter Treaty, a state and a foreign investor may submit their disputes for authorization to an administrative tribunal.

Most investment treaties also provide for the possibility of resolving investment disputes at ICSID, the International Center for Settlement of Investment Disputes.

As a rule, agreements of the Russian Federation on investment protection contain articles in which the mechanism for resolving investment disputes is fixed. This mechanism contains a wide range of methods – from negotiations to jurisdictional ones, including national courts, as well as the possibility of choosing different arbitrations.

In addition, it is necessary to note the means of diplomatic protection, the necessity of applying which is fixed in bilateral investment treaties (Treaties on mutual encouragement and protection of foreign investments).

4. Conclusions.

The whole system of disputes resolution of relations between government and business should be built in a such way that both sides of partnership relations will be equally protected. At the same time, it should be noted that various remedies are allowed in different states. States establish the possibility of using certain types of jurisdictions, and may provide an opportunity for the parties of the dispute to apply both national and transnational legal proceedings.

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Open Innovation Strategy Patterns in European Companies

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Abstract:

The open innovation research tradition existing since 2003 has equipped researchers and practitioners with a set of inbound and outbound practices associated with higher degree of openness or transparency of organizational borders. The scope of these open innovation practices are discussed in a number of research papers. However, due to the young age, open innovation concept has not yet accumulated enough of empirical evidence and measurement instruments to be able to generalize on open innovation strategies on the firm level. Aiming to contribute to this research gap, we developed a measurement tool and used the data from over 400 European companies collected within the OI-Net project in 2014-2015, to create a taxonomy of companies' open innovation practices and propose the classification of strategies based on the combination of these practices companies adopt. We conducted a cluster analysis of intensity of adoption of open innovation practices and revealed six types of innovation strategies, varying from practically non-adopters to very intensive adopters. This finding supports the prior evidences on nonexistence of fully open or fully closed innovation model. The identified strategies differ not only in terms of intensity of open innovation practices adoption, but also in terms of innovation performance and size of companies. The found clusters have very specific specialization in different field of open innovation. Additionally, addressing the gap in perception of open innovation between managers and academics, we compared our clusters with companies' own perception of been open innovation adopters or non adopters, and found out that companies with some open innovation strategies perceive them self in realistic manner, while other strategies identify confusion in open innovation self-perception.

Keywords: *collaborative innovation, innovation activity, open innovation, open innovation strategy, open innovation self-perception*

1. Introduction

The open innovation research tradition existing since 2003 has equipped researchers and practitioners with a set of inbound and outbound practices associated with higher degree of openness or transparency of organizational borders. The scope of these open innovation practices are discussed in a number of research papers. However, due to the young age, open innovation concept has not yet accumulated enough of empirical evidence and measurement instruments to be able to generalize on open innovation strategies on the firm level.

Aiming to contribute to this research gap, we developed a measurement tool and used the data from over 400 European companies collected within the OI-Net project in 2014-2015, to create a taxonomy of companies' open innovation practices and propose the classification of strategies based on the combination of these practices companies adopt.

Our research questions are as follow:

1. Are there any patterns of how companies adopt open innovation, and if so, could the common strategies be identified?
2. How the selected open innovation strategy is reflected in the companies' understanding of their stage of open innovation adoption?

2. Literature review

The adoption of open innovation (OI) practices, different measurement and benefits of open innovation are discussed on numerous conferences and business forums, internet portals, presented in case studies, etc. While some scholars criticize Open Innovation for conceptual ambiguity and being merely repackaging existing practices (Dahlander and Gann, 2010; Oakey, 2012; Trott and Hartmann, 2009), the proponents emphasize the novelty of the concept in systematic combination of inbound and outbound activities and importance for today's company strategy (e.g. Chesbrough and Bogers, 2014; Gassman et al., 2010; West et al., 2014).

This study is focused on open innovation activities, which are mainly reflecting the companies' strategy, we argue that a combination of various activities could also reflect a certain open (or closed) business model.

3. Methodology

The study applies the data collected from the large-scale survey among European companies. In total, 525 (N=525) responses from 38 countries were collected. The main variable used in the cluster analysis are adoption of open innovation activities. The respondents were asked to evaluate the intensity of activity adoption on the 1-7 Likert scale. First, we adopted hierarchical clustering (Ward method) for obtaining preliminary solution. After the final clusters solution was acquired we proceeded with further analysis by exploring the respondents' profile.

4. Results

The visual representation of the clusters on the Figure 1.

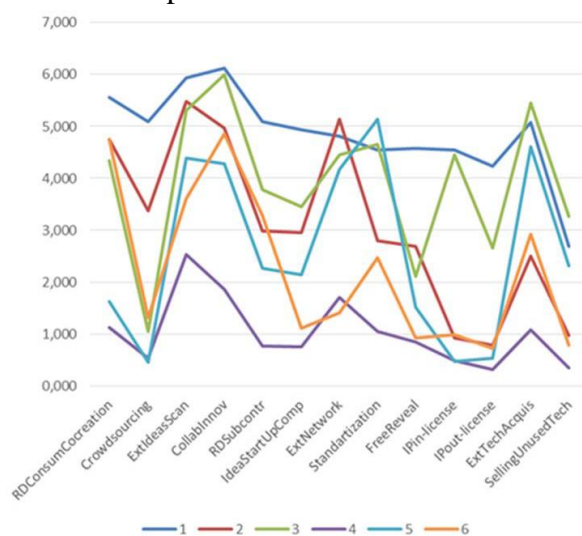


Figure 1. Open Innovation Activities Adoptions in Clusters

ANOVA revealed significant difference ($p < 0.001$) between clusters for all 13 OI activities. Thus, the companies in **Cluster 1** adopt almost all activities very intensively and truly be called very active adopters of open innovation. Companies in **Cluster 2** are actively search for ideas, collaborate with external partners on R&D and innovation, use external networks and involve customers into NPD and R&D co-creation. **Cluster 3** includes firms, active in collaborative and inbound OI, also pecuniary inbound OI, but also have some outbound OI modes higher than in Cluster 1 and Cluster 2. **Cluster 4** includes companies with very low adoption of all OI activities. **Cluster 5** have very low level of adoption of most of activities, but at the same time they are active adopters of selected modes of cooperative and inbound activities. **Cluster 6** is characterised with active adoption of collaborative innovation and consumer co-creation, and medium in ideas scouting and subcontracting, hence, the rest of activities are adopted with low intensity.

5. Conclusions

In this submission we have identified six types of open innovation strategies, which represent six various combinations of various open innovation activities adopted by companies. We found that the two extreme groups identified by us - very active and very low open innovation adopters. We found that the less companies are adopting outbound open innovation even being active in inbound type of activities, the less they tend to admit that they do adopt open innovation. The practicing managers will benefit from systematic classification of OI activities given in this submission, and it will help their understanding of the current situation in their firms and perspective directions for further development of innovation strategy.

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Necessity Entrepreneurs: General Equilibrium Theory of Occupational Choice under Uncertainty

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Abstract:

There are many scholars elaborate who becomes entrepreneurs and why. Some of them characterize opportunities for independence, self-realization, and style whereas the other deal simply with necessity. On the other hand, the theory of entrepreneurship lacks a widely accepted model that explains the existence of the necessity entrepreneurs. The aim of this paper is to embed the phenomenon of necessity entrepreneurs into this canonical approach. The main challenge here is to describe the occupational choice of individuals with heterogeneous entrepreneurial abilities under uncertainty.

Keywords: *heterogeneity of abilities, necessity entrepreneurship, occupational choice, uncertainty.*

1. Introduction.

The aim of this paper is to embed the phenomenon of necessity entrepreneurs into this canonical framework of entrepreneurship theory.

Some individuals are forced into the entrepreneurship because they prefer paid employment to entrepreneurship but fail to get it and run a firm (Hacamo and Kleiner, 2016). These individuals are called necessity entrepreneurs as the contrary to opportunity entrepreneurs who voluntarily start their business. Opportunity entrepreneurs are ready to take more risk than necessity entrepreneurs (Block et. al., 2015). Our model explains the existence of necessity entrepreneurs in the framework of financial motivation and risk-aversing.

Our paper has links to various theoretical and empirical papers that explore the phenomenon of entrepreneurship. We emphasize three influential ideas that underlie canonical modeling of entrepreneurship. First, Lucas (1978) modeled the occupational choice of individuals who are heterogeneous with respect to their entrepreneurial abilities and motivated by a larger income. He derived that entrepreneurs that are more successful survive whereas the other exit. Kihlstrom and Laffont (1979) introduced another influential idea. Following insights by Knight (1921), they exposed the entrepreneurial choice as a trade-off between returns and risks and concluded that more risk-averse entrepreneurs run larger firms. Third, Holmes and Schmitz (1990) separated entrepreneurs who create innovations and entrepreneurs who run standardized business because they affect economic growth differently. Assuming that innovations continuously come into the market, they concluded that more talented entrepreneurs create new firms, transform innovations to a standardized business, and eventually passed the firms to less talented entrepreneurs to lose the time and capital for new challenges.

We incorporate three well known approaches into the model. First, we use the monopolistic competition under CES preferences of consumers as in seminal paper by Dixit and Stiglitz (1977). Second, selection models are widely used in trade theory and urban economics Behrens et. al (2012), Oyama et. al (2011), Lazear (2004), Crozet and Trionfetti (2013). Third, bargaining mechanism is “borrowed” from Stole and Zweibel (1996). Parker (2005) mentions imperfect competition and entrepreneurial learning among the list of features that economists would like to know about entrepreneurship.

We hope that our modeling of learning by doing under monopolistic competition of heterogeneous firms under uncertainty improves the understanding of entrepreneurship. Our theoretical prediction regarding a shortage of necessity entrepreneurs with a drop of individuals' level of vagueness relates to recent empirical finding by Angulo-Guerrero et. al. (2017) that economic freedom positively affects opportunity entrepreneurs and negatively affects necessity entrepreneurs, if one agrees that economic freedom makes the vague to disappear.

2. Model of entrepreneurship under uncertainty and heterogeneity in abilities

Our model highlights the role uncertainty in the process of entrepreneurship. Knight (1921) questioned the simplest representation of uncertainty as knowledge of possible states of the world up to prescribed probabilities. He also highlights the true uncertainty that arises when the list of future states of the world is unknown.

Uncertainty on the labor market is crucial in our explanation of the necessity entrepreneurs. We assume that individuals have correct but vague judgments regarding entrepreneurial abilities. Despite the fact that each individual knows the distribution of abilities, she obtains a limited information about her own entrepreneurial ability. An individual's ability is not random. It is fixed but indistinct. We are going to model four phenomena. First, prior to decision making, individuals' knowledge regarding their entrepreneurial ability is incomplete. Second, this knowledge is adequate. Third, entrepreneurs learn their true ability by doing, i.e., running a firm. Forth, individuals carry the ordering of the expected abilities onto the ordering of the true abilities. This allows non-entrepreneurs to estimate their true abilities when another individual runs a firm and reveals her entrepreneurial abilities.

A fundamental approach by Jovanovic (1982) and Melitz (2003) deals with uncertain entrepreneurial abilities in such a way that firm owners reveal their ability at a cost. Individuals

pay this cost, then less efficient entrepreneurs exit, whereas more efficient entrepreneurs decide upon prices and outputs. However, the set of firms is prescribed in their models.

Elaborating selection under uncertainty we introduce another scheme of actions. Initially, individuals made their occupational choice comparing their expected after-tax profit as entrepreneurs and their expected income as job market candidates. The uncertainty disappears through learning by doing. Entrepreneurs reveal their entrepreneurial abilities when running a firm. The result of the competition between demand and supply on the labor market also becomes known. If demand prevails over supply then the paid employment is the alternative to entrepreneurship; otherwise, unemployment is. Observing variables that have been uncertain earlier, individuals alter their occupational choice if the alternation gives them a higher income.

Heterogeneity of entrepreneurs induces heterogeneity of firms' size. In equilibrium, more talented entrepreneurs earn more than workers, whereas the after-tax profit of less talented entrepreneurs fills in the income gap between the unemployment benefit and the after-tax wages. These less talented entrepreneurs are naturally interpreted as necessity entrepreneurs. They are forced into entrepreneurship, as the demand for labor is fully satisfied and they are not able to get a job offer.

3. Results

We construct a theory that explains the existence of necessity entrepreneurs in the framework of occupational choice that is oriented on a larger income. In equilibrium, more talented entrepreneurs run larger firm a gets a larger income. Individuals who are least competent as entrepreneurs enter the labor market: a part of them is offered paid employment whereas the other part remains unemployed. Individuals with intermediate entrepreneurial abilities are also split into two groups. One group finds a job and saturates the job market. Individuals from the other group run a firm and represents necessity entrepreneurs. Their after-tax profit fills the gap between the after-tax wages and the unemployment benefit. An economy with a larger uncertainty in entrepreneurial ability is characterized by a higher level of necessity entrepreneurs.

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Structural Diagnosis of Intellectual Capital in the Case of Educational Organization

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Abstract:

This paper investigates relation between the universities' and stakeholders' focus areas in intellectual capital structural components' development in the environment of informational openness. Considering Sveiby's Intangible Asset Monitor structural model of intellectual capital, metrics suitable for the educational organisation environment were identified. The empirical analysis was conducted based on the data gathered from the official websites of two universities conveying content analysis of posted news. As the result, the dependence between internal and external agents' interests was identified, and hypothesis verification showed statistically significant difference between the number of views and reposts of news dedicated to a structural component.

Keywords: *intellectual capital, intellectual capital components, intellectual capital structure, Universities*

1. Introduction

Intellectual capital is recognized as being the most important foundation of effective performance not only in commercialized companies, but also in nonprofit organisations. Analyzing the structure of intellectual capital and determining its components yields possibilities for its more effective exploitation, which as the result gives the company operating in any sphere a competitive advantage.

Based on the developed structural models (Edvinsson and Malone, 1997; Sveiby, 1997) many researchers suggested differentiating the components and emphasizing the most influential ones. The findings generally suggest areas of focus for commercial organisations. As the result, there is not enough information in other research areas to determine the most influential intellectual capital component for educational institutions.

Educational organisations have always held a purpose of depositing knowledge into the bright minds of students through intelligent professors and staff, and conducting research as an output of applying knowledge gained. In case of universities it is crucial to define a suitable structure, with identifying the appropriate metrics and indicators system that will suffice the goal setting of such institutions. Thus, the goal of this research is to determine focus areas in terms of intellectual capital components exploitation for universities to develop.

2. Methodology

Methods of theoretical research imply analyzing existing definitions and structural models of intellectual capital. Formalization of gained knowledge in schemes and tables. Deducing the appropriate structure for NPOs is based on previous researches. Methods of empirical research are based on content analysis of the news articles posted on the official websites of the universities, with their following allocation to different intellectual components and based on the samples conducting summary statistics of the focus for the institutions from the point of universities and their stakeholders. Such analysis provides an opportunity to distinguish not only what the university finds crucial to develop, but also to analyze the preferences of the stakeholders. What is more, it allows to detect differences in perception of news articles and check if these differences are significant and serve as indicators of areas for growth and development.

3. Data and sample

The data consisting of Saint-Petersburg National Research University Higher School of Economics' (NRU HSE SPb) and Saint-Petersburg National Research University of Informational Technologies, Mechanics and Optics' (NRU ITMO) news articles posted on the official website were chosen for the analysis. Both universities are included into the Russian Academic Excellence project 5-100, which concentrates on developing a competitive position of Russian universities on the international arena.

The data used for this research were collected from the universities' websites and consists of the date of article's publication, article title, number of views, number of reposts, the pertinence of the article to intellectual capital component and to intellectual capital indicator, based on the content of the article. 5-month period of analysis (from 01.01.2017 till 18.05.2017) allows to identify the most current concerns of the university life. The data from the ITMO University was obtained using the website itself as it has open statistics on each news article. And for the HSE University the access was gained through the Google Analytics to the official website. As the basis for allocation of each news article to the structural component and indicator the table accumulated based on Sveiby's IMA model.

4. Empirical results and conclusions

The results of the research show that when visiting websites of both universities users tend to carefully choose which news articles to share and which – not. In case of ITMO the focus component of the university and visitors of the website is human capital, and in case of HSE the focus does not match, and the largest number of views posted on the website concerns human capital, whereas users are more interested in information about structural.

It is vital to mention that the focus area for the universities should be the one that suits both educational organisation and stakeholders. If the focus point does not match, it is possible for the university, as the area of strategic growth, to develop the component that stakeholders concentrate on. After all, stakeholders hold a hidden potential for the university's development as it possesses possible new students, staff, investors and partners.

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The Implementation of Strategic Mining Projects: Problems and Tools for Interaction with Stakeholders

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Abstract:

The activities of mining companies are met barriers to corporate sustainable development. The aim of the research is to justify the choice of directions and tools for effective interaction with stakeholders when implementing strategic projects of mining companies. The methods used include a comparative analysis of problems in implementing strategic projects of mining companies in old industrial territories and in newly developed areas has been made. As a result, the applicability of the RBM (Results-Based Programming, Management and Monitoring) concept to the mining project management has been substantiated, and several tools for interaction with stakeholders within the framework of project management have been developed.

Keywords: *corporate social responsibility, mining companies, stakeholders, strategic projects, sustainable development*

1. Introduction

The analysis has shown that the structure of CSR varies among companies and is characterized by different indicators reflecting the range of company's activities which have an impact on society in the social, environmental and economic spheres. In their reports on sustainable development mining companies evaluate CSR by a number of indicators, such as participation in the development of the community, human rights, environmental protection, economic impact, employee development, labour relations, and management (see Table 1).

Table 1

Areas of CSR implementation by Russian mining companies

Companies	Areas (number of indicators)		
	Economic	Environmental	Social
Oil and gas 1. OAO Gazprom 2. OAO Rosneft 3. OAO Tatneft 4. OAO NOVATEK	Development of new territories and methods of extraction; R&D (1-2) -	Level of utilization (2-5) of associated petroleum gas (APG) (2-5); Emissions, discharges, wastes; power consumption	Safety; Social support of workers; Support of indigenous peoples; Programs for the territories of company's operation
Chemical, petrochemical OAO Nizhnekamskneftekhim OAO Uralkali	-	Emissions, discharges, wastes; Consumption and energy saving	Safety; Programs for the territories of company's operation
Metallurgical and other AK ALROSA OAO SUEK OAO Holding Company company METALLOINVEST	-	Reduction/utilization of greenhouse gases; Emissions, discharges, wastes; Consumption and energy savings.	Safety; Social support of workers; Programs for the territories of company's operation

The concept of RBM (Results-Based Programming, Management and Monitoring) can therefore be used as the basis of corporate responsibility. The following factors determine the choice of this concept:

1. The applicability of the concept to companies and projects in which not only direct effects, but also the impact on stakeholders plays an important role. What distinguishes the assessment of the way mining companies influence the regions where they operate is the fact that both direct and indirect effects are involved and need to be taken into account.
2. The shift in the evaluation of the company's activities and its projects to the effects on the beneficiaries, which makes it possible to affect their behaviour.
3. The expansion of management functions, including management of the interests of individual stakeholders, stakeholder groups and their interactions.
4. A more efficient interaction with stakeholders due to their participation in the monitoring and evaluation of mining companies' activities.
5. The long-term nature of mining companies' activities with a significant influence on the economic, environmental and social environments.

2. Results and conclusions

1. As a result of comparing different concepts of social responsibility it has been concluded that the concept of strategic management of stakeholders is applicable to mining companies.

2. It has been shown that the RBM concept can be applied to mining companies due to their significant influence on the territory where they operate, the long-term nature of their activities, a wide range of stakeholders they work with, and the need to evaluate their effects on beneficiaries. This approach enables mining companies to have a more efficient interaction with stakeholders due to their participation in the monitoring and evaluation of companies' activities.
3. It has been shown that the implementation of the proposed approach is possible provided that the transition to proactive management of corporate responsibility is made.

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City Residents Satisfaction and Territorial Marketing

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Abstracts:

The competitiveness and appeal of a territory are largely connected to its inner environment, which includes operating businesses and residential population. The study presents the results of a research that was designed to measure the satisfaction of city residents with their living conditions (the quality of the city environment). The research was conducted in two stages. During the first stage, social networks were monitored, and the consequent results were used to compile a list of major city issues. During the second stage of the research, city residents were surveyed. Then the gathered data was subjected to an importance-performance analysis. With the results of the analysis, a satisfaction coefficient was calculated for how satisfied city residents were with their living conditions.

Keywords: *importance-performance analysis, internal marketing, satisfaction of residents, territorial marketing*

1. Introduction

In the recent years, municipal governments in Russia have been showing an increasing interest in commercial marketing. However, the main focus in territorial marketing is given to the matters of attracting external resources, and much less attention is paid to studying internal resources of a territory, which includes operating businesses and residential population.

The currently popular integral ratings of Russian cities, same as any other quantitative guidelines are useful for educational purposes, but are unstable and of little practical use. Objective measurements of the quality of the city environment (housing, modern consumption forms, city illumination, etc.) and the cost of living (ability to purchase personal housing, consumption expenditure levels, population purchasing power, etc.) can not reflect actual changes in the quality of life of the population. The integral rating of Russian cities saw Syktyvkar rise from the 95th place in 2011 to the 14th place in 2013, and the following year it descended back to the 34th place (Integral rating of the largest Russian cities, 2015).

For this reason, any statistical and expert evaluations in territorial marketing studies have to be supplemented with a subjective assessment of the living space expressed by the population.

2. Methodology

During the first research stage, a list of major city issues was compiled with data gathered from monitoring social networks by means of Google Alerts and Yandex Wordstat, and from queries to search engines Yandex and Google. The issues mentioned most on the Internet were municipal improvement, housing services and utilities, social and road services, and the high cost of living.

During the second stage in Spring 2016, an online survey within the Google Forms service was held for the residents of Syktyvkar. The goal of the survey was to analyse the residents' satisfaction with their living conditions. 204 people of at least 18 years of age (10% of the city population) took part in the survey. The sample size was calculated using the non-repeated measures formula.

The resultant data was analysed using the importance-performance model developed in the late 1970s to measure consumer satisfaction (Martilla, James, 1977). This allowed to deviate from the one-dimensional measurement either along the Importance criterion, or along the Performance criterion. All statistical calculations were done in IBM STATISTICS 20.

3. Results

The integral coefficient of satisfaction with the quality of city environment was calculated at 55.6% indicating a low level of satisfaction among city residents.

The lowest ratings were given to: municipal improvement (including city cleanliness), roads condition, the level of labour compensation, and the high cost of residential property. In consequence of the low satisfaction among the residents with their living conditions, population migration outflow can increase. The survey shows that more than 50% of the surveyed would like to change their place of residence.

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Marketing Practices in Social Enterprises: Early evidence from Russia

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Abstract:

The objective of the paper is to present and discuss marketing issues and challenges social entrepreneurs face in emerging markets. Through the literature review the authors reveal that marketing activities are very often done spontaneously and ineffectively by social entrepreneurs. Using multiple case studies the authors investigate the main issues, challenges and barriers which exist in three Russian social enterprises. The main findings refer to attitudes of SE to marketing activities and different practices and contribute to the literature by a more holistic understanding of the investigated issue.

Keywords: *emerging markets, marketing practices, social entrepreneurship*

1. Introduction

SEs refrain from engaging in marketing activities (Bull & Crompton, 2006; Powell & Osborne, 2015; Peattie & Morley, 2008) because they think it is too much 'business-like', 'frivolous' and redundant and hence is not considered as one of the core activities for the SEs (Bull & Crompton, 2006). Many think that use of marketing will lead to the 'commercialization of the public service or social care sector (Powell & Osborne, 2015). Some social entrepreneurs consider marketing as an activity of the big business corporations (Bull, 2007). Many entrepreneurs have a non-profit background and they hold activities of not-profit organizations to be ethically superior to the marketing activities. "Lower class vulgarity of marketplace" is often avoided by social enterprises who are driven by their mission to change the world. (Mitchell et al. 2015).

It is thus not surprising that the marketing practices in SEs are largely informal and ad hoc (Bull & Crompton, 2006; Madill & Ziegler, 2012; Newbert, 2012; Satar et al., 2016; Bull, 2007; Bird & Aplin, 2007). Lack of planning and preparedness leads to a slow, reactive and informal approach to marketing (Bull, 2007). In such instances, support from marketing experts may go a long way in helping SEs in streamlining their marketing planning and implementation (Bird & Aplin, 2007).

In this paper, using multiple case study methodology, we explore marketing perception, practices and problems in three Russian social enterprises. Our findings show that social entrepreneurs often equate selling and advertising with marketing overlooking other aspects of value creation enabled by marketing. Looking at areas like relationship management, customer services, service marketing and distribution strategies could help social enterprises make a more sustainable impact.

2. Marketing Practices in SEs

Many social entrepreneurs do not engage in marketing due to scarce resources (Bull & Crompton, 2006; Loughheed & Donkervoort, 2013; Mitchell et al., 2015; Mitchell et al., 2016; Satar et al., 2016; Shaw, 2004; Mitchell, 2011; Bull, 2007). Resource constraints are often managed through innovative approaches, often seen in traditional (for-profit) new enterprises (Shaw, 2004; Satar et al., 2016; Doherty, Foster, Meehan & Mason, 2009). Some examples would be the use of direct marketing where entrepreneurs start marketing to people in their networks (Mallin & Finkle, 2007), social media and internet (Wong & Tse, 2016; Hynes, 2009) or even intuitive efforts to gain customers. SEs can clearly benefit from a marketing orientation (Miles, Verreynne & Luke, 2014) SEs can market their products and services in a much better way once they have an understanding of stakeholder needs.

The level of marketing knowledge in SEs is doubtful (Bull & Crompton, 2006; Madill & Ziegler, 2012; Powell & Osborne, 2015; Lyon & Ramsden, 2006; Sunley & Pinch, 2012; Doherty et al., 2009; Peattie & Morley, 2008; Bull, 2007; Bird & Aplin, 2007). Lack of knowledge and skill are some of the key reasons for lower adoption of marketing in the SEs.) Many SEs come from the nonprofit sector. Such entrepreneurs are conversant with the donor-driven model of not-for-profits rather than revenue oriented business models. As a result, they lack the required skills and knowledge for marketing operations (Sunley & Pinch 2012).

SEs cater to multiple constituencies (Bull & Crompton, 2006; Mitchell et al., 2016; Mitchell, 2011) - donors, regulators, local government administration, communities of suppliers or artisans and customers. They will need to understand the specific expectations, needs, wants and demands of such stakeholders (Doherty et al., 2009). Mapping of stakeholders is thus useful in formulating a marketing plan. Moreover, the various offerings of a social enterprise are evaluated by various stakeholders through different indicators (Allan, 2005). To address the issue of multiple constituencies, Bird & Aplin (2007) suggest that the SEs should communicate with different stakeholders using multiple personalized messages (p.39). Not all stakeholders are important and hence SEs should focus on a selected range (Mitchell, 2011). SEs often fail to devise a suitable pricing strategy (Bull & Crompton, 2006; Peattie & Morley, 2008; Zietlow, 2001; Peattie & Morley, 2008, Singh, Saini & Majumdar 2015). Communication dominates

marketing practices of SEs (Bull & Crompton, 2006; Powell & Osborne, 2015) like - advertisement, brochure design or website design. Strategic issues like market research or need assessment (Boschee, 2006) are often given a miss.

In their marketing communication, SEs often highlight the quality of their offerings (Mitchell et al., 2016) and focus less on the social aspect of their business model at the time (Laugheed & Donkervoort, 2013). This is an indicator of the tension SEs face in balancing their social and economic mission while utilizing the scarce resources available to them (Mitchell, 2011). Though SEs adopt certain strategies to minimize this tension (Mitchell et al., 2016), some researchers believe that social objectives or the organizational mission can also be used for brand building. Their mission statements can build trust and credibility (Doherty et al., 2009, Liu, Eng & Tokeda 2015). Though there are criticisms about SEs adopting marketing, overall the literature proposes systematic adoption of marketing practices (Bird & Aplin, 2007; Jenner, 2016; Ma, Kim, Heo, & Jang, 2012; Madill & Ziegler, 2012) to enhance and sustain their impact.

3. Data and Methodology

The authors use multiple case study analysis (Yin, 2014) in order to understand “why” social entrepreneurs face the barriers in systematic and strategic approach in marketing and “how” do they manage the marketing activities. Three cases of Russian social enterprises are investigated using within and between case study analysis: Charity Shop “Danke-shop”, footwear factory “Tiboz” and online store “DobroDelki” (Tab. 1).

The data was collected through primary data sources - semi-structured interviews with the leaders and managers of the companies, through secondary data sources – documents of the companies (business plans, strategic plans, etc.), mass media sources, and web-sites and social media sites of the companies.

Table 1 – Cases analyzed

	Danke-shop	Tiboz	DobroDelki
Sphere of business	Charity shop	Shoe production	Online store
Year of foundation	2015	2014	2014
About	Charity store Danke-shop was opened with the support of the "Mercy to the neighbor" foundation and was the first social enterprise in Kaliningrad, collecting things for indigents.	Shoe factory "Tibozh" creates jobs for disabled people.	DobroDelki is an online store of clothes and accessories from charitable organizations. They were performed with the participation of pupils of orphanages and young people with disabilities.

4. Results and Discussion

The analysis of the data which was collected on the three cases shows that there are several marketing challenges and issues which are typical for social entrepreneurship such as lack of strategic approach to marketing planning; lack of team support; unclear positioning of the organization; blended value proposition (not clear choice between business and social value proposition); poorly defined customer portrait; no planned program for the promotion.

The findings from the research provide a more holistic understanding of the marketing issues and challenges in social entrepreneurship and reveal the barriers that social entrepreneurs face when managing marketing activities. This paper puts forward the understanding of the processes lying within the organizations in social entrepreneurship, presents areas for further research and advances a topic that is still in its infancy.

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Is Customer Orientation of the Russian Companies Real or Declared?

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Abstract:

Customer orientation (CO) in emerging markets and its specifics represent a separate field within the marketing research. The objective of this paper is to explore the CO nature by conducting empirical test of business processes of customer oriented firms in the Russian market. The paper represents the CO business processes framework, developed on the basis of the main existing research. To test the developed CO framework 61 in-depth interviews have been conducted with the representatives of firms operating in the Russian market. The findings reveal the declared nature of CO in the Russian market as the CO values are declared by the firms, but there is a lack of CO business processes needed for real CO implementation.

Keywords: *business processes, customer orientation, emerging markets, qualitative research, Russia*

3. Introduction

Customer orientation (CO) is one of the main areas of research in marketing both for foreign (Kohli, Jaworski, 1990; Roersen, Kraaijenbrink, Groen, 2013), and Russian researchers and practitioners (Yuldasheva, Shirshova, 2013; Rozhkov, Smirnova, Rebyazina, 2015; Nedyakin 2017). After the appearance of papers on the specific features of emerging markets (Burgess, Steenkamp, 2006; Sheth, 2011), CO in the emerging markets became an independent research area (Roersen, Kraaijenbrink, Groen, 2013; Protscko, Dornberger, 2014). A few studies on CO conducted in the Russian market have shown fragmented empirical results (Kraaijenbrink, Roersen, Groen, 2009; Smirnova et al., 2011; Gulakova, Panin, Rebiyazina, 2016) and have proven the presence of specific features of CO in the Russian market.

One of the main features of CO is its declared nature (Semenov, Kubakhov, Malkova, 2009; Roersen, Kraaijenbrink, Groen, 2013; Gulakova, Rebiyazina, Smirnova, 2015). The declared nature of CO lies in the fact that CO business processes are just postulated, but not implemented into business practice. Thus, the main research question of the paper is how to distinguish the declared CO from the real one.

Existing research (Kraaijenbrink, Roersen, Groen, 2009; Roersen, Kraaijenbrink, Groen, 2013) often indicates overvaluation of the CO level by managers in quantitative surveys with Likert scales. The main reason of this overvaluation is the view to CO as declaration of CO values for the firm, but not the evaluation of the existing CO business procedure. Thus, for a deeper understanding of the essence and interconnection of CO business processes and their components, a qualitative method of semi-structured in-depth interviews with 61 company representatives was used. Qualitative approach allows testing CO processes quite objectively, as it is not the survey with limited amount of scales and formulated by the researcher questions. In-depth interviews allow avoiding overvaluation of CO level of the Russian firms (Roersen, Kraaijenbrink, Groen, 2013).

The findings reveal the declared nature of CO in the Russian market as the CO values are declared by the firms, but there is a lack of CO business processes needed for real CO implementation.

4. Theoretical background

Despite the great interest of researchers to CO, there is no common definition of the term. Analysis of CO definitions shows that the authors use different characteristics to describe the CO: value, behavior, process and strategy. The characteristic of CO as a process is found most often in the definitions, and is measured in all the scales considered. Thus, regardless of the chosen approach, CO assumes the existence of business processes. Based on the analysis of the papers (Kohli, Jaworski, 1990; Narver, Slater, 1990; Deshpande, Farley, Webster, 1993; Roersen, Kraaijenbrink, Groen, 2013; Yuldasheva, Shirshova, 2013; Gulakova, Rebiyazina, Smirnova, 2015), the main business processes of the customer oriented company are identified:

- (1) Collecting customer information;
- (2) Analysis of collected information;
- (3) Dissemination of information within the company;
- (4) Development of new goods / services based on collected information;
- (5) Improvement of goods / services based on collected information;
- (6) Employee development (training, increasing of employee CO);
- (7) Development of relations with the customer.

To investigate both the business processes within the company and their interconnections, which precisely reflect the real, but not declared level of the CO, the components of business process have been identified.

5. Methodology

Research design. In the end of 2015, 61 semi-structured in-depth interviews were conducted with representatives of companies operating in the Russian market. The in-depth interviews lasted from 35 to 70 minutes. The interviews were analyzed with content analysis, which allows studying the semantic information (Krippendorff, 2004). The advantage of the research method

is that it allows the respondent to name the business processes themselves by answering the open questions on CO business processes. The in-depth information is not limited to any scale or CO measurement.

Sample description. To test the core business processes of a customer oriented company 61 interviews with the managers were conducted. The sample contains firms representing different markets (B2B, B2C, and mixed - B2B and B2C), and different market offerings (goods, services, and both goods and services).

6. Empirical results and discussion

In frame of content analysis the frequency of mentioning of CO business processes and their components and the Person's correlation among all processes and their components were analyzed. The results of the content analysis of interviews with representatives of the Russian companies have confirmed the specific nature of the CO in the Russian market and revealed some reasons of its difference from the developed markets.

First of all, the results of the analysis confirmed the existence of a declared CO in the Russian market (Roersen, Kraaijenbrink, Groen, 2013; Popov, Tretyak, 2014; Gulakova, Rebiazina, Smirnova, 2015). The difference in the frequency of mentioning the CO business processes and their components shows that the company only creates the visibility of CO. The absence of correlations between both CO business processes, and between business processes and their components shows that the CO is not a strategy of the firm and extends only to certain components of its activities. There are some gaps between the complementary processes and the resulting processes, for example, the absence of correlations between the collection, analysis and dissemination of information.

Detailed results of the content analysis will be presented at the conference.

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Interactive Methods as Means of Teaching Communication and Enhancing Content Learning

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Abstract:

The ability to communicate efficiently is called among the priorities of education and employment. The paper presents the specifics and benefits of interactive education based on oral and written communication on different levels which is implemented at the Faculty of Liberal Arts and Sciences of SPbGU bachelor program. Interactive teaching and learning methods, assessment criteria and feedback protocols to evaluate communicative skills and behaviour, sequential assignments will be attested and briefly described to show their potential in training communication in any university course.

Keywords: *assessment; communication; feedback; interactive methods; 21st century skills*

1. Introduction

Russian system of education is still focused on knowledge acquisition, whereas employers routinely complain that college graduates enter the workplace lacking many generic skills known as 21st century/soft/transferrable/life skills. A 2016 survey of 1400 international CEOs affirmed that employers rate communication skills such as teamwork, leadership, communication, work ethic, an ability to socialize and successfully engage diverse colleagues, to negotiate effectively, think critically and solve problems as very important to succeed in the modern workplace. In fact, no more than 10% of four-year college graduates have excellent abilities within this set of skills (CEO Survey, 2017).

Challenged by the gap between what is being taught in education and what is required to build a successful career, this paper describes how interactive methods of education applied at the Faculty of Liberal Arts and Sciences help develop needed communicative skills and increase student learning outcomes and engagement.

2. Empirical data

To facilitate mastering communication special attention should be given to careful planning and structuring its teaching through the curriculum to make it the norm. Being part of a discussion can promote learning as well as develop communicative and other cross-curricular skills. So it makes perfect sense to use discussion as a primary teaching strategy.

A compulsory first-year *Writing and Thinking* course succeeded by 1-year seminar is introduced at FLAS as a modified core curriculum course *Culture of Russian Speech*. Unlike its antecedent it goes beyond teaching language and rhetoric to incorporate developing vital transferable skills like communication, critical thinking, creativity, teamwork. The novelty of it is in its multidisciplinary character. The faculty offers 14 major programs, so undergraduate students are exposed to texts from different fields of science and humanities.

To familiarize themselves with the texts students are involved in pair/small group/class discussions by posing questions to each other, the teacher, the author and looking for the answers individually and in teams. Writing practice gives them a chance to reflect on the issues, clarify and formulate their ideas in a cohesive and coherent way, share their opinions with the peers and the teacher without imposing or causing embarrassment, give and receive feedback. They master such writing forms as free, focused, discursive and summary writing, practice narration, rendering, recitation. As a result, major useful habits of communication are being rediscovered, introduced, consolidated and fortified.

The problem is with the continuity of communicative skills development through the curriculum. The syllabi content evaluation revealed that although discussions, presentations and written assignments are commonly used as forms of coursework and assessment, less than 40% of syllabi just mentioned communication as a competence to be developed and only 11% contained its brief definition and basic requirements to writing assignments. So no clearly stated objectives and requirements, adequately developed sequence of assignments, continuous and final assessment protocols were discovered.

There are more opportunities to master writing than speaking. The faculty offers academic writing courses and teaches writing in proseminars. Nevertheless, research into real business communication shows that employees spend more time speaking rather than writing, whether it is conversing with colleagues, conducting a meeting, giving a presentation, or talking over the phone. This shows the value of effective oral communication in business. Research also indicates that the higher position an employee, the more advanced and specific oral communication skills should be.

Applying extensive research in social interactions (Maslow, Piaget, Vygotsky, Vroom), a system of communication types and codified competences will be offered for discussion.

3. Methodology

To evaluate the benefits and the satisfaction level with the interactive methods at FLAS, the ratings and comments in course evaluations for the last 5 years were analyzed. In addition special polls and interviews with the students and the faculty were conducted to collect data to

compose teacher's and student's checklists to assess their communication. The results will be used to write competency descriptors (for constructs with Alpha Cronbach mean range 0.81 and higher). This part of the research is still underway.

The method of assessment used to evaluate the results of communication is criterion-related, which means that students' oral performance or papers are judged in relation to identified assessment criteria and not in comparison to the results of other students. The descriptors for each criterion are written in some detail to convey most adequately the achievement level attained by the student. A professional judgement should be made in identifying the descriptor that approximates most closely to the demonstrated achievement. The highest and lowest descriptors should not be excluded, if they are appropriate. In case of hesitation, the preceding achievement level is to be recorded. The highest descriptors do not imply faultless performance. This approach is also applicable to the peer assessment with a proviso that more detailed instructions and training are provided prior to actual assessment.

4. Results and implications

4.1. Students and teachers admit the positive role of collaboration in completing academic coursework and gaining significantly better learning outcomes than in traditionally conducted academic courses. It's been discovered that *interactive methods* in teaching academic disciplines provide favorable environment to develop fundamental abilities of an effective communicator by

- 1) Observing and imitating experienced communicators (teachers, guest lectures, etc.);
- 2) Applying principles of effective communication acquired in language or special courses;
- 3) Developing an awareness of basic communication behaviour, patterns, styles, protocols;
- 4) Working out criteria for effective communication in a specific professional environment;
- 5) Receiving feedback and learning from own and others' mistakes.

4.2. The interviews and questionnaires determined common *incentives and hurdles* in mastering communication. Authenticity of situations and cases, real world context were most frequently mentioned, because they incite interest in the profession, prove the relevance and applicability of the acquired knowledge and skills. Learning by doing and the engagement of background knowledge and experience in the subject related area came next.

It means that content teaching should limit the provision of ready knowledge and offer a system of tasks and cases instead, which will lead students to an independent discovery of the theoretical principles and training material of the course, develop their motivation for learning

4.3. *The Advantages of Feedback.* Course evaluations and specially designed polls showed that a consistent and timely feedback was appreciated by 87.3% of students and showed positive effects on their academic progress. Using feedback they could better understand task requirements, their faults and gains, get instructions to improve their work. The faculty valued feedback as a tool to adjust course content and teaching strategies based on actual learners' needs and progress, to guide students and encourage them to study harder. (Repina, 2016)

5. Conclusions

Purposeful communication should become an integral part of the university curriculum and academic/professional environment to meet employability needs and raise learning outcomes.

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Method Development of Logistics Service Quality Evaluation

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Abstract:

This paper investigates method development of logistics service quality evaluation and its application to case company. To achieve the main goal of the research it was necessary to specify and improve widely used SERVQUAL method of logistic service quality evaluation and apply the modified method of logistic service quality evaluation to the case company. As a result the necessity of multi-criteria optimization problem solution and ranking of logistics service quality attributes was specified, APIS method was chosen and used as the instrument for logistics service quality evaluation method development, the developed method was applied for the evaluation of logistics service quality of a logistics company.

Keywords: *multi-criteria optimization, logistics, quality*

1. Introduction

Forced by the process of globalization, supply chain nowadays is constantly transforming from fragmentation stage to total integration and even collaboration. Thus, various separate functions, such as purchasing, sourcing, transportation, warehousing etc., are not performed consequently, but are united in an integrated system of business activities of a specially created type of company – logistics provider, an enterprise, rendering complex logistics services. The level of competition in services sector in general and logistics service in particular is constantly increasing, and the ability of companies to understand their customers and ensure their satisfaction with the services received has become fundamental for organization's competitive advantage formation. Thus, the evaluation of logistics service quality with a reliable instrument on a periodic basis is transforming into obligatory process for successful development of logistics service provider business (Stasiak-Betlejewska et al., 2014; Ulewicz, 2014; Zhang, Hou, 2013).

The main goal of current research addresses the actuality of chosen topic described above, and is formulated as method development of logistics service quality evaluation.

2. SERVQUAL model: implementation and limitations

One of the techniques to evaluate quality of a logistics service is SERVQUAL model. Despite the fact, that SERVQUAL model was firstly introduced by Parasuraman in the end of 20th century (Parasuraman et al., 1988), it is still widely used by researches as one of the richest and most accurate survey instruments for evaluating service quality, applicable for the majority of industries and sectors. The model defined service quality as a function of the differences between customers' expectation of the service and its actual performance along the range of quality dimensions. In other words, service quality may be evaluated via comparison of desired and actually performed quality (Baki et al., 2009).

Using factor analysis, Parasuraman et al. have determined five dimensions of service quality namely tangibles, reliability, responsiveness, assurance and empathy. According to the research of authors, it is possible to identify service quality attributes, specific for any industry and then to classify them in the five groups mentioned above.

Despite the fact that SERVQUAL model is used for service quality assessment most frequently in relevant contemporary academic literature, it still has several limitations.

3. Data and sample

Current research incorporates the use of both primary and secondary data. Primary data is represented by collected scores of service quality gaps and relative weights for 22 chosen logistics service quality attributes. Secondary data is derived from academic literature analysis with the purpose of most appropriate quality evaluation model and attributes identification. Periodic scientific and practical publications, cited in this paper, are accessible in EBSCO, Emerald, Elsevier, ScienceDirect, JSTOR databases. In addition, semi-structured expert interview was conducted within the current research with acting head manager of a logistics company.

4. Empirical results and conclusions

The constantly increasing level of competition in logistics service business sector has transformed the evaluation of rendered service quality into obligatory procedure. Such process allows organizations to identify the existing quality gaps, take necessary actions and contribute to increasing customer satisfaction, forming a competitive advantage in the market. However, the majority of methods, used for LSQ evaluation nowadays, only determine the significance of «Expected – Perceived service quality level» gaps, but do not take into account the importance of each evaluated attribute from customers' side. The necessity of considering relative weights of quality attributes, on the other hand, is supported by the existence of both budget and time constraints, which do not allow a decision maker – company's responsible manager, to improve all imperfect quality factors simultaneously.

The goal of current research was formulated as the development of logistics service quality evaluation method, which addresses the idea of relative weights considering. The goal was

achieved by the implementation of APIS approach for service quality evaluation method basing on fundamental SERVQUAL model, and further approbation of the developed method on logistics company.

The proposed improvements of SERVQUAL model application for logistics service quality evaluation included the analysis of collected data via DSS APIS, treating logistics service quality criteria as attributes and clients – respondents of the survey, as alternatives in terms of chosen decision supporting system. The application of developed method included three sequential rounds of calculations. The first round aimed to determine 22 attributes' weight-coefficients estimations, which are developed as a result of aggregation of their «Expected – Performed quality» gap and their relative importance. The second round's objective was to distinguish the five weight-coefficients estimations for each logistics service quality dimension. The final stage – pair multiplication of calculated weight coefficients, allowed to arrange all analyzed quality attributes in decreasing order, providing the decision maker with a possibility to identify the attribute with the biggest gap score and highest relative importance. This gap, in accordance with the research, has to be eliminated first, negatively impacting on customers' satisfaction level. The list of advantages of developed method, which form theoretical contribution of current research, includes:

- Possibility to use continuous Likert scale during the stage of data collection, increasing the variance of possible answers from clients' side;
- Simultaneous taking into account the relative significance (weights) of LSQ criteria and respondents' answers;
- Opportunity to proceed non-numeric, inexact and incomplete information regarding weight coefficients in comparative statements form;
- Simplified process of calculations, performed with the use of DSS APIS.

The proposed method also has a potential for application in real-life business cases due to the simplicity of performed calculations and possibility to adjust the list of assessed quality attributes to the necessity and strategic focus of a particular organization. In addition, the prioritization of clients' responses will allow to receive more accurate results, which, in turn, will justify the decision on budget and time allocation for service quality gaps elimination.

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Complementarity of Talent Management Practices: an Analysis of World Management Survey Data

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Abstract:

Our quantitative study aims at investigating how the interaction between different talent management practices relates to organizational performance. Based on the analysis of 5889 manufacturing companies from 12 countries, our findings suggest that while it is crucial for a company to have all observed talent management practices present (talent attraction, development, and retention), there could be conflicting interactions between some of them (specifically, talent attraction and talent retention). This leads to our main proposition that depending on a company's strategic objectives TM systems could and should serve different functions (e.g. focus on a particular practice more than on the others).

Keywords: *interaction effect, organizational performance, talent management practices*

1. Theoretical background and hypotheses

Talent management (TM) is considered to be a “bridge field” drawing upon ideas from human resource management (HRM), marketing, the resource-based view and capability theory and even economic geography (Sparrow & Makram, 2015). Unlike HRM, which focuses on staffing, training and development, and motivation of all employees while ensuring they perform their duties to promote the goals of the organization, TM puts emphasis on the attraction, development and retention (e.g. Schuler, 2015) of high-performing and high-potential incumbents in strategic organizational roles (Collings, 2014), which are critical to creating a sustainable competitive advantage (Cascio & Boudreau, 2016). According to Latukha (2015) the primary aim of TM is to have the right people at the right place at the right time with the right skill sets since talented workers as a strategic asset and a highly valuable, rare, imitable resource can potentially contribute to value creation and thus make a great difference to the organization.

According to a stream of strategic HRM literature, individual HRM practices cannot directly influence organizational outcomes, but they interact with each other and form complex systems (Delery, 1998). This interaction may result in a synergistic effect, which would increase the positive influence of these practices on performance as well as decrease it by creating unwanted outcomes (in literature scholars refer to this as internal fit or horizontal integration). Kepes and Delery (2008), for instance, propose three possible effects that can occur after “fitting” HR activities together: (1) an additive effect (independent, non-overlapping effects on the outcomes) (2) positive interactive or synergistic effect (“powerful connections” – interdependent, mutually conflicting practices); (3) negative synergistic effect (“deadly combinations” – interdependent, mutually conflicting practices). The latter may occur in a conflicting situation, for instance, when individual incentive pay schemes are implemented together with team-building practices.

As scholars report both the presence and absence of synergistic complementarities between HR practices (e.g. Delaney, Huselid, 1996), it can be argued that the type of complementarity significantly depends on various contingent factors (i.e. industry, competitive strategy, etc.) and the research focus (i.e. level of the analysis, set of particular HRM practices under investigation, etc.). Though these issues are widely discussed in HR literature (see Marin-Garcia, Tomas, 2016), studies on internal fit among TM practices remain scarce. Since ineffective TM decisions could eventually lead to a loss in talented employees, we propose that TM practices are highly sensitive to internal misalignment. Based on the aforementioned argumentation, we hypothesize the following: (1) complementarities among talent management practices are positively related to organizational performance (2) complementarity between talent attraction and talent development is positively related to organizational performance; (3) complementarity between talent attraction and talent retention is negatively related to organizational performance; (4) complementarity between talent development and talent retention is not significantly related to organizational performance.

2. Data and sample

To test our hypotheses we use high-quality survey data provided by the World Management Survey (WMS). In particular, we base our study on the dataset of manufacturing companies in the 2004-2010 time frame. Although manufacturing is defined rather broadly, we characterize this industry as physical capital, technology, and human capital intensive due to the abundant use of labour and machines, tools, etc. in the production processes. Since an organization's talent serves as one of the principal determining factors in turning the downturn into long term organizational sustainability and success (McDonnell, 2011) HRM and TM practices become even more decisive in our case – specifically, TM helps to increase the work quality and reduces unwanted losses in production thus becoming a source of competitive advantage. After excluding countries with few observations (less than 1% of the original sample) as well as observations with missing data points our final sample consisted of 5889 companies from 12 countries: China (8.46%), France (12.66%), Germany (6.11%), Great Britain (23.47%), Greece (6.27%), Italy (6.31%), Japan (3.19%), Northern Ireland (1.75%), Poland (7.02%), Portugal (8.73%), Sweden (9.12%), and United States (6.91%).

3. Empirical results and conclusion

Our first hypothesis that all talent management practices in question would be positively related to organizational performance received partial support, while the second hypotheses about different types of fit (i.e. complementarity between different TM practices is positively, negatively or not significantly related to organizational performance) between two specific TM practices received full support. While all three practices separately, i.e. talent attraction, development, and retention, are important for a company's success, the conflicting interaction between two of them (i.e. talent attraction and talent retention) may suggest that TM systems could and should serve different functions depending on a company's strategic objectives. Though TM is positively related to performance (see the theoretical background section), focusing on all three practices equally would not lead to the highest positive outcome.

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Some Aspects of Teaching and Assessment in Developing Professionally Oriented Communicative Competence in Foreign Languages

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Abstract:

The work focuses on ESP training aspects at different proficiency levels. The research shows that professionally focused lexical codifiers have to become an integral part of teaching-learning process, while complex syntactic structures can be introduced at levels A2-B1 (by CEFR) implementing lexograms, which are also provided in codifiers. Language instruction and assessment processes make the student act as the expert of professional knowledge. The assessment methodology offered in the research allows building up student's language competence in foreign language skills, which meet the requirements of a profессиogram, the student playing an active role as well.

Keywords: *corpus-based approach, ESP, knowledge assessment, lexical codifier, lexograms, productive language skills, receptive language skills,*

1. Introduction

The research investigates and offers some specific approaches in ESP teaching as compared to General English at the same proficiency levels. Along with instruction methodology, ways of assessment are analyzed and specified. It is stressed that the student becomes an equal partner in the process, as it is the student rather than the teacher, who possesses highly specialized professional knowledge.

2. ESP Specific Features and Language Teaching.

It is well known that while teaching ESP we face certain distinctive features, such as:

- highly specialized professional vocabulary rarely used in everyday life, phonetically compound words, difficulties in finding equivalents (if available at all) in the native language;
- Complex syntactic structures (all types of subordinate clauses, numerous verbal structures, modality, etc)

Consequently, syllabus content for ESP instruction will differ dramatically from that of General English. As research practice shows, primarily, lexical and lexical-grammatical codifiers (Ulasevich 2015, Senichkina, Govorun, Kreer 2017) should become the key feature in the teaching-learning process. They outline both instruction, and assessment contents.

It is important to note that lexical codifiers should be made on the basis of significant and relevant professional texts, rather than on certain textbooks. The codifiers should dictate the choice of textbooks, the former reflecting objective professional's requirements at the present stage.

Lexical and grammatical codifiers for ESP are compiled by teachers-methodologists with implementation of corpus methodology (Gorina, 2013). Then, professionally oriented experts verify the content of the codifiers. Codifiers should become an integral part of a teaching-learning process; they should be introduced into Compulsory Literature List of the "English for Specific Purposes" Course. It is essential to update and upgrade the content of codifiers proceeding from professional sphere development. The latter can and should become a part of the study developing, when students within their professional competence collect and verify necessary vocabulary. Students themselves select authentic texts as per courses they major in.

English texts they select should be relevant and requested not only in an English language class, but also (if not primarily) in their major study and research activity (seminars, term papers, final graduation papers, etc.).

ESP is recommended to introduce into the study process, when students' performance level is at least B1. However, reality shows that students' grammar and vocabulary competence is in dissonance with the ESP communicative situation requirements, e.g. business ethics says: «...to make it more understandable I would like to show you a short video...», while a student can say: «... watch it». The conducted research shows, that it is efficient to introduce and train complex grammar structures at levels A1-B1, but in the form of lexograms given in codifiers (Senichkina, Govorun, Kreer 2017).

3. Receptive Language Skills Assessment

Assessment is an integral part of any educational process. Specific nature of ESP course assessment results in the necessity to implement authentic specialized oral and written texts as early as at A2-B1 levels. Listening tasks should cover both study and professional objectives, e.g. lectures, conference reports, etc. (Senichkina, 2015). The study results show that testing and assessment materials should include professional texts with all types of complex and /or integrating tasks. Assessment objectives are covered by codifiers. Thus, both learning efficiency and reliability of testing increases.

4. Productive Language Skills Assessment

Productive language skills - speaking and writing – can be evaluated during learning process.

It was established, that such activities as making presentations, participating in various discussions, peer reviewing, etc. could adequately show performance level necessary for a professional communicative situation. Two assessment schemes are offered, i.e. one for a teacher (vocabulary and grammar range, fluency, etc), the other for a student (report relevance, topic

significance, understanding facility, etc.). This approach, on the one hand, enables teachers to assess student's language competence, on the other motivates students to actively participate in class activities, analyze material and make conclusions.

Similar approaches can be implemented in assessing writing skills; student A writes an article, and student B reviews it in compliance with the given assessment scheme (compliance with the format, professional vocabulary range, spelling, etc.). Students are randomized in pairs; however, every student has to perform both roles. The teacher will evaluate each and every student's performance to see if they completed the offered tasks.

It is immediately apparent from the foregoing, that the assessment methodology, where a student plays actually a leading part, is integrated into the learning process. This approach efficiently develops competence and skills that meet profession requirements. Students are challenged to be fully involved in the learning process and be responsible for their professional knowledge, as it is they who provide professional evaluation.

The methodology offered above will enhance effective teaching on the one hand, and will motivate students to implement foreign languages in their research work and professional communication.

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Business Models Evolution in a Context of Multi-Sized Platforms Use for Micro-Enterprises

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Abstract

Information technologies play a great role in modern economics. They change business environment, modify existing business models and create new ones. Their advantages are rapid changes in processes, fast decision making and cooperation between a large number of participants. Last decade introduced multi-sided IT platforms, cloud and network technologies. They motivated great changes in economic including new productivity factors such as product (service) quality, price and time. To survive companies tried to find new management tools that would help to create new competitive advantages. Active development of multi-sized platforms could help to small companies to compensate the lack of resources. They help to find new solutions to compensate low qualification of managers, find new specialists or ready business models.

Keywords: *business models, multi-sided platforms, SME*

Information technologies play a great role in modern economics. They change business environment, modify existing business models and create new ones. Their advantages are rapid changes in processes, fast decision making and cooperation between a large number of participants. Last decade introduced multi-sided IT platforms, cloud and network technologies. The cloud and network technology development created specific opportunities for communications and cooperative use of informational resources by people from different territories and social groups. From another side of the process are business opportunities to use information networks as resources that can develop business processes and create new business models. Yablonsky (Yablonsky, 2013) in his paper shows that not only big and mid-sized companies use multi-sided platforms (MP), but micro-enterprises successfully use a great number of information systems. The top-ranked IT-companies develop MP that could be classified by technological features as searching engines, social networks, open cloud MP and data storage platforms, and they are interested in collaboration between large product developers and a big number of small product users.

The business model in a traditional context is defined as a set of an abstract representation of business processes organized under specified conceptual basis. The model should have the same characteristics as a real management system has. Usually, the business model is designed and developed by an organization presently, and in the future, in a conceptual, graphical or cooperation arrangements and further real processes could be designed or changed in the same way. The model logically describes how it produces goods and distributes them to customers or how the service process goes; how the economic, consumer or social value is created during the production process.

The formation of a separate scientific direction devoted to business models, as well as the corresponding terminology, began relatively recently, in the 70-80s. During the last century, nevertheless, the theoretical foundations of modeling processes are well developed. In determining the essence of this concept in modern literature, two approaches stand out:

1. Process-oriented. This approach involves the consideration of the organization's activities in terms of business processes and technologies, i.e. it is directed to the organization and is focused on technology. This approach can be attributed to the PUSH management concept, as it builds the model based on production process features. The model assumes first the production of the product, and then the search for ways to sell it.

2. Customer-oriented. This approach gives the orientation on the value that the enterprise creates for external customers, and on the results of the business, i.e. it is a business-oriented approach. This approach can be attributed to the PULL concept of management, according to this issue the business model is created based on the needs of the customer, the product is produced at the request of the customer in accordance with his wishes.

The modern development of the economy led to the fact that in the first place came three key success factors. They are the quality of products (services), price and time. Those factors stimulated the development of several new management approaches, that allowed to achieve competitive advantages in the field of product quality, organizational costs, fast decision-making and quality of business processes. Table 1 shows that the key role in the adaptation of business models to modern conditions belongs to information technology, and the innovative process of the last decades has been the active development of multi-sided platforms. MP in the literature are understood as organizations that own an infrastructure that allows to unite and coordinate the actions of participants, the process of creating value in which is directly and closely related to the outcome of such interaction (Yablonsky, 2013; Hagiu, 2004).

Table 1

Evolution of management and automatization of business processes

Stage	IT era \ Period	Characteristics
I	Hand-operated Second half of 19 th century	All processing of information was carried out manually. Communication was carried out by sending packages (letters).
II	Mechanic Late 19 th century	The appearance of a typewriter, a telephone, the modernization of the public mail system that lead to the increase in labor productivity.
III	Electric 40 – 50 th of 20 th century	The period of wide use of electric typewriters, Xerox copy machines and portable Dictaphones. Fast document processing and an increase in quantity and quality of labor improve management effectiveness.
IV	Electronic Second half of 20 th century	The appearance of big computers situated in centralized computer centers. This period is famous for the creation of automated management systems - man-machine complex under specialists supervision. In the period were mainly developed accounting management functions and statistical data processing operations. Analytical work and the decision-making process take place separately from the actual situation and are not supported by the communication process. There are no data aggregating tools. A new model is required for each new task.
V	Computer The mid-70s of 20 th century	In this period went fast development of personal computers (PCs) and necessary computer equipment. The idea of automated management system was re-developed and placed in the focus the distribution of computing potential, increase the uniformity of information processing technology and decentralization of management. Decision support systems and expert systems had got great development in this period. There was a stage of personalization of PCs. It became possible to analyze the results of various decisions and get answers to questions like «What will be, if...?»
VI	Networking The mid-90s of 20 th century till present time	Intensive development of Internet technologies, cloud technologies and social networks (Vkontakte, LinkedIn, Facebook). The network has become both a standard data transmission tool and a mechanism for commercial activities of organizations. The network can be the most operational communication tool while managing business processes. This period is characterised by the development of the multisided platform.

Social networks (Vkontakte, LinkedIn, Facebook) which allow firms to place advertisements, create communities and use additional services (for example, resume search), payment services (PayPal, Visa) or sites for finding business partners can be understood as multi-sided platforms. The existence of multi-sided platforms is caused by the needs of business and is not the discovery of recent years (Kovalenko AI, 2016). Attention paid to MP now is explained by the impetus to the development that they received from the wide use of information technology capabilities. For example, the handango.com site, owned by Handango, founded in 1999,

provides brokerage services for mobile devices software developers and buyers of these applications. Well-mastered IT products in terms of business use today are search Internet systems. Any company using Yandex Direct or Google AdWords can post information about itself and its products (services), contextual advertising and find consumers. The development of social networks provides even greater opportunities, especially for small, medium and microenterprises. Creation of a group in a social network allows to the company not only to disseminate information to potential customers and consumers, but also receive feedback from the members of the group and take it into account in planning their activities. The main advantages, which in the market economy give the multi-sided platforms use for a company can be summarized as follows:

1. Cost-efficiency congestion (Haigu, 2004) allows participants to reduce the time to find the best offer for buyers and to find a loyal target audience for the seller;
2. Receiving benefits that can not be obtained otherwise, for example, access to unique information, to large supply chains or to a broad target audience;
3. The emergence of a variety of wave and network effects associated with the free dissemination of information on the Internet (Yablonsky, 2013);
4. Overcoming the insufficiency of resources by attracting them for a short period of time, as well as sharing risks (Casals, 2011).

Micro-enterprises are a very special sector of the Russian economy. Over the past 7 years, they have had the lowest investment in fixed assets - only 1.8 - 3% of the total for the economy, and the lowest specific indicator of investments per company: 0.145 million rubles, compared with 0.350 million rubles for small and 35.56 million rubles for medium-sized enterprises. In 2008, they had the highest turnover per employee ratio; it was 2,044 thousand rubles, which is 14% more than in the group of small enterprises and 43% higher than in the group of medium-sized enterprises. The turnover of micro and small enterprises for 5 years has steadily grown and amounted to 26,392.2 billion rubles in 2014, which is 40% higher than in 2010 - 18933.8 billion rubles. Due to its flexibility and mobility in decision-making, it is easier for small and micro enterprises to control the production process and quickly reconfigure it due to changes in demand in the market. They are characterized by high maneuverability of production in comparison with large enterprises. That is why the advantages of multi-sized platforms are objects of great interest to microenterprises that are characterized by extremely low survival rates and very often by the low level of managerial competencies of their owners. For such companies, the use of MP will compensate for the lack of competence due to well-established processes or short-term involvement of specialists. For example, in Germany, in an empirical study, the use of platforms was identified as one of the most important factors in the survival of small businesses (Buliga, 2014).

Based on the results of a study conducted by Google in October 2015, the use of multi-sized platforms allows significantly expand geographic markets for companies that do not have enough resources for individual work on the internationalization of business, for example, the opening of own production or representation abroad. Another reason for using MP for small businesses is to support innovative technologies, new types of business, or search for investors for small projects. For example, a new development of the business model is obtained on the basis of a direction such as the Internet of things (IoT) that allows them to find partners with the help of the MP and to share costs for automating business processes with them, thereby freeing up working time for specialists, allowing them to focus on more interesting and creative tasks. Such non-standard approaches allow to speed up the processes of production of goods and services, customer service and, thereby, reduce the company's total costs, which is very important for small businesses, and especially for microenterprises.

Business owners say that the use of MP gives them greater control over processes compared to traditional methods, greater involvement of each employee in the process of creating value for clients increases transparency of transactions and gives access to more goods and services. Entrepreneurs consider e-commerce and investment activity to be the main types of activity that

will benefit from the use of MP, and the creation of the company's reputation and brand promotion, recruitment, logistics and information support of business processes are leading in terms of business processes [Kalyvides, 2015]. Thus, a study of the potential of micro-enterprises for microenterprises seems relevant and timely, capable of identifying the interrelationship between the survival of microenterprises and the use of updated business models based on MP, which allows creating new value for customers.

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Financial Partnership as a «Green» Trend

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Abstract:

Authors describe financial partnership instruments of investment projects in the environmental sphere. The article presents analysis of bank credit cooperation with international financial organizations in "green" economy. The paper also examines features of "ecological" securities as a environmental investments channel.

Keywords: *bank sector, decoupling, ecological modernization, environmental projects, "green" bonds*

1. Introduction

The Russian Federation has declared 2017 as the year of “Ecology”. The basic provisions of Russia's transition to a «green» economy contained in the “Foundations of state policy in the field of environmental development until 2030” that should stimulate sustainable ecological and economic development of territories.

For the RF subjects environmental trends become a priority of the new regional economy models with a focus on increasing the value of natural goods and services, energy efficiency, social needs of the population. “Green” economics teaches us about rational consumption of resources. From civilizational point of view people get a new quality of life. People get the last chance to slow down environmental degradation.

2. Financial instruments of environmental regulation

During the process of transition to «green» economy, most countries use eco-economic instruments of regulation. These instruments can be figuratively divided in government, market and mixed types. The government regulation instruments include environmental taxes and tax benefits; pollution fees; penalties; an accelerated amortisation; subsidies; grants and state programs. Environmental loans («green» loans), ecological insurance and the creation of ecological funds and associations can be considered as one of the most popular market instruments. Mixed instruments are the forms of public-private partnership for the implementation of the environmental projects (Sedash, 2015)

According to the functions, instruments of the ecological modernisation can be combined into the three groups (Yashalova, 2014, 2015):

1. Mandatory instruments – are related to the development and improvement of the legal framework, which regulates eco-oriented activity in various sectors of economy.
2. Financial and economic instruments are used with the aim of attracting investment resources for environmental projects.
3. Institutional instruments are focused on organizational transition of the economy to a «green» trends.

The most effective in modern conditions are economic and financial instruments, since they are based on a material interest of economic actors. The financial-economic instruments market or state-market nature played a decisive role in financing environmental innovation and achieves the effect of decoupling in developed countries.

3. Data and sample

The paper considers the financial ability to support environmental investments: Bank loans(1) securities market (2).

1. Bank lending in developed countries is a key channel of financing green innovation projects. Unfortunately, the Russian reality shows the weak involvement of the banking system in the process of greening the regions.

A review of Russian banks practices showed that lending to eco-projects going on thanks to the financial cooperation with international financial-credit organizations.

The European Bank for reconstruction and development (EBRD), the largest private investor in Russia, since 2006 has invested more than 2.3 billion euros in energy efficiency projects, the total value of which exceeds € 11 billion.

The international Finance Corporation (IFC) provides long-term targeted credit lines for energy efficiency partner banks and leasing companies.

The Nordic environment Finance Corporation (NEFCO), established by the Nordic countries, conducting the lending of small energy saving projects in the Russian utilities sector – for schools, kindergartens, hospitals, sports facilities, street lighting.

Despite the geopolitical differences, internationalization of funding «green» projects – the only path to the survival of civilization.

2. As innovative instruments can distinguish «environmental» security: «green» and «climate» bonds. The funds raised from the issue «green» bonds to Finance programmes combating climate change and reducing anthropogenic pressure.

Investment attractiveness of “environmental” securities due to their simplicity and reliability. Being liquid and low risk debt instruments with an AAA credit rating, they are financial instruments with fixed income. With such characteristics, «environmental» bonds become attractive among large institutional investors for whom the traditional high share of investments in fixed income instruments, as well as for those who have a strategic interest in “green” investment. They are of interest to a wide range of investors due to its standardized financial characteristics, liquidity, and social orientation. Very attractive “environmental” securities for investors who implement environmental and social projects (E&S).

Being a tool of the stock market, «environmental» securities represent a promising area of financial partnership between issuers and investors, which now contributes to the ecological modernization and to achieve a decoupling effect.

4. Empirical results and conclusions

The main problem of the development of «green» lending in Russia is insufficient economic justification and high risk eco-projects. High costs and a long payback period in most cases be a stop-factors of lending to eco-projects.

To date, the problem of Bank lending has further deepened under the influence of factors of geopolitics and structural imbalances in the banking sector. Short-term resource base of Russian commercial banks are not designed for "long money" needed to Finance environmental infrastructure projects. In addition, project proponents are not always able to provide sufficient liquid collateral for the banks.

Before the Russian banking sector the task of finding a two-pronged development model. On the one hand, the model should help to survive the current economic «turbulence». On the other hand, to take into account rising world trends and demonstrate success in the future.

The environmental and social «megatrends» mean an implementation of a corporate social responsibility. The study conducted by KPMG with the support of WWF among large European banks (BARCLAYS BANK, DEUTSCHE BANK, UNI CREDIT, CREDIT SUISSE UBS; BNP PARIBA, CREDIT AGRICOLE, SOCIETE GENERALE; ING BANK) shows that banks adopt environmental and social aspects (E&S) into the credit process. According to the research, 17% of banks take E&S standards during estimating reputational risks of borrowers. The others 83% of banks use E&S criteria in strategies having value for the bank and society. For example, such strategies to provide financing for the transition to a low-carbon economy or more sustainable commodities supply chains.

The study of foreign practice shows that financial partnership in the environmental field is an effective mechanism for attracting investments in the transition to a green economy. Adaptation of experience with credit and equity instruments for financing environmental projects can be seen as part of mechanism to ensure that environmental, and therefore Russia's national security.

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Stimulating Factors of Sustainable Consumption in Russia and Finland: Preliminary Results of Empirical Research

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Abstract:

The article is devoted to the analysis of factors that stimulate sustainable food consumption and barriers for its implementation on the example of low sugar products. Research methods include literature overview, desk based research of forums and blogs and in-depth interviews with 40 Russian and Finnish respondents. The axial coding revealed the most important personal and psychosocial drivers for sugar consumption reduction: success, well-being, avoidance of failure, interest and pleasure of healthy way of life, result orientations and self-development; as well as cultural and social driving factors: duties and obligations to relatives, influence of reference groups, standards of consumption, trends, and mass media. The most important barrier is the lack of information about low sugar products.

Keywords: *consumer behavior, low sugar products, sustainable consumption*

1. Introduction

Nowadays the consumers' attention is increasingly attracted to the food stuffs supporting healthy lifestyles. One of the aspects of the healthy eating habits is reducing amount of sugar consumed. According to the media, sugar can be as dangerous as alcohol and tobacco (Knapton, 2014). According to the World Health Organization, daily consumption of sugar shouldn't exceed 30 g or 6 tea spoons (Ria News, 2015). To reduce the risk of various diseases, at least 400 grams of fruits and vegetables should be consumed per day (Oskolkova, 2016). However, mostly people don't get their daily norm of fruits and vegetables replacing them by harmful sweets.

2. Sustainability of food stuffs consumption in Russia: sugar problem

Consumption of sweets and confectionery in Russia is at a high level. According to the survey (Anketolog, 2017), more than half of the respondents (54.6%) eat sweets every day, another third (31.2%) - from 1 to 3 times a week. 22.7% of respondents described themselves as sweet tooth, a further 31.1% of respondents partially relate themselves to this group. Thus, confectionery and other sweet products became an everyday product like milk or bread. It should be mentioned that this data reflects only the consumption of obviously sweet products and does not concern the problem of hidden sugars in different processed food stuffs that consumers are often not aware of.

The desk research showed that the problem of sugar consumption is not as widely discussed in the Russian media and RuNet as in the Western ones: only few news media and TV channels have ever covered this problem. The documentaries shown mostly assume sugar as sweets and chocolate and don't pay attention to hidden sugar in daily products.

Whether habits can always be defeated by the person's attitude, and with which barriers an individual may face along this path. In this article, we consider the factors that stimulate sustainable consumption and barriers for its implementation.

3. Theoretical background and literature overview

The term "sustainable consumption" appeared first in the Agenda 21, the main policy output from the UN Earth Summit in 1992 and was announced as: "the use of goods and services that respond to basic needs and bring a better quality of life, while minimizing the use of natural resources, toxic materials and emissions of waste and pollutants over the life cycle, so as not to jeopardize the needs of future generations".

During the World Summit in 2002, sustainable consumption and production were distinguished as an important requirement for sustainable development. In 2015, sustainable consumption and production became part of the UN sustainable development program including issues of economy, society and environment. According to this document, sustainable consumption reflects such goals as good health and well-being, clean water and sanitation, affordable and clean energy etc. It is commonly believed that green (or environment-friendly) products made from biodegradable and recycled materials prevent harmful environmental impacts by optimizing resource use and minimizing waste generation (Diamantopoulos et al., 2003). Also, sustainable food consumption and dietary choices make an important contribution towards meeting current environmental challenges (Grunert et al., 2014).

As a result, sustainable consumption and production are becoming an important means by which consumers and organizations realize the concept of sustainable development. This makes the issues of sustainable consumption modeling rather crucial.

To develop a model of sustainable consumption and to reveal factors stimulating it we started from the analysis of classical models of individual consumer behavior on b2c markets by Blackwell and Engel (1968), Howard and Sheth (1969), Kotler (1990), and others paying special attention to modern investigations on the role of specific factors in sustainable consumption.

Classical models of consumer behavior divide all factors influencing consumers on internal and external ones (Hawkins et al, 1995). External factors are divided by Kotler to cultural and social factors meaning the influence of environment (cultures and subcultures, social stratification, values and traditions) and consumer's entourage (family, friends, reference groups, opinion leaders). Viardot (2004) divides internal factors into personal factors (e.g. gender, age,

occupation, lifestyle, personal values) and psychosocial ones (motives, perception, emotion, knowledge).

4. Qualitative research of the consumer attitudes towards low sugar products

4.1. Research methodology

40 in-depth interviews were conducted in order to study low sugar products consumption. The sample included 20 Russian respondents and 20 respondents from Finland. Judgment sampling was used for this pilot study to investigate the entire range of views on the problem of sugar consumption. The results of the research were analyzed using open, axial and selective coding from the Grounded Theory (Strauss and Corbin, 1990).

4.2. Research results

While researching the respondents' answers, the process of coding was carried out by the most detailed type of analysis - line analysis, which involves a line-by-line study of the transcript, the selection of various answers from it, and their subsequent semantic generalization into larger concepts - open, axial and selective codes.

The comparative analysis of the Russian and Finnish samples showed that the Finnish respondents more often showed structural public thinking as opposed to the opinion differentiation of the Russian respondents. Finns mostly reported that they aspired to follow healthy habits and had already reduced sugar usage or would like to do in the future. However, the associations with sugar named by the Finns had the same wide range as in the Russian sample.

The most driving important drivers for low sugar consumption choices in the Russian sample were defined using the axial coding.

The authors developed conceptual model of sustainable consumption, it should be tested firstly applying qualitative research methods to clarify the classification of influencing factors and then by applying quantitative research methods to determine the importance of the selected factors. Quantitative research should be conducted on different age groups and within different countries to make the comparison of results.

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Method of Using Business Capability Mapping in Small and Medium-Sized Enterprises Strategic Planning

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Abstract:

The goal of the research is to develop a method of using business capability mapping in small and medium-sized enterprises (SMEs) strategic planning, which would consider their specificity. This research is of qualitative nature and uses design science research methodology supported by a case-study method. As a result, a method of using business capability mapping in strategic planning was designed. By using existing tools in mapping capabilities and applying planning methods, it provides an analysis of the current situation in a company, ensures coherency and consistency in orchestrating organizational development projects. The suggested method considers features of SMEs and has several advantages in short, medium and long-term perspectives. The method has been demonstrated and evaluated through a case study with a real small-sized company.

Keywords: *business capabilities, capability mapping, small and medium-sized enterprises, strategic planning*

1. Introduction

In today's fast moving business world, with its increasing innovation pace and sudden external environment changes, companies experience problems in designing a strategy and aligning resources to new conditions. The next challenge implementing the strategy and translating it into action, which appears to be a much harder task. Such environment forces not only multinational companies, but also small and medium-sized enterprises (SMEs) to find ways to realize their strategies. As many SMEs fail to plan on a long-term basis (Hathway Management Consulting, 2013), in order to survive they need to adopt a method of strategic planning that would allow organizational transformation to flow in a consistent and coherent way.

2. Literature Review Results

The authors studied current approaches to strategic planning and discovered that all of them bear serious flaws: too time-consuming, complicated or narrow (applies not to every industry or company), initiatives are uncontrolled, incoherent, not prioritized or even not executed because there are too many of them. Current strategic planning methodologies, even the most widely adopted ones (Boisvert, 2012; Kaplan and Norton, 2008), do not explain how to achieve alignment and coherence in action plans across an organization, and are suitable for large corporations in several industries.

As a response to such challenges, capability-based theories can be used to complement strategic management. Capabilities are the most stable starting points for any discussion around strategic planning (Ulrich & Rosen, 2011). Capability-based planning approach, although not being a panacea, covers most of the shortcomings that are present in existing strategic planning methods, and by its nature is sufficient to be used in SMEs (Aldea et al., 2016). A capability map allows to get a full view of an organization in terms of what it does to operate and create value (BIZBOK, 2017). As any strategic planning is aimed at delivering value to company's stakeholders (Grant, 2016), in order to define which capabilities have to be leveraged to achieve stakeholder value, the value-based approach and value streams have also been considered as an addition to capability mapping. This combination promotes understanding of the whole business, its value generating abilities, and serves as a basis for strategic planning and change management.

3. Research Goals and Objectives

The problem of designing and implementing a strategic planning approach for SMEs is bilateral. First, the existing strategic planning approaches are too complicated, proposed action plans are disordered, not prioritized or even are lost in the general flow of initiatives. Secondly, business capability and value mapping frameworks have proved to be applicable in large enterprises and even big cities analysis (Morgan and Sharieh, 2013), but there is no evidence in the existing literature (and practical experience) of using them in SMEs analysis.

Thus, *the goal is to develop a method for applying capability mapping in strategic planning in SMEs in order for them to be able to plan and execute organizational transformations.* In order to reach this goal, the following objectives must be achieved:

- To elaborate a method for using business capability mapping in any SME strategic planning, taking into account existing tools and frameworks;
- To demonstrate and evaluate the method on a case study company.

4. Research Methodology

To achieve the objectives, qualitative research methods were used and the design science research methodology (Peffer et al., 2007) was adopted, which proposes six consecutive steps:

1. Define a problem, its importance;
2. Define objectives and goals;
3. Method design;
4. Demonstration (case study on a specific small enterprise; empirical results are obtained through document analysis, series of interviews with internal experts and company management, participation in weekly report and planning sessions);
5. Evaluation (company feedback);

6. Communication of the method;

5. Strategic planning method

Initially authors have listed frameworks that would be the basis of method design. Next, authors have set requirements that the method had to satisfy, including: 1) to be applicable in SMEs (e.g., not requires special education, uses simple metrics and performance KPIs, not too detailed and not to generalized) 2) to match the standards of building capability maps. Then the method itself has been designed:

1. Input stage

1.1. Identify strategic goals and direction of company development.

1.2. **Draw a business model canvas of the enterprise** (“as is” and “to be” models)

2. Analysis stage

2.1. **Build a common capability map**, decomposing capabilities down to level 2 and level 3 view.

2.2. Based on strategic goals and stakeholders, that are influenced by these goals, **build a value stream for that particular stakeholder/group of stakeholders.**

2.3. **Map business capabilities onto value stream** in order to understand *how* value is created and *what* is used to create it.

2.4. **Develop a combined heat map** of value stream and capabilities to identify key areas of improvement.

3. Plan stage

3.1. Using capability-based planning approach, **develop an execution plan for organizational change according to selected objectives:**

3.1.1. Prioritize problematic capabilities in accordance to their role in strategic development

3.1.2. Identify capability gaps

3.1.3. Define capability increments and dimensions

3.1.4. Deliver action

6. Empirical results

Application of this method ensures coordination and stability in organizational development and helps to avoid common mistakes in strategy-to-action implementation. The method can be successfully implemented as an addition to existing strategic planning frameworks, but in the case of SMEs, where strategic thinking is a rather rare case (Malešević, 2015), the method can be an alternative to those classical frameworks.

The method has been put to use in a small-sized company and proved to be applicable in translating strategy to action and facilitating organizational transformation. The process included the following steps:

- Describing the company, its business units, overall market situation;
- Listing input information sources, e.g. internal documents, interviews, organizational structure, etc.;
- Defining and describing company’s strategic vision and goals;
 - Here, the initial problem of strategic planning has emerged: the company knows what it wants to achieve, but has no idea how to do it;
- Building company’s business model for current and desired states (additional information input);
- Building a Level 1 capability map of the enterprise, using all the input information and industry reference models;
 - One can use any capability mapping method, but should concern level of details each method suggests. Authors used a standard BIZBOK method;
- Describing each top-level capability and decomposing them into sub-levels;
- Designing value streams for stakeholders that would be affected by chosen strategic goals; capability-value stream cross-mapping;

- Performing color-coding (“heat map”) to see which capabilities are underperforming or severely damage value creation process (see appendix 1); 7 capabilities were identified as problematic. Two evaluation criteria were used.
- Designing capability increments (desired states) for each problematic capability, and assessing each of them by 6 dimensions. A 0 to 5 rating scale has been used. Results have been presented as radar charts (see appendix 2);
- Describing strategic initiatives (capability development projects) in the form of Capability Development Plan (CDP).
 - o Each project can contribute to one or more capability dimensions. Each dimension improvement influences overall capability enhancement. Each improved capability contributes to value streams where it is present.
 - o Capability development projects are interconnected and coherent with each other (though project managers must control their execution), they all support strategic goal achievement.

7. Conclusions

The company¹ left positive feedback on the method design and suggested action plans, and now uses it for its development.

The theoretical contribution lies in further exploring capability-based approach to strategic planning, using a capability map tool in a method that ensures coherency and consistency in implementing the strategy. In contrast to existing strategic planning methods, the suggested method considers mutual relations of prioritized action plans, not focusing on improving only one aspect of business, but rather considering overall value creation. The authors put emphasis on SMEs and focus on their features, which may become a new branch for further studies of capability-based approaches.

The study offers a new practical tool for strategic planning, which facilitates SME growth, creates a communication platform for employees and provides comprehensive company development. Unlike existing practices, the method can potentially be used by SMEs in any industry, providing them with a simple, but universal tool for performance improvement.

Further research may include quantitative researches of method viability. Researches may also apply the method in SMEs of different industries and test whether it should be modified.

8. Acknowledgements

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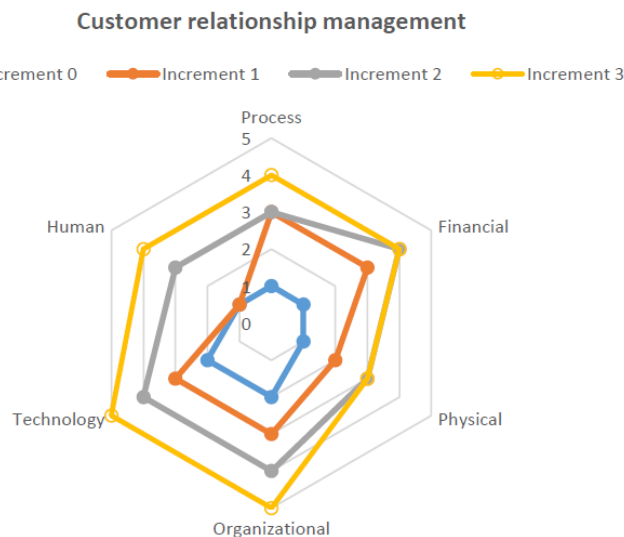
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Appendix 1. Value stream and capability cross-map after applying color-coding scheme.



Appendix 2 “Customer relationship management” capability increment radar chart, showing steps of capability improvement and assessment according to the scale and criteria.



Insurance Medical Organizations in Compulsory Health Insurance: Positions of Interest Groups

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Abstract:

The report analyzes the role of insurance medical organizations (IMOs) in the Russian system of compulsory health insurance (CHI). Consumers of health services and the management of budgetary medical institutions are considered as key interest groups. To identify the positions of consumers, the concept of "exit", "opinion" and "loyalty" of A. Hirschman is used. We analyze the expert opinions of the graduates of the Presidential Program "Management in Health Care" in order to determine the positions of heads of medical institutions.

Keywords: *compulsory health insurance, insurance organizations, interest groups, medical institutions*

1. Introduction

International experience shows that the health insurance model, in which IMOs are independent intermediaries between medical institutions and consumers of health services, allows to ensure equality of access and quality of medical services (for example, [Ellis, Chen, Luscombe, 2013], [Greer, Wismar, Figueras, 2015], [Sheiman, Terentyeva, 2015]). However, in the Russian Federation, not only with the introduction of the health insurance system in 1993 but also with the adoption in 2010 of the CHI Law, which increased the choice and stimulating competition in the health care system, the role of the IMOs remains a subject for discussions for both researchers in this field (for example, [Sheiman, Shishkin, 2014]) and representatives of medical institutions.

Positions of interest groups in relation to IMOs in the CHI system

The main functions of the IMOs are the examination of the quality of medical care and protection of the rights of the insured (consumers). At the same time, the budgetary health insurance system that has developed in the Russian Federation does not contain the institutional prerequisites for real competition between the IMOs for consumers, on the one hand, and for medical organizations, on the other.

The study shows that the IMOs are

- an unsupported or mixed interest group for medical institutions,
- a secondary interest group for consumers.

2. Methodology

To identify the positions of consumers, the concept of "exit", "opinion" and "loyalty" of A. Hirschman is used. To determine the positions of heads of medical institutions, the expert opinions of the graduates of the Presidential Program "Management in Health Care" are analyzed. The positions of the IMOs in relation to interest groups are described through the use of a strategic management tool - identifying the potential for threats and the potential for cooperation.

3. Conclusion

Currently, there are contradictions between the interests of health institutions and IMOs. However, the functions of monitoring, financing and protecting the rights of insured persons can be performed more effectively by the IMO, rather than by other subjects of the health care system (territorial CHI funds or health authorities). At the same time, the right to choose IMOs is not realized by the majority of the population and does not lead to real competition between IMOs.

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Intercultural Communication Course: Feedback Strategies and Practices

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Abstract:

The article considers the role of feedback in ‘Intercultural Communication’ course taught at the Ural State University of Economics. The growing role of the subject is proved by recently published *New Professions Atlas*. The article presents feedback strategies and examples of feedback practice, focusing on peer assessment of various tasks, including students’ project presentations.

Keywords: *feedback strategies, intercultural communication, peer assessment*

1. Introduction

In today's world that is increasingly interconnected, the success of people depends on effective intercultural communication. The objective of Intercultural Communication course is to help the students to adopt a truly global perspective in order to work effectively across cultures. Students should acquire intercultural knowledge, build intercultural expertise, and develop global capabilities in order to maximize value and minimize the risks associated with being involved in international activity. In different communication models there may be a variable number of communication components out of which feedback makes communication a real two-way process. Thus, it is worthwhile to focus on the role of feedback in the learning process.

2. Needs Analysis

New Professions Atlas designed by Skolkovo Business School and Strategic Initiatives Agency, gives a list of professions that will be in demand in the job market in perspective up to 2030. This list is the result of work of specialists, researchers and companies representatives who analyzed the current trends and changes of the modern world. One of the new professions defined in this list is Cross-cultural Communication Manager: a specialist tracking company documents circulation in foreign languages, controlling key meanings (e.g., when choosing marketing slogans), training the company staff to convey the key meanings in foreign languages and also to negotiate with foreign partners taking into account cultural peculiarities. This specialist is supposed to consult the company management while doing business in other countries to overcome translation difficulties and avoid bad deals. So, this new profession adds value and brings a practical perspective to the course in Intercultural Communication. To make the course more effective we should consider the role of feedback and its appropriate application in the learning process.

3. Feedback Strategies

Feedback is a vital part of learning in various contexts. Clear and detailed feedback provided in time gives learners a clear sense of where they are in their learning curve and what they need to do to go up. In the university context, feedback helps students develop mastery of their major disciplines and their general graduate qualities. It assists them in realizing what is expected of them and reaching the standard. Delivering efficient feedback is one of the most significant things to do to help students learn more effectively.

Both self-assessment (internal feedback) and teacher feedback (external feedback) help students control their learning and develop their learning skills. More teacher regulation is required to adopt new concepts and acquire new skills, for example teacher feedback that describes students' performance and suggests models for improvement. The students will use the models to practice that skill. The criteria described in teacher feedback will later become the students' own criteria. Gradually there should be more and more self-assessment: the more students get familiar with new concepts, the more often they create their own learning strategies, and the less teacher feedback is needed.

Feedback should be specific and detailed enough for students to demonstrate them what exactly went right or wrong. However, feedback cannot always be individualized. At some point, it is more suitable to explain common mistakes, or to provide model answers so that students can compare their work. However, more detailed and personalized feedback should be offered when necessary.

It is essential that feedback is provided in time. Numerous studies indicate that feedback is most effective when it is given immediately. In one study the researchers found that participants who were provided with immediate feedback showed a significantly larger increase in performance compared to those who received delayed feedback.

4. Examples of Feedback Practice

1. Culture: Definitions and Elements

This unit of Intercultural Communication course gives definitions of culture and its elements that fall into three interrelated categories: products, behaviors and ideas. The students distinguish

between the 'Big C' ('achievement culture') and the 'Little c' ('behaviour culture') by analyzing examples of different elements of a number of cultures.

While doing 'Elements of Culture' task the students complete the table with their examples of elements of different cultures. They explain the elements that may sound unfamiliar to representatives of other cultures, like in the example of *pelmeni* (dumplings filled with minced meat wrapped in thin dough). Peer feedback involves comparison of the elements and discussing them. Then teacher feedback follows.

2. Components of Communication Chain

The unit makes the students aware of communication models development and communication chain components. The students will understand how all communication components interact in a communication chain and why feedback makes communication a real two-way process.

3. Hofstede's Dimensions

The unit explores Geert Hofstede's model of cultural dimensions that has become an internationally recognized standard: Individualism / Collectivism, Uncertainty Avoidance, Power Distance, Masculinity / Femininity and Long-term / Short-term Orientation. New developments of Hofstede's model are also considered. The students will be tooled with insightful intercultural business communication tips for working with different cultures. It will raise students' cultural sensitivity, teach them to value the differences between people, and respect the things that make each nation unique.

Students make Hofstede's Dimensions Project Presentation with all group members involved. The presentation should include:-a) Introduction of the chosen dimension, b) The findings and analysis of the three cultures and c) Summary.

5. Peer Assessment of Presentations

For presentations, usually a number of criteria are given to follow: how informative and appropriate the content was, how structured and easy to follow the presentation was to the audience, how effective the delivery was, how clear and understandable the visuals were, how relevant the findings and analysis were, etc.

For peer assessment of class presentations, the students should be familiar with the framework that is used to structure the feedback. Using some sort of criteria statement is important for focusing the class observations. Teacher should ask students to give feedback about how well they thought the presentation met certain criteria. The best way for the students to become familiar with the criteria is to have them available as guidelines while they work on their own presentations.

As each group makes their presentation, students who are not presenting record their view of the quality of the presentation using the criteria and also write their observation. The observation should be about the work and describe what is good about the presentation (based on the criteria) as well as what is missing or could be done better. After each group has presented, students are given some group work time to review the peer assessments. Each group would say what they think was the most helpful piece of peer feedback they received and what they are going to do differently for the next presentation.

6. Conclusion

Feedback is seen as a key process in learning, providing information on students' performance in relation to the goal of the performance. Feedback is a complex process and it requires various strategies and methods of application in various learning settings.

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Sharing Economy: What are the Prospects and Agenda for Research?

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Michaela Haase, Freie Universitaet Berlin, Germany**

Abstract:

This paper explores the nature of sharing economy in Russia and aims to elaborate directions of development and dimensions of collaborative consumption in the context of the Russian market. The paper gives a theoretical framework for analysis of factors affecting collaborative consumption. It also provides an overview of the current sharing economy market development in Russia. The study includes the following sharing economy branches: car sharing, taxi sharing, things sharing, skills sharing, redistribution markets, ridesharing, and short-term flat rental. To identify limiting and driving factors of the sharing economy market development in Russia, a quantitative survey was applied. The total sample of 1.466 respondents was composed of adult Internet users, which own smartphone and use it to access the web. The findings reveal factors that drive and impede consumer participation in collaborative consumption in Russia, as well as directions of sharing economy development.

Keywords: *collaborative consumption, emerging markets, marketing, sharing economy, Russia*

1. Introduction

Sharing economy is a term that comprises various phenomena of actors sharing possessions, values, resources and access to them, including information, time and objects (Haase & Pick, 2015). Botsman and Rogers (2011) state that sharing economy is “an economic model based on sharing underutilized assets from spaces to skills to stuff for monetary or non-monetary benefits” (Botsman & Rogers, 2011). More precisely it is a consumption model when a few people own a good and a lot of use it (i.e. One owns a car and share it with others for some fee). All over the world sharing economy companies are expanding their businesses (for example, Uber, Airbnb, Gett, etc). Now they have achieved the point when they outstrip firms in the same sector, but working in a traditional model.

Increasing attention of both practitioners and researchers to a phenomenon of sharing economy (Hamari, Sjöklint & Ukkonen, 2016; Hawlitschek, Teubner & Gimpel, 2016; Nielsen, 2014) is calling for investigation in the context of Russian emerging market. In the last three years six car sharing companies have appeared in the Russian market, two things sharing, three ridesharing. Online redistribution market has round 25 million users total audience and the leader of this branch Avito is the third popular site in the Russian Internet (Forbes, 2017).

Addressing sharing economy phenomenon stimulates research on re-investigating the role of trust in economic relationships (Saussier, 2015). The impact of technology development brings in research context the notion of “collaborative consumption”, “access-based economy”, “P2P-economy”, “on-demand economy”, etc. (Hamari, Sjöklint & Ukkonen, 2016; Cartagena, 2014; Eckhardt & Bardhi, 2015). The drivers of the rise of sharing economy besides technology include underutilized assets (Stephany, 2015; Botsman & Rogers, 2011) and use of P2P or B2C business model. Moreover, sharing economy fulfils some need without particular process of buying or selling (it implies just temporal access to a good or service without ownership).

One of the relevant research questions addresses the acceptance of sharing economy in various economic contexts, e.g. with different history of relationship to ownership. It can be implied that in transition and emerging economies relationship to ownership might differ from developed markets. Extant research suggests the use of well-developed theory of planned behavior or technology acceptance models (e.g. Ajzen, 1985; Venkatesh et al, 2003) which allow for comprehensive representation of factors shaping behavioral intention.

Present study has an exploratory nature with the main objective to elaborate directions of development and dimensions of collaborative consumption in the context of the Russian economy. The study includes the following sharing economy branches: car sharing, taxi sharing, things sharing, skills sharing, redistribution markets, ridesharing, and short-term flat rental.

2. Research methodology and sample description

Adaptations of the Theory of Planned Behavior (TPB) and Technology Acceptance Model (TAM) have been applied as a foundation for empirical data collection. To identify factors of sharing economy development in Russia, quantitative online survey was applied. General population of the research was defined as all adult Internet users, which own smartphone and use it to access the web. The main part of investigation was carried on the audience of the on-line course “Marketing” held on the National online education platform “Open education²” in March 2017. For the reason they are involved in the online education, they are considered to be an active users of mobile devices and, thus, could be a potential sharing economy participants. The paper reports on a study of 1600 adult users of internet (1488 completed questionnaires), among those people there are 55% who participate in sharing economy at least once in month and 82,6% of those who take part in once in several months.

² <https://openedu.ru/course/hse/MARK/>

The questionnaire includes 49 questions on sharing economy driving and limiting factors, individual level of innovativeness, and additional socio-demographic questions such as gender, age, education, income of the family, marital status and children to classify the respondents. The study measures most of the questions on a seven-point Likert scale ranging from 1 = “completely disagree” to 7 = “completely agree.”

3. Empirical results

The study results are focused on awareness, usage, interest, behavioral intention, drivers and barriers of accepting sharing economy in the context of Russian emerging market. The paper presents the results of the EFA and two-step hierarchical cluster analysis. Identified factors have been used as criteria for a two-step hierarchical cluster analysis, run to identify potential subgroups of respondents. The detailed results of the empirical analysis as well as key findings and discussion would be presented at the conference.

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Effectuation, Causation and Firm-Level Radical Innovation in Entrepreneurial Firms

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Abstract:

Building upon insights from innovation as well as effectuation/causation literature, we have explored approaches leading to radical innovation development among innovative firms in the Oslo metropolitan area. We have collected data among the firms and organizations belonging to three innovation network organizations located in Oslo and Akershus region of Norway. Using hierarchical multiple OLS regression analysis, we analysed responses collected from 95 respondents. Information was gathered from a sample of firms who participated in network organizations aimed to promote innovation development.

Keywords: *causation, effectuation, Norway, radical innovation*

1. Introduction

Innovation is recognized as a driver of the economic progress and competitive advantage of nations. We focus on radical innovation because radical rather than incremental innovation is a driver of firm's performance, market growth and nation's economic growth (Tellis et al., 2009). Building upon insights from innovation and entrepreneurship literature, we explore approaches leading to radical innovation development among innovative firms in the Oslo metropolitan area. The purpose of this study is to explore three research questions: Do firms which use causation or effectuation approaches produce more radical innovative products? Do firms, which cooperate with others in research and development, introduce more radical innovative products than those that do not cooperate? Do firms oriented towards international rather than national and regional markets introduce more radical innovative products?

2. Theoretical insights

2.1. R&D collaboration and orientation towards foreign markets

Ideas regarding radical innovations are seldom born within the firm. Often they are circulated in the firm's environment (Dewar and Dutton, 1986). Previous empirical research on effectiveness of R&D collaboration for the radical innovation is controversial. Some scholars argue that R&D collaboration with various partners except competitors is positively and significantly related to radical innovation development (Borch and Solesvik, 2016).

The results of the recent Community Innovation Survey (CIS) conducted in 2010 administered among all Norwegian with ten and more employees, show that firms oriented towards international markets are more innovative in terms of product innovation (Solesvik and Gulbrandsen, 2014). However, we can further hypothesize that the Norwegian market with its about 5 million inhabitants can be too small to pay back investments into radical innovations quickly. Thus, firms that orient towards international markets are more likely introduce radical innovations.

H1. There is a positive relationship between firm participation in R&D collaboration and high intensity of radical innovation.

H2. There is a positive relationship between firm orientation towards international markets and high intensity of radical innovation.

2.2. Causation theory

Causation (or select and search) theorists assume that entrepreneurial firms are alert to messages from the economy, which signal some failure of co-ordination, and potential gains from trade (Kirzner, 1973). They are alert to market disequilibrium (i.e. demanded products not being supplied at an appropriate price), and they notice how to exploit the gap in the market by arbitrage (i.e. acting as a link between supply and demand). In addition, entrepreneurial firms can exhibit a developmental approach to opportunity identification. Radical innovation (Schumpeter, 1934) may create the gap in the market (i.e. disequilibrium). Shane and Venkataraman's (2000) suggest entrepreneurship is the examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited.

H3. There is a positive relationship between causation and high intensity of radical innovation.

2.3. Effectuation theory

Uncertainty bearing is viewed as a function of an entrepreneur (Knight, 1921), and uncertainty relates to a distribution when the outcome is not known. The effectuation (or creation and transformation) approach considers entrepreneurial firms who deal with a future that is unknown and unknowable (Sarasvathy, 2008). Building upon insights from Schumpeter's (1934) new combinations perspective (i.e. new ways of doing things through transformations), effectuation is the focus on using a set of evolving means to achieve new and different goals (Read et al., 2011; Solesvik and Westhead, 2012). To summarise:

H4. There is a positive relationship between firm experimentation approach towards innovation development and high intensity of radical innovation.

H5. There is a positive relationship between firm affordable loss approach towards innovation development and high intensity of radical innovation.

H6. There is a positive relationship between firm flexibility towards innovation development and high intensity of radical innovation.

3. Data collected and research methodology

We have collected data among the firms and organizations belonging to three innovation network organizations located in Oslo and Akershus region of Norway. These three networks are recognized as priority innovation network in the capital region within the *VRI Program* (Programme for regional R&D and innovation). In autumn 2013, a structured questionnaire was administered to member firms. The questionnaire was then administered in the Oslo and Akershus region to 170 firms. In total, 102 questionnaires were returned. The response rate was 60%. With regard to missing data, the 7 questionnaires returned were excluded from further analysis. Questionnaires from 95 respondents were used. The average age of the respondent firms was 12.9 years of age.

4. Results

Hierarchical multiple OLS regression analysis was used to explore variations in the radical innovation dependent variable. Models are significant at the 0.01 level. None of control variables were significant. Hypothesis H1 is not supported. Hypothesis H2 is supported. Causation is positively associated with radical innovation. Hypothesis 3 is supported. Hypotheses 4, 5, and 6 are not supported.

5. Conclusions and implications

In this paper, we aimed to explore the relationship between firm's application of effectuation and/or causation approaches and development of radical innovation. We have found that causation is positively related to radical innovation. We have not, however, found any significant relation between using effectuation approach and radical innovation. We have also detected a positive relation between firm's orientation towards international markets and radical innovation.

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Perspectives of Application of Mobile Payment Services in Russia: Empirical Research Results

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Abstract:

Problems of diffusion of mobile payment services in Russia, factors of their apprehension by the distribution network companies and consumers are considered in the work. In order to analyze apprehension of payment services by the distribution network companies, POER model enabling to analyze in-house factors, and PEER model for external factors analysis were applied. Factors of apprehension of mobile payment services by consumers were analyzed with the help of F. Davis's model. The sequenced approach including testing the model at the qualitative stage of the research (16 in-depth interviews with representatives of the distribution network companies and 34 in-depth interviews with consumers) and the following empirical research on the basis of a selection of 128 distribution network companies and 429 consumers was applied in the approbation. According to the analysis results, conclusions about the influence of various factors on the acceptance of mobile payment services by the Russian distribution network companies and consumers were made.

Keywords: *Davis's model, factors of accepting mobile payment services, mobile payment services, POER model, PEER model*

1. Objective of the research

Determination and empirical evaluation of factors of accepting mobile payment services by consumers and the distribution network companies in the Russian market.

2. Novelty

1) On the basis of theoretic research, we have determined factors influencing the acceptance of mobile payment services by the consumers (general and specific) and the distribution network companies (in-house characteristics and characteristics of the environment);

2) An empirical evaluation of the appropriated factors has been carried out – in-depth interviews with representatives of the distribution network companies (16 respondents) and consumers (34 respondents) have been carried out, and initial conclusions about the importance of separate aspects of accepting mobile payment technologies for both the consumers and the distribution network companies have been made at the qualitative stage of the research.

3) At the quantitative stage of the research, a survey was conducted among representatives of the distribution network companies (128 respondents) and consumers (469 people). Conclusions about the most important factors influencing the acceptance of mobile payment services on the part of both the distribution network companies and the consumers have been made.

3. Methodology

To prove the suggested assumptions, we have applied consequential methodology including the following stages:

- In-depth semi-structured interviews with two parties accepting the mobile payment services – adult population aged 19 to 67 years (the number of respondents was 34 people) and representatives of the distribution network companies (the number of respondents was 16);
- Determining Spearman's non-parametric correlation coefficients (ρ_s) for ranked data with the aim of recognizing the connection between the relevant model components and the following selection of general and specific characteristics of payment services (factors) for further testing;
- Questionnaire construction and online survey of the consumers (429 people) and the distribution network companies (128) for their apprehension of the new payment services;
- Forming a regression model enabling to determine the power and importance of the influence of the factors chosen for the questionnaire on the apprehension of the expansion of the new payment service by the consumers and the distribution network companies.

4. Results of the research

The theoretic importance of the research results is in determining the list of factors with a significant influence on the acceptance of mobile payment services by the consumers and the distribution network companies.

The practical importance of the research results is in understanding by the companies developing mobile payment services of the fact that for the successful commercialization of a new payment service, they should build networks of consumers and the distribution network companies. Besides, the analysis has shown that a mobile payment service should be safe, reliable and dependable, and the consumers should be able to control their operations. Besides, the service should offer additional services (for example, announcements about traffic fines, control and analysis of the consumer's expenses etc.) provide loyalty programs and coupons and be convenient and easy-to-use.

For the distribution network companies, the mobile payment services should not require any additional hardware; they should have a low transaction fee and offer additional services; the payment service application should improve the company's image, inspire consumers to impulse buying, and the cost of the purchase should be lower than paying cash.

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Consumer Behavior as a Challenge for Foreign Retailers' Strategic Marketing Decisions in Russian Market

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Abstract:

The study aims to identify Russian consumer behavior dimensions in decision making with regard to the place and pattern of consumer products purchasing. The authors define contemporary trends in Russian retail sector. The study applies the AIO model as well as the OLI concept in analyzing foreign retail companies' penetration to Russian market. Based on a conducted Internet survey, the authors tested hypothesis about attitude of domestic consumers living in large cities towards foreign and local retailers, their marketing activities, and particular retail formats. The paper suggests some recommendations on strategic marketing decisions in Russian retail sector.

Keywords: *consumer behavior, emerging markets; marketing; retail internationalization; Russia*

1. Introduction

Value creation based on proper market research should generate strategic marketing decisions devoted to consumer satisfaction. This is true for retailing companies as well. The purpose of the study is to identify Russian consumer behavior dimensions in decision making with regard to the place and pattern of consumer products purchasing. Such findings might be useful both to domestic and foreign retailers.

Studies devoted to retail internationalization in emerging markets are relatively young compare to similar type of research conducted for mature economies (Alexander, 1990; Alexander and Silva, 2002; Trofimenko and Vorobieva, 2007). Therefore there is a room for identifying peculiarities of retailing in developing/transition countries.

Among other emerging markets, the Russian Federation is an attractive destination for foreign retailers. However, during last several years retail turnover in Russia have been decreasing. Economic situation in the country (overall macroeconomic slow down, sharp depreciation of national currency in 2014, economic sanctions and other factors) created certain challenges and opportunities for domestic and foreign retailers. Some companies facing increased competition made decision to leave the market; others continue to stay in, or rather to expand operations.

The paper defines recent trends in Russian retailing with a focus on foreign retail companies' activities. The research aims at developing better understanding the Russian consumers' decision-making process towards purchasing process in general, and in stores owned by foreign retailers in particular. The paper suggests some recommendations on strategic marketing decisions in Russian retail sector.

2. Methodology

The Dunning's (1977) Eclectic Paradigm (OLI, Ownership, Location, and Internalization) provides guidelines for strategic marketing decision-making for manufacturing and retailing companies. Even though all elements of the Paradigm are important, presented study mainly focuses on the "Location" pillar. The choice of the destination market (certain country or/and a part of it in the case if the country has a huge territory) belongs to one of the most important strategic decisions for retailers.

For consumer behavior analysis the authors apply the AIO model (Activities, Interests and Opinions). This approach is widely used to dissect consumer behavior among the consumer lifestyle analysis methods (see Engel, et al, 2006). Product and situation specific AIOs are used to acquire information on consumer purchasing behavior by product and brand (Hur, at al, 2010). The authors adjusted the model for consumer behavior analysis in retailing. The empirical data was gathered from Internet survey conducted in March - April 2017 among of large cities' consumers. The study developed convenience sample of 976 respondents, approached by one of the national social networks (VKontakte) and by e-mail. The respondents filled in a questionnaire on their attitude, opinions and interest in connection to retailing. The study is also based on scholars' publications in international marketing, as well as on analytics of market research companies, and national statistics data.

3. Empirical results and conclusions

In recent years, one could observe the decline in real consumer spending in Russia. Under the circumstances, price became crucial criteria for the choice goods and place of their purchasing (Sutyryn and Vorobieva, 2017). Today the bulk of Russian consumers can be described by the rational consumer model, which suggests that customers are sensitive to the price, and therefore choose stores with lower price. They also pay more attention to quality-price ratio and convenience of shopping. Consumers know what they want and are seeking to make the most of the available opportunities given the scarcity constraints they face.

This led to the expansion of so-called private label goods, as they are usually cheaper than comparable famous national and international brands. Therefore, the retailers in Russia are trying to increase their share on their shelves. Some sources indicate that 20% of the goods in 2016 were sold as private labels (Gramatchikov, et al., 2017).

In recent decades infrastructure in retailing has significantly changed in Russia and new retail formats have been emerged. At the same time, one could observe a shift between traditional formats and new ones, as well as the boost of non-store retailing. E-commerce is actively developing in Moscow, St. Petersburg and other major Russian cities.

Results of empirical research supported key trends in Russian retailing identified. With regard to the format of retailers nearly 40 % of respondents told that they prefer to make purchases in the territory of neighborhood supermarket. Other respondents were halved and gave the votes for shops near the house (shops of step availability or convenience) and hypermarkets. More than 55% of respondents told that they prefer shops with the wide range of goods and discounts. Nearly 19% make their purchases at shops with the standard range of goods and prices. About 12% told that they like discounters with the large assortment and rather low prices of all goods. The same percent of the respondents choose shops with the wide range of high-quality goods with the prices above an average. Retailers' origin country is not important for the bulk of respondents (66%), while 28% and 6% indicate that they prefer Russian and foreign chains correspondingly.

In order to minimize negative impact of the economic slow-down, the authors recommend developing differentiation strategy, paying more attention to branding, and reasonable quality-price ratio.

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Demand Modeling on Emerging Markets

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Abstract:

This article is devoted to studying and demand modeling on emerging branch markets (in particular in the market of pharmaceutical goods). Relevance of a perspective is caused by processes of formation of such markets and features of interaction on them. The main methods of modeling of demand are analyzed and the conceptual model of future research is presented.

Keywords: *demand, demand factors, demand modeling, emerging branch markets, pharmaceutical goods, Russia.*

1. Introduction:

The emerging branch markets of pharmaceutical goods and medical technics in Russia have rather complex structure of economic entities and interrelations between them, the huge various nomenclature of goods, constantly appearing new goods, separate sales channels, and also big percent of the unsatisfied and formed demand are strongly dependent on import deliveries, so it is possible to speak about demand management as an important element of marketing administrative process. The understanding and implementation of demand management as business process will allow to consider him as an element of strategic policy, but not only as temporary function of sales on emerging markets. The main task of demand management is studying and modeling of demand in specific market conditions.

2. Demand modeling aspects in branch markets

Theoretical and methodological questions of demand modeling on emerging branch markets are consecrated in works such the famous scientists - economists as Aylkhauer H.-D., Afriat C., Gorbunkov V., Dyyuzenberi Dzh., Keynes J., Abbott L., Engel E. and many another, based on works founders of the theory of consumption. Among the modern Russian scientists who have devoted the researches to problems of modeling of demand in the branch markets it is possible to mark out Dyusushe O. M, Orlova I. V., Prosvetov G. I., etc.

Bases of the analysis of the market of pharmaceutical goods and its demand are studied in Malthus T., Saviotti P., Trofimovoy E.O., Pashutin S. B., Lin A.A., Maksimkina E. A. scientific works., Loskutova E. E., V.V.'s Dorofeeva, Reykhard D. V., Sukhininoy VA., Shilenko Yu. V., Vasnetsova O. A., Dave, D., Saffer, H., Dickov, V., Kremer, S., Bijmolt, T. H., Leeflang, P. S., Wieringa, Merino J.E., Castellò, A.

The analysis of works of domestic and foreign scientists has shown that today the issue of demand modeling on the emerging branch markets is resolved or on the basis of a problem of rational consumption, or forecasting methods, in particular by means of the factorial analysis or methods of the regression analysis. These methods not always meet requirements imposed by management of the enterprises occupied in production and realization of goods of the branch markets. Therefore, there is a need for the tools suitable for demand modeling for some specific groups of branch goods that will allow to solve many practical problems within a problem of import substitution and increase in competitiveness of the Russian enterprises.

When dynamics of demand is uncertain in the branch markets and when demand forecasting for new goods or on emerging branch markets it is urgent and expedient to use a forecasting method on the basis of Markov models.

3. Data and Sample

At first the qualitative research, in the form of deep interviews with representatives of pharmacy chains will be conducted: category 1 - druggists pharmacists of commercial pharmacy chains, category 2 - managers of drugstores of public sector, the 3rd category – sales representatives of the distribution pharmaceutical companies.

At the following stage carrying out a quantitative empirical research of consumption of pharmaceutical goods and medical equipment in the market of Saint-Petersburg and the Leningrad region is planned.

4. Further empirical research and its conceptual model.

Within the put perspective carrying out a series of the market researches referred on the analysis of demand factors for separate commodity categories is planned. Only the direction of sales to end users of production, excepting sector of purchases for medical institutions will be considered. It is planned to investigate demand factors for three types of goods: orthopedic products, medical technics for house use and cosmeceuticals.

1. Formation of information base of a research: the base of a research will be made by selection of respondents (consumers of pharmaceutical goods and medical technics) about 1000 people - residents of Saint-Petersburg and the Leningrad Region.

1.1 For category of orthopedic products about 300 respondents men's and female, a selection method – quote method will be interviewed.

1.2 For category of medical technics for house use about 300 respondents men and female, a selection method - stratified, taking into account specifics of the equipment (types of diseases, prophylaxis of diseases, age) will be interviewed.

1.3 For category cosmeceuticals about 300 female respondents, a selection method - on convenience of the interviewer, taking into account specifics of the equipment (types of diseases, prophylaxis of diseases, age) will be interviewed.

2. Investigation phase: the standardized questioning concerning the questionnaire on points of sale and by means of Internet mailing, also the Internet questioning.

3. The statistical analysis of the respondents who made base of the real research on social and demographic characteristics.

4. The analysis of the received results with use of a statistical software package of MS IBM SPSS.

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University Internationalization and Career Intentions of Students

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Abstract:

Career intentions have been researched using multiple perspectives: individual, family, institutional; however, antecedents to career intentions of students have attracted much less attention especially in the contemporary university context when many universities pursue internationalization path. By focusing on university-based perspective we investigate how university environment and internationalization impact the career intentions of students. We assume that international orientation creates more opportunities for students in 'big business' world and graduates of leading international business schools are in demand among leading international companies. At the same time, locally-oriented universities can form more favourable incentives for entrepreneurial careers and stimulate individual initiatives. Based on the sample of students from multiple countries and we check our hypotheses and provide the detailed discussion of the results.

Keywords: *career intentions, GUESSS, student entrepreneurship, university environment, university internationalization*

1. Introduction

Our world becomes more globalized, people become more internally-oriented and cosmopolitan. Universities and higher educational institutions face severe competitions from players from all over the world as well as the pressure to provide the up-to-the-minute knowledge. Internationalization becomes an integral part of the overall university strategy and require significant resources for implementation. Internationalization is helpful and may provide a solid basis for future development because it is a significant indicator of the quality of education obtained there.

At the same time, we know that many universities follow this strategy but we don't know how it affects students' career intentions. There is a need to understand this link and what output we finally get. Universities are often considered as the central players in economic development (Guerrero et al., 2015), they disseminate new knowledge and contribute to entrepreneurship (Audretsch, 2014). Those universities that offer more entrepreneurship-oriented curriculum and co-curricular activities stimulate students' start-up activities (Morris et al., 2016) – this is another evidence that entrepreneurship can be taught and stimulated. Thus, university environment may increase the number of students who would like to pursue an entrepreneurial career. Unfortunately, this decision is not that easy especially when you have many other attractive alternatives. Top universities with multiple international accreditations attract a lot of attention from world leading companies which want to recruit their new employees from the best places.

In this paper we investigate the role of university entrepreneurial support and university internationalization in the career choices of students. To advance our understanding of internationalization path in this content, we offer several dimensions that can capture its multiple sides and link them with student career intentions. We believe that it is relevant nowadays and represents a contextualized approach of career choice.

2. Theory & Hypotheses

Internationalization is a world-wide phenomenon in many areas including higher education. It can be considered as a consequence of economic integration. There are more and more international students in all universities from different countries. Universities establish partnerships with other foreign schools, organize study-abroad and exchange programs, offer courses and programs in English and other languages, hire professors with international backgrounds, stimulate publications in top international journals, etc. The volume of their international activities is constantly increasing. By following this path, universities want to achieve three purposes: to increase education, research and service to society (De Wit, 2015). Internationalization is a strategic response to global challenges (Minola et al., 2016).

Such universities invite best instructors, offer multiple opportunities to work on real business cases and do consulting projects for real companies. They train globally-oriented students with excellent skills and knowledge. These students are better prepared for a global job market and can find a better job abroad. Most companies are interested in such graduates and offer them multiple benefits. As a result, many students from these universities believe that the option to work for a company is much better than to become a founder:

H1. The higher the degree of university internationalization, the less likely that students prefer to become an entrepreneur.

We acknowledge that universities are different and have their own culture and traditions. Some universities are famous in both – among MNCs and entrepreneurial firms. University offerings related to entrepreneurship and university entrepreneurial environment in general can improve individual knowledge of entrepreneurship and improve the perception of this career options. In addition, such university support of entrepreneurship can decrease the negative effect of university internationalization on entrepreneurship because students may start considering entrepreneurial path as a first career option. We assume that:

H2. The higher the university-based entrepreneurial support, the more likely that students prefer to become an entrepreneur.

H3. The degree of the university-based entrepreneurial support positively moderates the relationship between the university internationalization and students' intention to become an entrepreneur.

3. Methodology

We rely on a dataset originated from the Global University Entrepreneurial Spirit Students' Survey conducted in 2016. It includes more than 122,000 responses from 50 countries and more than 1,000 universities. Students get the link to the online survey and have to complete the questionnaire. For our analysis we included only those questions in which we have the items necessary for our model.

Our *dependent variable* is binary with two options: "1" if the student wants to be an employee, "0" if s/he intends to be an entrepreneur (founder). We focus only on two career options and eliminated those students who haven't decided yet or consider to become a successor in family business.

Independent variables. First, we conceptualize the entrepreneurial environment of the university by incorporating two approached: offerings and general atmosphere. Second, we operationalized the internationalization of universities by three measures: the percentage of international professors, the percentage of international publications, and the number of international accreditations.

Controls. We control for age, gender, study level, and study field.

In order to test hypotheses, we run binominal regression analysis.

4. Empirical results & Conclusions

Be explicitly analyzing intentional founders and employees and the comprehensive role of university, our study will make several important contributions.

First, it will contribute to the theory of entrepreneurial career by investigating career intentions of students. Second, it advanced our knowledge on entrepreneurship and contribute to the ongoing discussion of the content of university curricular. Third, our work provides several timely contributions to higher education internationalization literature.

Our study will provide implications for both policy makers and university managers by relevant insight into the outputs of current university strategic orientation.

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HRD in Russian IT-Companies in the Period of Economic Crisis

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Abstract:

Economic crisis impacts on the decisions of companies how to manage HRD initiatives. For the IT sector, intellectual capital becomes a core source of sustainable competitive advantages where HRD is seen like a tool to develop the internal stock of human capital. This article explores the approaches to HRD used by Russian IT-companies during the crisis. We conclude that Russian IT-companies perceive the value of HRD programs, hence the most innovative-active and fast developing IT companies prefer to constantly invest more in HRD initiatives. In crisis conditions, we recommend them to develop and implement more internal training programs.

Keywords: *economic crisis, HRD practices, IT companies, Russia*

1. Introduction

Crisis is an overarching term that refers to any event that is perceived to have a significant, negative impact on individuals (Wang, Anne, and McLean, 2016). Such undesirable event, associated with high level of uncertainty and disarray, can cover financial, social, industrial, health and economic areas (Hutchins, 2008).

There are several difficulties for HRD in the context of crisis. They include low labour productivity, high employees' turnover, deficit of skilled workers, lack of clear distribution of functions between employees, excessive number of employees, lack of motivation, tense emotional atmosphere in the working team. It is claimed that in the context of crisis the most important think for the company is to understand that the previous HRD system, which operated effectively and sustainably in the stable market, is not able to operate in the same way in changing market conditions. To develop an anticrisis program for HRD, the company must thoroughly diagnose some critical aspects of the existing HRD system.

In the academic literature, there are various views on HRD initiatives during the economic downturn. Some articles provide evidence on reduction of employees' training in the context of crisis. Howard (2009) reported that many companies around the world discontinue training and development during unstable times. It is claimed that training and development activities are considered as a cost for the company, and from economic point of view firms try to decrease costs by reducing spending on training activities (Sheehan, 2013).

The literature provides an alternative view on HRD during crisis. Noe et al. (2010) claims that retraining of employees during the period of increases labour surplus may be used by companies in order to maintain effectiveness. It is claimed that to remain employable, employees update their skills to changing job requirements and increase the chances of getting another job (Lee, Phan, and Tan, 2003). Zweimuller and Winter-Ember (1996) proves this saying that employees perceive a greater need for training activities during the depth of the crisis that during the period of economic recovery. It is considered that training and development in the context of crisis increase individual's human capital (Poole and Jenkins, 1996).

Thus, the goal of the present study is to explore the approaches to HRD used by Russian IT-companies during the crisis.

2. Methodology

The present study employed the quantitative methodology to answer the research questions. The initial convenience sample consisted of 81 Russian IT-companies: 47 operate on B-to-B market, 7 operate on the B-to-C market and 25 operate on both markets.

All these companies are software developers; hence their competitiveness is completely dependent on the intellectual capital of the employees. After the initial review of the completeness filling 23 questionnaires were excluded. Thus, for our final analysis we used 58 usable questionnaires.

The questionnaire for the survey was prepared on the basis of the well-known European quality standard "Investors in People" (IiP). Based on questions found in the IiP instrument to consider and assess the employment practices in Russian IT-companies within a crisis, we have created an instrument containing 39 questions that cover the following topics: goal setting; decision-making; HRD practices; management; performance appraisal; HRM practices; and organizational values.

This questionnaire was successfully tested in our previous studies (Kucherov, Zavyalova, 2012; Zavyalova, Kosheleva, Ardichvili, 2011).

3. Results

This study has attempted to identify the HRD practices used in IT companies within a crisis. Previous studies have found ambivalent trends in managing HRD practices during unstable downturn period: some companies preferred to discontinue any HRD initiatives, thus reducing the costs (Howard, 2009). Some companies, on the contrary, tried to develop the HRD initiatives in order to be more flexible and adaptive to unfriendly environmental changes (Albers, Worley, 2009).

The results indicate that Russian IT-companies perceive the value of HRD programs. The special attention is given for mentoring as an efficient HRD tool both for newcomers' orientation or the promoted employees who need to improve their hardskills.

Thus, in spite of the general trend for Russian companies to decrease the employee surplus and amount of training programs, IT sector continues to invest in HRD to develop intellectual capital and support organizational renewal and transformation (Gilley, Maycunich, 2003).

4. Conclusion

Knowledge-intensive firms who have the in-house HRD professionals could develop and implement the internal training programs. The special role here should be given to line managers to design and develop HRD interventions and aligning HRD policies with the organization culture and values (Hutchins and Wang, 2008). In conditions of economic crisis, the growth of the internal training programs could be an efficient way to optimize the training budget and to escape from extra costs. All these initiatives need to be evaluated. Managers need to identify the performance indicators and choose those to be improved by HRD programs.

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Expectations of Russian Managers and Development of Strategy Course Syllabus

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Abstract:

The purpose of this paper is to determine the Russian managers' perception about the sources of competitive advantage and the process of strategic management. On the basis of the received data, the changes which are necessary to be included into the syllabus of the courses and the teaching methods in strategy may be identified. The paper presents the results of a pilot empirical study aimed at identifying the expectations of the participants of the Executive MBA program, one of the leading Russian business schools (GSOM SPbU) regarding the syllabus of the course "Strategic Management". The study shows that students associate sources of competitive advantage mainly with the company's best position in the external environment, which leads to a greater interest in studying strategic tools that allow it to be diagnosed. This raises a number of serious challenges for the teaching of discipline and entails the question of whether it is expedient to proactively form professional competencies in the field of strategic management.

Keywords: *Russian managers' expectations, strategy course syllabus*

1. Research goal

The content of strategic management reflects the answer on two key questions – what can be the source of competitive advantage and what organization must do for its seizing and capturing. And when the necessity of receiving the answer on these questions is generally accepted, then the answers differ with bigger diversity and determine different ways to building-up a strategy.

In the research of competitive advantage there are two basic approaches. The representatives of the first one link it with positional advantage (Porter, 1979). The second approach is connected with internal abilities of organization – its predominance in the resources (Barney, 1991, Collis, Montgomery, 2008) or in company's processes (Teece, 2009, Harmel, 1996). It is necessary to underline that during the last years claims about the competitive advantage era ending. High dynamism of the external environment and constantly occurring changes leads to the fact that the stable competitive advantage is impossible to create (McGrath, 2013). Herewith the representatives of different approaches are united in the opinion that the competitive advantage became unstable and the range of opportunities to its creation has broadened, among which new business models, for example two-sided platforms and development of ecosystems.

The answer on the second question – which way to build a strategy – is also ambiguous. Even in the slowly changing and well predictable external environment not all the planned strategies can be practically realized. If the future is characterized by great uncertainty, the formulation of the strategy by means of strictly regulated procedures can be not only useless but harmful (Courtney, Kirkland and Viguerie, 1997). However, the rise of unpredictability of external environment must not be the reason for strategy skipping.

The answers about the sources of competitive advantages and the ways of strategy evaluation set the content and the structure of educational programs. Courses in strategy may have different names, but it is important to highlight that the content of these courses in leading business schools of the world is very close on themes and display the development of the theory of strategic management in general. This approach is mainly match the development of scientific thinking in the field of strategic management. Although, “the world's growing interconnectedness and the isomorphic forces imposed by international consulting firms, regulatory bodies, the media, and multinationals accelerate the speed with which novel strategy models spread across the globe” (Whittington et al., 2003, p. 406) and new themes in syllabuses of courses in strategy appear from time to time as the reaction on external changes, nevertheless basic strategy courses have constant content.

The purpose of the paper is to determine the compliance of the content of strategy course and views of Russian managers on the sources of competitive advantage of companies and the process of strategic management.

2. Methodology

To determine the understanding of the students about the sources of competitive advantages and methods of strategy evaluation the interview was conducted to the participants of the program “Executive Master of Business Administration”, who studied in Graduate School of Management, St.Petersburg State University in 2015-2016 (GSOM SPbU takes the leading positions in the ranking in Eastern Europe). The questionnaire included several blocks of questions: first block was devoted to the characteristics of the respondents including their position, description of the sizes of the company, experience of taking strategic decisions and previous experience in studying concepts of strategic management; second block was related to the evaluation of the importance by the respondents of different elements of strategic process and sources of competitive advantages; third block included questions about the strategic management formalization process and the possibility of different concepts' usage. The number of attendants was 78 people, the amount of filled questionnaires – 49. Among them – 45% were the business owners, 41% - senior managers and 14% - middle managers.

3. Results

Analysis of the literature showed that business schools, as the main providers of business education, must respond to criticism regarding the growing gap between the needs of

management practice and the content of academic disciplines. The strategy courses in this respect are no exception: the usefulness of individual concepts and strategic tools for practicing managers is not obvious. When training in business schools, they expect to receive knowledge and skills that would allow their companies to achieve high economic results.

The analysis of strategy courses of the leading business schools has shown that their syllabus is largely unified and involves studying the factors of both the external and internal environment that create opportunities for identifying, creating and retaining competitive advantages, with emphasis on positional, resource or process superiority.

The results of the survey conducted among the students of the EMBA program of GSOM SPbU showed that they associate the sources of competitive advantage mainly with the company's best position in the external environment, which leads to a greater interest in studying strategic tools that allow it to be diagnosed. As for the formalization of the strategic process, students give preferences not to flexible approaches, but to regulated procedures for strategy development.

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Sustainable Supply Chain Practices: Pain or Gain for Emerging Market Firms?

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Abstract:

Recent increase in interest to sustainability issues from scholars and business people is largely caused by the necessity to react to new challenges posed by changing business environment. More and more firms face much stronger pressure from their stakeholders in terms of meeting sustainability requirements along the whole supply chain. The major aim of the paper is to analyse sustainable supply chain practices implemented by emerging markets firms, identify major incentives which drive firms to introduce these practices and evaluate their pay-offs. The analysis of 10 cases of emerging market firms from oil-and-gas industry has shown that there is positive association between non-economic practices and economic and financial indicators of firms' performance.

Keywords: *sustainability, sustainable supply chains, emerging markets, oil and gas, legitimization, stakeholder theory*

1. Introduction

The last decades have witnessed a considerable increase in interest to sustainability issues both from scholars and business people. This interest to a large extent is a reaction to new challenges posed by changing business environment. More and more firms face much stronger pressure from their stakeholders in terms of meeting sustainability requirements along the whole supply chain (Schittfeld, Busch, 2016). These expectations stimulate firms to reconsider not only their intra-firm processes, but as well principles and standards of their interfirm cooperation transferring their sustainability practices to suppliers and other partners within supply chain (Carter, Easton, 2011). These issues are of particular relevance for emerging markets firms pretending to gain global, or, at least, significant presence at foreign markets (especially, in developed countries). Emerging market firms have an extra pressure from host environments due to country of origin effect; they often have lower advancements in terms of innovativeness, technologies and also managerial practices; and they often have much less resources to implement sustainability practices. However, to get an access to global production networks and build stable relationships with foreign partners they have to co-align their practices and norms with the ones shared in the network. This could serve as a necessary pre-condition for gaining legitimacy both on home and host market.

2. Goal of the Research

The major aim of the paper is to analyse sustainable supply chain practices implemented by emerging markets firms, identify major incentives that drive firms to introduce these practices and evaluate their pay-offs. Thus, two key research questions could be formulated as follows:

- 1) What drives emerging market firms to implement sustainability practices in their global supply chains?
- 2) Is sustainability practices implementation pain or gain for emerging market firms?

3. Theoretical Background

A proposed integrated theoretical framework allows addressing sustainability aspects of firm's supply chain in a more comprehensive way. The key pillar is based on the central principles of stakeholder theory which considers a firm as a source of various benefits for a number of different actors, stakeholders (Freeman, 1984; Donaldson and Preston, 1995; Freeman, 2010). However, we switch the focus from considering the benefits obtained by various stakeholders to analysing the efforts that a firm makes to obtain legitimacy among stakeholders by implementing sustainable supply chain practices, in particular (Mueller et al., 2009). We consider legitimacy as a crucial intangible asset which could contribute to building and development of firm's sustainable competitive advantage, or vice versa a lack of legitimacy could be disastrous and leave firms without crucial inputs (Hofmann et al., 2013).

We address sustainable supply chain concept from the perspective of triple bottom line: the intersection of environmental, social, and economic performance, which assumes that managers are directed to identify and introduce social and environmental activities that will improve firm's economic performance (Carter, Easton, 2011).

4. Data and Methods

Considering the nature of the research questions we adopted a multiple case study approach which provides more opportunities for investigation of complex phenomena through various information sources (Yin, 2009). We have conducted an analysis of 10 cases for large oil corporation from emerging markets. These cases were chosen for several reasons. First of all, large corporations with significant international activities were expected to be more likely involved in sustainability practices than smaller firms. Moreover, they have a wider range of stakeholders which makes the objective to meet stakeholders' expectations more complex and controversial. For many oil companies in emerging economies the State is one of the most powerful stakeholders which makes a visible impact on the scope and types of sustainability practices they implement. Furthermore, in most emerging markets they are among the most relevant contributors in terms of economic and social welfare, which puts an extra pressure for

such type of responsibilities. In addition, this industry has quite high standards and strict regulations of ecological and environmental consequences of business activities.

The data were collected from annual reports, as well as CSR and sustainability reports. They were further cross-checked and completed with the data from available open-sources.

5. Results

The analysis of cases has shown that there is positive association between non-economic practices and economic and financial indicators of firms' performance. Most of emerging market firms have quite a diversified portfolio of sustainability practices with a great respect to environmental and social components. The areas of investment in activities associated with sustainability are in line with the expectation of their key stakeholders. However, there is still a need for strengthening and improvement of economic bottom line which will definitely contribute to competitive advantages development in a long-run.

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Emerging Market Firms' Competitiveness: Comparison of Chinese and Russian Firms through the Prism of 3I's Concept

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Abstract:

The paper aims to consider the sources of emerging market firms' competitiveness through the prism of the 3'I's concept (internationalization, innovations, and institutes) to explain creation and development of emerging market companies' competitive advantages; in particular, it explores how company's international and innovation activities and embeddedness in networks of relations with institutional agents affect its performance. Analyzing, comparing and contrasting Chinese and Russian companies' internationalization processes, their innovative activities and specifics of Russian and Chinese institutional environment (formal and informal institutions), the study confirms the importance of effective interaction between these three aspects and their driving force for companies' competitiveness.

Keywords: *3I concept, China, innovation, institution, internationalization, Russia*

1. Introduction

Active integration of emerging market (EM) firms into the world economic system significantly influences the global economic landscape. Their role in the development of business environment and social processes of home and host countries is constantly rising. They are actively involved in knowledge and technologies transfer which influence formation and development of their innovative potential and consequently their financial performance (Correidoira, McDermott, 2014). Moreover, they pay considerable attention to creation of complex internal and external networks which could stimulate and support realization and development of their specific competitive advantages (Gulati, Nohria, 2000; Peng, Luo, 2000). These processes have raised vivid interest among scholars and motivated different scientific discussions aimed at identification of sources of EM firms' competitiveness, as well as conditions for achievement of higher performance in comparison with major competitors. EM firms are often stated to rely fully on country-specific advantages building their competitive advantages on lower production costs and access to natural resources. However, recent trends in international business research and practice show that more and more EM firms gain competitiveness via advanced innovative activities and initiatives.

2. Theoretical Background

There are active scientific debates on the sources of competitive advantages of emerging market firms. Some of the authors state that EM firms gain benefits from specific advantages provided by the home country, so called, country-specific advantages (e.g. Rugman, 2009), e.g. natural sources in Russia, low labor costs in China or Vietnam. Their opponents insist that EM firms also have firm-specific advantages, such as abilities for development and production of products more appropriate for emerging markets, capabilities of operation in dynamic and unstable environment, etc. (e.g. Yaprak, Karademir, 2011). However, the most likely explanation for emerging market firms' competitiveness is their abilities to uniquely combine country- and firm-specific advantages and, in some cases, transform country-specific disadvantages into advantages and gain benefits from these processes.

One of the concepts that provides a comprehensive approach to better understanding of the sources of EM company's competitive advantages is the concept of 3'I's introduced by Kumar, Mudambi and Gray (Kumar et al., 2013), where the first 'I' stands for internationalization, the second 'I' – for innovation, and the third 'I' – for institutional change. The order of these 'I's is not deterministic because they work as mutually supportive. Dynamic interaction of three 'I's stimulates development of EM company's specific advantages and increases their competitiveness on both home and host markets. We further apply 3Is framework to Chinese context and elaborate on each of the 'I's.

The aim of this paper is to consider the sources of emerging market firms' competitiveness through the prism of the 3'I's concept (internationalization, innovations, and institutes) to explain creation and development of emerging market companies' competitive advantages; in particular, it explores how company's international and innovation activities and embeddedness in networks of relations with institutional agents affect its performance. Analyzing, comparing and contrasting Chinese and Russian companies' internationalization processes, their innovative activities and specifics of Russian and Chinese institutional environment (formal and informal institutions), the study confirms the importance of effective interaction between these three aspects and their driving force for companies' competitiveness.

3. Data and methods

We use a solid array of predominantly qualitative data to identify similarities and differences in development paths and types of competitive advantages of Russian and Chinese companies which stimulated or vice versa prevent them from global leadership. The data were collected mostly from open data sources, academic and professional journals in Russian, English and Chinese languages. Such approach to data collection allowed us to build complex framework which considers various viewpoints.

4. Results

Despite the fact that Russia and China are often attributed to the same category of emerging markets and starting points of their global integration have similar conditions and timeframes, their development paths and current state are very different which defines their competitive positions in the world arena. Consideration of issues related to emerging market firms' competitiveness through the prism of 3 I's perspective clearly showed the necessity to apply complex multi-dimensional approach to competitive advantage development not only in academic research to understand and explain how it works, but, first of all, in business practices to make companies stronger and lead them towards success.

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The Rise of the Digital Platforms: Global and Local

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Abstract:

This paper reports a study of the emerging platform economy that can be found in a growing number of industries including social networking, internet auctions and retail, on-line financial and human resource functions, urban transportation, IoT and mobile payment. The research contains guidelines to help practitioners and policy makers develop platform-enabled innovation strategies through the consideration of different dimensions of platform business models. It offers a relevant source of ideas and guidance for anyone interested in research and practice related to rethinking digital business.

Keywords: *leadership platform, multi-sided platform, platform business model, technology platform*

1. Introduction

Digital technologies, including the Internet and other related technologies, are changing the way the companies do business and are a principal driver of the surge of interest in business models (Zott, Amit, and Massa, 2011; Peitz and Waldfogel, 2012; Yablonsky, 2016). Over recent decades there has been a rapid global transition from industrial economics to digital economics. As defined by Gartner, digital economics examines the creation, consumption and control of value associated with digital products, services and assets in organizations to drive for new business models and create new markets (Judah, 2016).

Platforms have lasted for years: offline malls link consumers and merchants; paper newspapers connect subscribers and advertisers, etc. As it is stated in the global survey now platforms have become an important economic force with a total market value of \$4.3 trillion and an employment base of at least 1.3 million direct employees and millions of others indirectly employed (Evans, and Gawer, 2016). Platform businesses can be found in a growing number of industries including social networking (Facebook, LinkedIn), internet auctions and retail (eBay, Amazon, Angie's List), on-line financial and human resource functions (Workday, Elance-oDesk, Freelancer, WorkFusion), urban transportation (Uber, Lyft, Sidecar), mobile payment (Mahala, Square) and Internet of Things (IoT).

Platform businesses have grown substantially in recent years to become a much larger part of the economy. In addition, many platform businesses have moved from being domestic in focus to operating in multiple countries. Understanding the power and value of these multi-sided enterprise models in contemporary management will be the focus of this paper.

This paper addresses the questions:

What are the necessary platform components required to support the capabilities of digital business?

How they should be organized and managed? What are the main platform business models?

What is the platform business landscape?

2. Research design and methodology

During the exploratory and descriptive phases of the work secondary sources are mainly used. These are books, scientific and professional articles in journals, and also information from professional online communities. Primary sources were used as well. Qualitative empirical study was conducted in order to acquire relevant data to get opinions of companies' top management from industries that might potentially use and/or be interested in providing platform for consulting innovation services. As the approach implies we chose to use the semi-structured interviews to get in-depth answers from our respondents.

3. Current understanding

In this research, we are related with platform innovations, platform business models, and the cases that illustrate how these business models could be successfully implemented. We should distinguish technology platform and business platform that include technology platform as main block. There are different definitions of term technology platform (Gawer, 2009; Hagi, 2014; Evans, and Gawer, 2016).

Defenition 1. (Gawer, 2009)

A technology platform is defined as building blocks that act as a foundation upon which an array of firms (a business ecosystem) develop complementary products, technologies or services, proposing such requirements for a platform:

it should perform a critical function of the overall system or should solve a crucial technological issue of an industry,

it should be easy to connect to, "build upon" and provide space for new and unplanned usage.

There are two main groups of technological platforms: product/service platforms and network platforms.

Defenition 2.

A network technological platform or network platform is usually based on digital network(s) building blocks.

Network platforms differ from product platforms because stronger network effects, switching costs and multi-homing costs (Parker and Van Alstyne 2015).

Platforms provide building blocks that serve as the foundation for complementary products and services.

Defenition 3. (Eisenmann et al. 2011).

A business platform, is a nexus of rules and infrastructure that facilitate interactions among network users.

Defenition 4. (Parker and Van Alstyne 2015).

A business platform is a published standard, together with a governance model, that facilitates third-party participation.

Platforms have unique characteristics, with one of a central feature being the presence of network effects (Yablonsky 2013, 2016). Value of platform affiliation for a user depends on the number of other users. K. Boudreau (2010) has stated that technology platforms can allow to create the ecosystem around a new technology without giving up the ability to capture value. The high valuations of some platform technology owners have made platforms a focus of interest in technology strategy.

One key choice for platform strategy is selecting the platform business model. The business model concept became prevalent with the beginning of the Internet in the mid-1990s. Since then at a general level, the business model has been referred to as a conceptual tool or model (Osterwalder and Pigneur, 2010), a framework (Afuah, 2004), a pattern (Brousseau and Penard, 2006; Osterwalder and Pigneur, 2010). Although there are many definitions of business models (Osterwalder and Pigneur, 2010; El Sawy and Pereira 2013) there is no one accepted definition of business model (Zott, Amit, and Massa, 2011).

According to Gawer and Cusumano (2008), to have platform potential, a product (or technology, or service) “should perform at least one essential function . . . or solve an essential technological problem within an industry.” Gawer and Cusumano (2008) suggest that firms that want to be platform leaders should follow two principal strategies. The first is coring strategy: transform a product into a platform. The second additional strategy is tipping: the process of building market momentum so that the industry tips toward wide adoption of the platform technology. Tactics can include penetration pricing and subsidies, building coalitions of customers, and providing powerful incentives for complementors (Gawer and Cusumano, 2008).

Platforms is usually a subset of components (hardware, software, services) and rules (technical standards, protocols for information exchange, policies, and contracts that govern transactions) employed by users in most of their transactions. Platform business model always should be related with platform strategy. Network users access a common platform that facilitates their interactions.

4. Empirical results and conclusions

We proposed the new concept structure and definition of the multidimensional platform building innovations. With the right set of concepts in hand management can forge a new operating model for the platform company, one that is designed to withstand future market disruptions. This process starts by identifying the most important platform components needed for success. A clear and precise description and structuring of the information of the innovation multidimensional platform components are prerequisites for a common understanding of the innovation platforms.

We offered an innovation multidimensional platform components taxonomy/lightweight ontology, which is a conceptualization and formalization of the elements, relationships, vocabulary, and semantics of different types of innovation platforms. It is structured into several levels of decomposition with increasing depth and complexity. Ontologies, taxonomies and other types of controlled vocabularies are the preferred means to achieve such a common understanding by specifying the terms of the platform's domain, disambiguating them from each other, controlling synonyms, and structuring the domain via term relationships.

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Corporate International Diversification and Firm Performance: Evidence from BRIC Companies

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Abstract:

The paper investigates the corporate international diversification – firm performance relationship using the approach based on economic profit creation. The results show that the form of this relationship is linear and sign depends on the measure of degree of international diversification. The general models for all BRIC companies developed in this research have a high level of explanatory power compared to the single country models and indicate that level of international diversification has a higher impact on the long-run performance than on short-run.

Keywords: *corporate performance, corporate international diversification, multinational corporations, residual income*

1. Introduction

In recent years corporate international diversification (CID) has become a widely used growth strategy for companies from both developed and emerging markets. However, the results of research on the effectiveness of the CID show that depending on the company and country characteristics CID can have positive and negative influence on the corporate performance. Current research develops a new approach for evaluation of CID-performance relationship which is based on a concept of economic profit (residual income) and applies this methodology to the sample of BRIC companies.

2. International diversification and corporate performance

CID-performance relationship is typically studied in two paradigms: event studies and accounting studies. Those of them based on the accounting studies and used current performance measures focus separately on operating performance measures, presented by accounting metrics like ROA, ROE or EBIT margin (Lu and Beamish, 2004; Contractor et al., 2007) and financial effectiveness measures such as WACC, CoD or CoE (Singh and Nejadmalayeri, 2004; Joliet and Hubner, 2006). However, these studies are likely to make an incomplete evaluation of CID influence on performance as international diversification simultaneously affects both operating and financial sides of company's performance. Economic profit (residual income) takes into account both types of performance and thus can be considered as a strategic performance measure. Economic profit is calculated as follows:

$$\text{Economic profit} = (\text{ROCE} - \text{WACC}) * \text{CE}$$

Studying the CID-performance relationship for developed countries researchers have found a general pattern of this relationship: horizontal S-shape curve (Bobilio et al., 2010; Rugman and Chang, 2010). But for the companies from emerging markets there is no general pattern of CID-performance relationship. Researchers found different patterns of this relationship, from linear dependence (Singla, George, 2013) to the same horizontal S-shape curve pattern as for developed markets (Xiao et al., 2013).

3. Data and methodology

Sample includes 109 companies from BRIC countries that are:

- Involved in international diversification (each company closed at least one M&A deal in the previous 10 years);
- Report the distribution of their foreign sales.

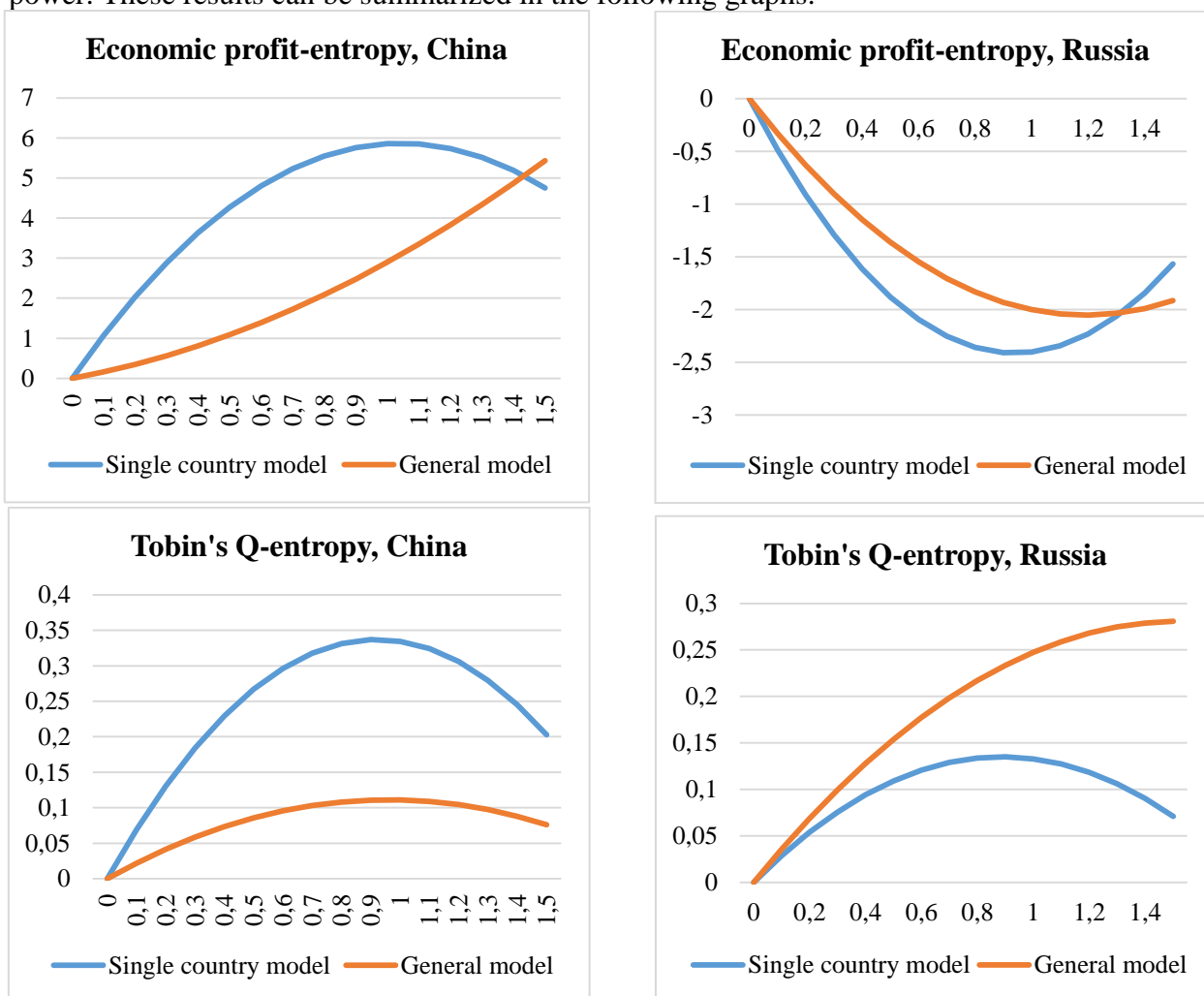
Overall we have an unbalanced panel of 1174 observations from 2005 to 2015. For the purpose of the study we calculate 3 different measures of degree of international diversification (DOI): foreign-sales-to-total-sales ratio (FSTS) describing the intensity of CID, Herfindal–Hirshman index which reflects the diversity of CID, and entropy index, combining these 2 measures. We used economic profit spread ($\text{ROCE} - \text{WACC}$) as a measure of short-run performance and Tobin's Q as a proxy for the long-run performance of the firm. The sample also includes several company metrics (size, share of intangible assets, product diversification measure) and country-level variables (GDP, currency exchange rate change and level of institutional development) as control variables.

4. Empirical results and conclusions

To identify the relationship between CID and performance variables, regression models on panel data with random effects were constructed. Regression analysis shows that there is linear form of DOI-performance relationship for BRIC companies and this result holds under different types of DOI variable. Sign of the influence depends on the combination of dependent and explanatory variables: for instance, entropy index negatively affects economic profit spread, but FSTS has a positive impact on spread.

Generally, if we compare influence of the same DOI measures on different performance measures we can see that rise in DOI leads to the drop in economic profit spread and rise in Tobin's Q. Thus, we conclude that effects from CID tends to be realized in long-run rather than in short-run since firms need time to implement new assets and to take advantage from new technologies, new resources and other benefits of CID.

We also compared the outcomes from general models for all BRIC countries and country specific models in terms of form of CID-performance relationship pattern and explanatory power. These results can be summarized in the following graphs:



We observe that though outcomes of the general and country models are not perfectly coincide, our general models have a high level of forecasting power in case of Russian companies and slightly worse power in case of China. Thus, we can conclude that country specific variables that were included in the regressions (GDP, currency exchange rate change and level of institutional development) have a high explanatory power of country specific characteristics in the context of CID.

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Learning through Playing: E-Quizzes in Teaching Business German

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Abstract

Learning foreign languages in the modern world is complicated by a few distracting factors, like the lack of time, necessity of being online 24/7, big volume of job duties, etc. Therefore, it seems reasonable to convert learning foreign languages and professional communication into a kind of relaxation with participants having pleasure and fun. The present paper covers practice of using e-quizzes in teaching German for professional communication to GSOM students in spring semester 2017 and results in pros and contras of the technology.

Keywords: *e-quizzes, professional communication, second foreign language, teaching German*

1. Introduction

The study focuses on playing at teaching foreign languages for professional communication in business schools. Modern students are often distracted from the learning activities in the classroom. The report provides analysis of using e-quiz *Kahoot!* at the classes of German in the 4th semester of GSOM (2nd semester of learning German as second foreign language) giving a solid background for development of teaching technologies for business schools.

2. Goal and Objectives

The goal is to evaluate efficiency of using e-quizzes at foreign language courses. There are two purposes of using e-quizzes. First, it is a tool for evaluation of knowledge and skills. Second, it is a feedback channel, as students can give a direct feedback after each test. Besides, an e-quiz opens the way to discussion with students and allows to find out their soft spots. The report has three objectives:

- How can a teacher evaluate knowledge and skills with the e-quiz?
- How can a student send his or her opinion to the teacher after the e-quiz?
- What is the practical result of the communication initiated by the e-quiz?

Answering these questions, one needs to find expectations of teacher and student and to analyze their attitude to communication through the e-quiz.

3. Object

We base on the electronic quiz and survey resource *Kahoot!* (www.getkahoot.com). *Kahoot!* is a free game-based learning platform launched in 2013. Nowadays it is a most popular educational platform in the world with some 50 mil users. The platform language is English, so students have to work with two languages, and both of them are not their mother tongue. This develops their skills in shifting between two foreign languages, which is a wide-spread practice in the modern learning and job environment.

Kahoot! offers several types of online activities, e.g. e-quiz, discussion or survey. One can create a quiz online, typing questions and proposing possible answers (minimum 2), uploading pictures or music, setting the time for each answer (See Fig. 1).



Fig. 1. Kahoot question on grammar.

Another part of *Kahoot!* is the tool showing results reflecting statistics for each answer or each player. Participants can send their feedbacks (simple rating evaluation or comments) to the teacher. The kahoots (e-quizzes) offered to the GSOM students and their feedbacks provides material for analysis during the study.

For participation in the Kahoot-quiz students need a smart-phone with the access to the Internet. A teacher prepares a quiz before the class and in the class goes to the web-site of the Kahoot and launches the relevant quiz. Each student enters the same website and puts down unique number

provided by the system which provides access to the specific quiz (See Fig. 2). Afterwards on the screen in front of the students there are questions, appearing one by one. For each question students have from 20 to 120 seconds (it is pre-set by the teacher). On the smartphones screens students do not see written answers, but they answer through clicking one of the symbols, matching one of the answers (See Fig. 1)

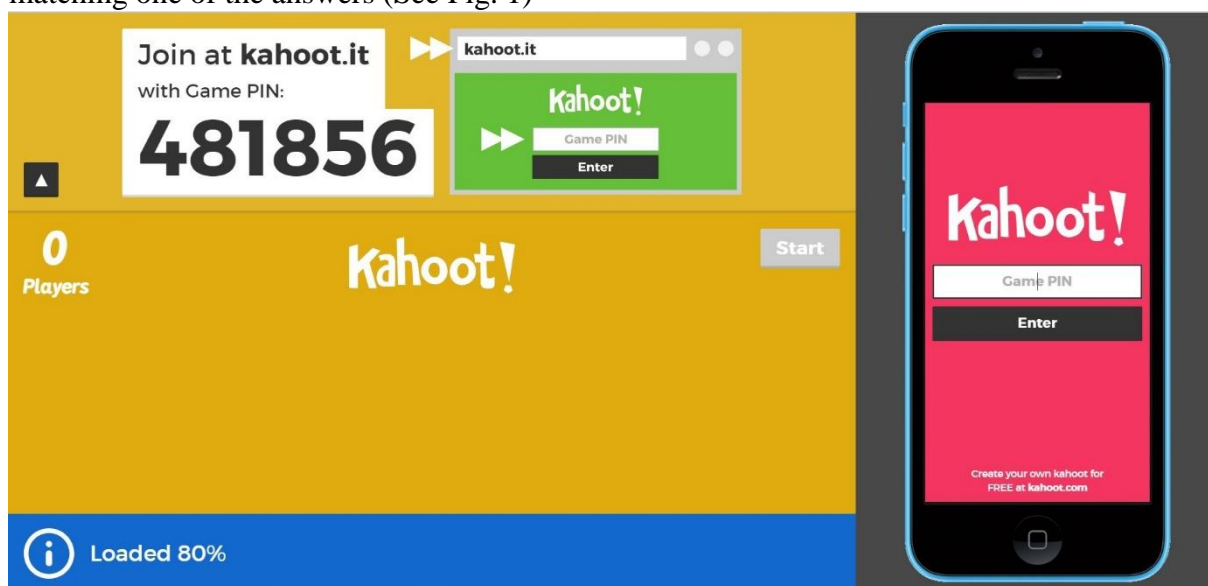


Fig. 2. Start screen of the Kahoot-quiz.

4. Methodology

The methods we use in our study are straight-forward and simple. Efficiency of the tool under discussion can be evaluated through the knowledge of students. Their knowledge is tested at the end of each semester with a test. It bases on the main text-book used during the course *Schritte International*. Unfortunately, it is almost completely lacks questions and tasks on German studies, e.g. questions about history and geography of Germany and German lands. Such issues are mostly incorporated in the oral part of the semester test, but very often a teacher fails to assess these particular knowledges related to German studies. Therefore the efficiency of the kahoot tests can be evaluated during the kahoots only, which means that a teacher must trace the progress of students. Evaluation of students' knowledge development is a natural method, which is implemented for the purposes of the present study.

Another way is to ask the students for their feedback and impressions about this tool which can be done online after each test. Results of these surveys also form a base for the study findings.

5. Main Findings

The practice of using e-quizzes in teaching professional communication in foreign language provides us with a bigger volume of data which can be a solid ground for study in this area.

The spring semester 2017 in GSOM included 8 e-quizzes with the use of Kahoot. We conduct an e-quiz in the class every 14 days, so that a quiz matches one unit of the text-book. This allows to add an interactive element into the testing system which is a part of the Schritte International text-book. The kahoots usually include questions from different areas of learning foreign language:

Grammar (Perfekt, noun changing against the cases)

Lexis (tourism, medicine, clothes, holidays)

Country Studies (geography of Germany, economics, history, German culture, etc.)

The majority of e-quizzes included questions from all three areas mentioned above in different proportions.

The previous study which we presented at GSOM Emerging Markets Conference 2016 discussed the structure of language teaching in German and Austrian business schools. The report showcased that country studies played a significant role in language teaching. This has led to the idea to incorporate this element into the curriculum through adding culture specific questions to

the e-quizzes related to certain topics. For example, in the kahoot on the topic *In a Foreign City* (*In einer fremden Stadt*) there were questions about German cities and regions (See Figure 2).



Figure 2. Kahoot question for the Unit *In a Foreign City*.

The aim of the questions was not to check the knowledge of students about Germany and German culture but to initiate discussion of these issues and raise students' interest in this area. After the e-quizzes, we proposed to students to make their own presentations related to both – to the topic and to the element of German culture touched in the e-quiz.

The survey of students' opinions on this structure of e-quizzes highlights two stages of students' perception. At the first stage, the students were quite successful in the grammar and lexis part, but were frustrated by the second part (culture oriented). They could not clearly understand the idea of this part; they were surprised by questions for which they had not seen the answers in a text-book and which needed background knowledge from their school and after-graduate experience.

Nevertheless, by the end of semester the students demonstrate their willingness to answer the *cultural* questions. We have introduced a new form of doing this exercise, which is a team discussion, which students try to hold in German.

The surveys conducted among the students have showcased the raise of interest to German-speaking countries (by 13 out of 21 students, or 61,9%). The majority of students (19 students, i.e. 90,4%) have reported that the quizzes have helped them to improve their command of German. All the students claim that the implementation of e-quizzes has influenced their decision to continue learning German as the second foreign language. The oral feedback from students demonstrate that kahoots make classes more exciting, while team-mode with a discussion matches their need for managerial communication, team work and leadership development.

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Import Substitution and Export Promotion in Russia: What is the Trajectory of Development?

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Abstract:

In this study based on the survey of companies we constructed a model of change for Russian import substitution and export promotion policies. Primary results suggest that the export of domestic products is relatively competitive and firms plan to implement intensive import substitution strategies; there exists a "trap of trust" consumer recognition of Russian products; public support is properly targeted but its effectiveness is controversial. In general, steady transfer of negative effects will aggravate the existing economy bottlenecks despite the "drift" of the public support towards the export promotion model.

Keywords: *export promotion, import substitution, industrial policy, theory of change*

Over the past three years Russian industrial policy has experienced a serious transformation in terms of the general approach (the accelerated transition to import substitution policy and then combination with export promotion policy) and as a result, in terms of instruments, priorities and stakeholders (Simachev, Kuzyk, Zudin, 2016). At the same time, the corresponding evaluation system in Russia remains underdeveloped and enclosed only on interim assessment - that is, monitoring, which does not allow to evaluate the system as a whole and develop approaches for its adjustment or revision. In case of the ex post evaluation, the authorities most often operate with false success indicators (e.g. a decrease in the share of imports in production costs versus a decrease in the degree of import dependence), which in turn distorts the policy construction approach. The absence of an ex ante evaluation leads to a light-headed adoption of foreign experience and an irrational orientation to catch-up development.

Our research aims to study the policy of import substitution and export promotion in Russia with regard to their implementation and outcomes and to identify the limitations and advantages of the current industrial policy model. The main objectives of the research are:

- evaluation of current results of the import substitution and export promotion policies;
- evaluation of the reasons for success and failure of the import substitution and export promotion policies within the model of changes framework using subjective statistics;
- analysis of the import substitution and export promotion policies toolbox and their key stakeholders, forecast of the further development trajectory and corresponding impact.

Data for the study was collected from a survey of companies conducted by the Interdepartmental Analytical Center in 2015. Such a qualitative survey compared to any open data source is a more flexible tool for analyzing a particular phenomenon since it allows to gather “black box” information (e.g., firms’ plans, expectations, motivations, etc.) and evaluate the complex characteristics of import substitution and export promotion policies.. We tried to capture state support recipients in the sample – that’s why we primarily targeted companies from high-tech industries and large companies. The final sample included 658 companies. Both small and large companies make up significant portion of the observations, companies with private ownership are prevalent though public companies are also widely presented, most companies are financially sound, though there are also many companies with financial problems.

To meet the research objectives, we constructed a model of changes (Weiss, 1995). This tool allows to incorporate the qualitative information on various components of the project, policy, etc. (e.g., the impact of stakeholders on the effectiveness of a certain instrument). and, consequently, identify the reasons for the (in)effectiveness of certain public support measures and their direct impact on targeted outcomes. Model construction process included the identification of drivers, public policy toolbox, outcomes and impact goals. Each level of the model was divided into three stages: heavy¹ import substitution, export promotion and future state (within two scenarios - pessimistic and optimistic). The heavy³ import substitution has taken place since 2014, and in 2016 we consider this stage completed in view of substantially expanding toolbox of export promotion (both in terms of measures and support funds). To gather information for the model, especially on the “black box” characteristics of companies, we used frequency and regression analysis. Over almost all investigated characteristics the critical number of observations was collected which led to high model significance and explanatory force. Open source data (macro indicators, official documents, reports etc.) were used to complement information on drivers, stakeholders and outcomes.

Based on the analysis of the model, we can formulate some interesting results:

(1) The export of domestic products is relatively competitive, and firms plan to implement intensive import substitution strategies (e.g. mastering the production of new products and creation of new production capacities), which reflects the right “adjustment” of the corresponding support measures. However, noncompetitiveness of the equipment and components sector in Russia and, consequent import dependence of its consumers (Gnidchenko,

³ A heavy import substitution is a policy of import substitution, carried out in "heavy" industries (electrical equipment, transport machinery, etc.)

Mogilat, Mikheeva, Salnikov, 2016), and low motivation for innovation activity in the economy will not contribute to the stability of this effect.

(2) There exists a “trap of trust”: one of the most significant product competitiveness failures is poor consumer recognition, while such underpromoted products are mostly of the same quality compared to foreign analogues, according to our estimates. At the same time, manufacturers do not invest in improving the corresponding “minor” product parameters (introduction of new acquisition schemes, protection of intellectual property, marketing activities etc.) and focus on capital-intensive activities aimed at eliminating other significant “failures” - quality and price. This trend creates significant threats for the mastering of the domestic market by local producers, not to mention entering foreign markets, where the level of consumer confidence in Russian products is even lower.

(3) Regarding public support, one should mention that it is properly targeted: firms with a higher share of imports cost price of the product or/and a higher degree of import dependence more often become the recipients of the support. Nevertheless, policy effectiveness is a questionable: most often none of the public support mechanisms contributed to reducing dependence on imports.

The integration of the “new” industrial policy into the current system of measures, observed during the transition from the period of heavy import substitution to the model of export promotion, leads to the steady transfer of negative effects. Further “drift” of the public support toolbox towards the export promotion model without measures to transform drivers will not increase the effectiveness of the policy pursued, but will only lead to a greater aggravation of the bottlenecks.

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Doctoral colloquium

Perception of Open Innovation by Business Community: Developed vs. Transitional Economies

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Abstract:

Since 2003, when open innovation was introduced as a scientific concept, it has received considerable attention both in the research community studying corporate innovation and in the business community applying related practices. Open innovation has been acknowledged as not only a source of competitive advantage, but also as a competitive necessity. Thus, it is important to understand what role it plays in emerging countries' transition towards innovation-driven economy. Despite a proven relevance of open innovation for innovation performance, a conceptual ambiguity towards this phenomenon still remain – both between academia and business communities and within each group. Our study aims to assist in clearing up this ambiguity. We analyse more than 150 definitions of open innovation formulated for us by companies' managers from across the globe according to their own understanding. We compare those explanations with the definition arising from the academic literature and also look at the variances in definitions coming from developed (or innovation-driven) economies and transitional economies. Analysis of our sample reveal a certain indistinctness in understanding of open innovation as well as a tendency to acknowledge only inbound type of open innovation as 'open'. Furthermore, comparison of results for developed and transitional economies show a greater degree of acknowledgment of outbound type of open innovation within developed economy' context when compared against transitional economy context.

Keywords: *definition, developed economies, open innovation, transitional economie*

1. Introduction

Open innovation (OI) as a phenomenon is not new although the concept per se exists for less than twenty years (Chesbrough, 2003; Trott & Hartmann, 2009). Perhaps, because of the concept being that young, a certain ambiguity towards capturing its meaning still remain – both between academic and business communities and also within each of the groups (Podmetina et al., 2016). At the same time, the relevance of open innovation practices for improving companies' innovation performance has been already proven (Ebersberger et al., 2012; Greco et al., 2015) – although the contextual limitations and factors moderating the relationship between OI practices and firm performance have also been defined (Hung & Chou, 2013). Furthermore, while the relevance of organisational capabilities (including those related to open innovation) have been confirmed by a number of studies on developed economies, our understanding of OI role in transitional economies growth remains limited (Kafouros et al., 2012). Drawing upon those two research gaps – (1) conceptual ambiguity of OI among business vs. research communities; (2) particular interpretation of OI within developed and transitional economy' contexts – leads us to our two main research questions:

RQ1: Does the understanding of open innovation phenomenon by business and research communities differ and if yes, how does it differ?

RQ2: Is there any variation in interpreting open innovation between companies operating in developed economies versus those working in transitional economy contexts?

2. Literature review

The definition of open innovation is continuously developing. Among the most recent and well-acknowledged by the research community is the one given by Chesbrough and Bogers (2014, p.27): “*open innovation is a distributed innovation process based on purposively managed knowledge flows across organizational boundaries, using pecuniary and non-pecuniary mechanisms in line with each organization's business model*”. In addition to ‘open’ innovation activities being split into pecuniary and non-pecuniary, Gassmann and Enkel (2004) as well as later Chesbrough and Crowther (2006) differentiate between various OI activities depending on the direction of the knowledge flows in respect to a focal company: the outside-in/inbound, inside-out/outbound, and coupled OI process. In terms of particular activities counted as ‘open’, the study by Chesbrough and Brunswicker (2014) is among the first of those offering a list of open innovation activities. Thus, despite the ongoing debates in the research community, a certain clarity of what open innovation actually is, has been achieved within the scientific community.

However, if we look at the corporates-oriented literature and take a few examples of the corporates' websites, we will see that perception of OI differs significantly from one company to another - see e.g. Nokia's open innovation competition (Nokia, 2017) illustrating a clearly inbound approach versus for instance Samsung highlighting also the role of outbound practices. Furthermore, although a number of studies has started to tackle the issues of open innovation in the context of emerging economies (Hung & Chou, 2013) a clarity on whether developed and developing worlds exist in the same open innovation reality remain unsolved.

3. Methodology

As we aim to capture the perceptions towards a complex concept of open innovation, we take an exploratory, qualitative approach in our study. As at the same time we wish to find an answer to a quite distinct question (‘How do company managers perceive open innovation?’) in various contextual settings – developed vs. transitional economies, we need a definite degree of generalisability. That is why a survey was picked as a research strategy. The survey was conducted in 2014-2015 as a part of a larger European project on open innovation. The core survey respondents were company' CEOs, innovation managers, strategy developers and HR managers. Although the total number of the survey' responses was over 500, as the question on open innovation definition was voluntary, we have received 165 definitions of open innovation from respondents representing companies operating in 29 different countries. Out of those 18

were developed (innovation-driven) economies and 11 economies in transition⁴ (92 and 73 definitions respectively). We analysed the received textual data both manually and using NVivo software. We used manual text-mining for the categorising the definitions according to inbound/outbound/coupled typology (theory-driven coding) and automated text analysis for analysing words' frequency and sentiments (using NVivo software).

4. Data analysis and results

We first run auto-coding of the received data in the Nvivo software coding the sentences and analyzing the themes as well as sentiments. Auto-coding assisted in analyzing the frequency of the certain words used by the company representatives defining open innovation for us – see figure 1. As it can be seen from the word cloud on the figure 1, the managers of companies operating in various economic contexts similarly often associate the 'external' & 'ideas' with 'open innovation'. At the same time, the ones coming from innovation-driven economies more often mention 'internal' & 'knowledge' compared to economies in transition (particularly two times more respondents in developed economies group mention the word 'internal' when defining open innovation). In terms of analysis of the sentiments, most of the respondents used exclusively positive expressions when defining OI - less than five responses in each of the economies' groups were counted as 'negative' in Nvivo. The further in-depth, manual analysis of these 'negative' expressions has shown that software counted the actual positive expressions like 'sharing the risks' as negative and the only negative meanings behind the given definitions were related to companies being not enough active in applying OI.

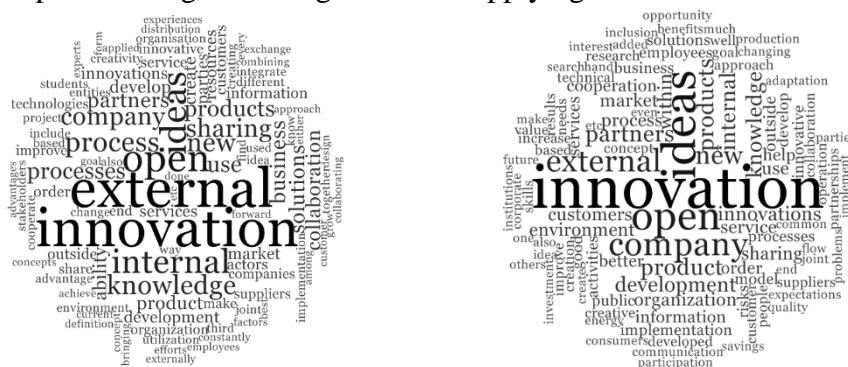


Figure 1 – Word frequency clouds for developed (on the right) and transitional economies (on the left) – analysis of the OI definitions given by respondents

In our second stage of the analysis we did a manual, theory-based categorization of the received definitions and assigned them to three main groups: inbound (if the definition has an explicit focus towards outside-in knowledge flow), outbound (if the focus shifts towards inside-out activities) and coupled (if the two-ways knowledge/technology flow is mentioned) – see figure 2. As it can be seen, for both groups – developed and developing economies, the presence of outbound component in OI definition is considerably lower compared to inbound and coupled. At the same time, a slightly higher share of managers working in developed countries acknowledge the outbound component compared to transitional economies setting. There were also definitions, which it was impossible to assign to any of the groups as meanings wise those were too far from the scientific definition of Chesbrough & Bogers (2014) – 'other' on the figure 2. When we took a closer look at those unclassified definitions we found out that in some of those the respondents themselves report a lack of understanding of the concept by themselves or by their entire company. Others simply give a positive reflection towards OI as a way to increase innovation performance – without actually defining it. Finally, several respondents view 'open' innovation as exclusively free revealing with the entire world - similarly to 'open science' approach.

⁴ We followed the classification of innovation-driven and economies in transition developed by The World Economic Forum (see The Global Competitiveness Report 2016–2017 – Schwab, 2017)

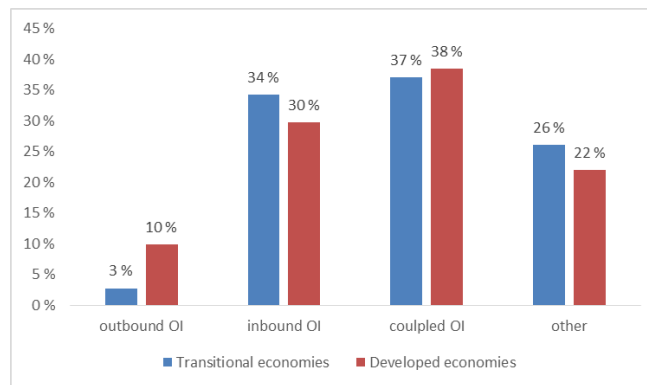


Figure 2 – results of the manual theoretical coding: distribution of OI perception according to inbound/outbound/coupled typology within developed and transitional economy’ contexts

5. Discussion and conclusions

Our study attempts to critically assess the differences in understanding open innovation by business and research communities. Following Podmetina et al. (2016) our results prove that a certain gap in those actually exist and outbound open innovation is more rarely associated with OI within the business community. Furthermore, some of the studied companies’ employees themselves report a lack of knowledge and understanding of OI, which calls for additional efforts teaching and coaching open innovation. Finally, when comparing the perceptions that exist in the context of developed economies with the one in transitional economies, outbound open innovation is less acknowledged in the transitional economy context. That may reflect a lack of understanding of the OI concept on one hand, or a division of OI function between two economies types – developed as innovation’ suppliers and transitional as innovations’ receivers. Future research may assist in looking for the actual reasons for such a result.

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Absorptive Capacity vs Organizational Learning: Foreign Divestment

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Abstract:

Research in the area of knowledge has indicated that the possibility to create and transfer knowledge internally is one of the most significant advantages of multinational corporations (MNCs). We explore a firm's absorptive capacity vs organizational learning of divestment strategies and decisions. We look at the underlying motive for companies hiring a new director to make and implement divestment decision. It also aims to address one of the most fundamental questions confronting the divestment research area: "If companies appoint of a new director should they be from within or outside the organization?" and contribute to the body of research that seeks to develop an understanding of the of divestments decisions and strategies of MNCs.

Keywords: *absorptive capacity, foreign divestment, organizational learning, Russia*

1. Introduction

Knowledge management has been getting more and more attention from researchers, managers, and specialists of the organization. Knowledge Management is centered around ensuring ensures the exchange of knowledge between employees and departments, in order to find the best ways to conduct its activities, increase the organization's ability to innovate; enable responsiveness to unforeseen events and improve the efficiency of an organization. It is key that businesses especially Multinationals manage their intellectual resources such as best practices, to maintain their competitive advantage. The absorptive capacity of a company has crucial importance for development because it allows MNC to internalize knowledge which is often firm and or industry specific. We explore whether or not firm exploit their absorptive capacity or organizational learning when executing Foreign divestment.

2. Design/methodology/approach

We employed a qualitative method and focus our review mostly on articles published in journals, we identified relevant articles on divestment, starting with a computerized search based on keywords. We developed an analytical review scheme for systematically evaluating the literature regarding the appointment of new Director/CEO to execute divestments.

3. Findings/ Originality/value

Since the literature suggests that companies typically appoint a new director or CEO to make and implement divestments decisions, there might be existing preconditions uniquely inherent in companies choosing this path. Rooted in bounded rationality, agency theory and strategic choice theory, a firm is best off when they utilized their absorptive capacity of knowledge. As a rational agent, cannot encompass all the potential information which is of utmost importance when making decisions. How a company should be managed may be viewed differently by the principal and the agent and of such a major conflict of interest may arise. On the same note, a new director may be more prone to making divestment decisions which can be detrimental for a multinational as they may be focused on just dealing with a concrete divestment and neglecting other factors. We argue that although the appointment of an outsider as new director or CEO may seem to ease the conflicts associated with divestment- the appointment of an insider as a new director or CEO who will take control of the divestment decision and process will impact on organizations and the knowledge of divestment know-how will be developed hence enhancing the competitive advantage of the company.

4. Research limitations/implications

The arguments presented in this paper are developed from secondary data. The arguments should be researched with the use of qualitative case studies so as to provide a deeper understanding of the divestment leadership.

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Financial Constraints and Internationalization of Emerging Economies – Evidences from Chinese Multinational Enterprises

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Abstract:

This paper investigates that the financing capacity of a firm not only increases the probability of firm export behavior, but also impacts on the scale of the firm export. The research still finds that foreign-owned firms more benefit from the increased financing condition than others; comparing state-owned firms, private firms suffer from more serious financial constraints, but their exporting performance may not be worse. In addition, for firms, who has a high reliance on external financing, the perfection of financial market facilitates their exporting pressure obviously.

Keywords: *export, financial constraints and Chinese manufacturing firms.*

1. Introduction

China's opening policy has extended the trade increasingly, thus, the export-oriented type has been considered as the important factor of economy growth (Chen, Feng, 2000; Jin, 2004). Admittedly, the exporting has played the such an important role in the growth, the core question is, what determines the expanding of exporting of Chinese firms.

2. Literature Review

The new neo-trade theory, based on the micro-firm level, explains the export strategy decisions as: firms with higher productivity can enter into the international market to export, because of the expensive entry costs (Melitz, 2003; Bernard et al., 2004; Helpman et al., 2004). Although the traditional trade theory of heterogeneous firms has provided the benefit evidences for analysis of Chinese firm exporting behavior, existing researches neglect the financial impact on the exporting decisions. The global financial crisis, caused by the American subprime mortgage crisis, has shocked the real economy of every countries and international trade, at the meanwhile, it also warns us the important role of financial system in international trade. Ju and Wei (2004) point that industries, which has a high reliance on external financing, possess the comparative advantages of trade in the country with health financial system. Feeney and Hillman (2004) illustrate financial institutions as a resource of comparative trade advantages from the perspective of risk. Beck (2002) think the development of financial system can decrease the seeking cost in order to increase the exogenous capital value. Cheney (2005) propose the liquidity constraints have an impact on the export sunk costs, then indicates that only firms, suffering from lower liquidity constraints, have ease the export sunk costs to become exporting firms. Manova (2008) consider that the execution of financial contracts, tangible assets ratio and other financial factors influence on the firm export behavior. Beck (2002, 2003), Becker and Greenberg (2005), Manova (2008) find that the level of development of financial system in China also have close relations with Chinese firm export behavior. However, the literature of studying of financial development and international trade almost use the country economy data and industry and regional data in one country. As Melitz (2003) emphasizes, export behavior is the firm rational decisions, based on the its profit maximization, at the micro-level perspectives. In addition, analysis from the industry and regional level lack for the difference of financial environment, although a firm locates on the developed financing region, it also may possess the financial constraints.

3. Data and Method

This article uses the 30 thousand firm-level data from 2008 to 2014, to examine how the financial constraints impact on the firm export behavior. In contrast with existing researches, this article has improvements as:

Firstly, it is difficulty for measuring the firm financing level and environment to use the firm-level data. In order to satisfy the demand of investment, firms can utilize the internal financing way, like their cash flows, also can get the help of commercial banks from home countries, even can resort to the intra-firm credits. Due to the diversity of financing way, the single indicator cannot reflect the firm financing ability. Thus, comparing with existing articles, using a single indicator to measure the firm exporting, our research comprehensively analyzes internal financing condition, intra-firm credit, firm credit characteristics, investment opportunity etc., then, creates 9 variables to measure the firm financing constraints.

Secondly, as Bernard and Jensen (1995) point out that the number of export firm is limited due to the higher entry cost, most firms choose to sale in domestic market. This point also has been adopted in our 30 thousand research samples. The essence of firm export behavior is based on the aim of profit maximization, are not distributed informed, thus, the self-selection determines that it will create biased estimation when equal treatment and deletion of non-export firms. This article, based on the Heckman (1979) selection model, respectively tests the firm extensive margin and intensive margin. After controlling the firm TFP, input factors, salary level, firm ages etc. other firm characteristics, our research finds that the improvement of financing

environment not only advance the probability of firm export behavior, also impact on the number of export firms.

Finally, the firm ownership and the industry characteristic can lead to the differences of financial constraints. For example, in contrast to state-owned firms, who has long-term political policy advantages, do private firms, suffering from the credit discrimination in financial system, become to the vulnerable groups? For those sectors, who has a high reliance on external financing demand, is the increased financial environment important for export behavior?

4. Empirical Results and Conclusions

The research shows that, the improvement of financial system can obviously impact on the foreign-owned firms; comparing to state-owned firms, although suffering from the serious credit constraints, the export behavior of private firms is not worse; in sectors, who has a high reliance on external financing demand, the advanced financial system has more dominant influence on their export behavior.

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Behavioral Supply Chain Management: Concepts, Models and Research Perspectives

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Abstract:

The paper focuses on theoretical basis of behavioral supply chain management (BSCM). Critical review of conceptual papers results in three different theoretical approaches to BSCM, while analyses of empirical studies allows to set apart main research methods applied in BSCM. The paper concludes with outline of research gaps and suggestions for future research directions.

Keywords: *behavioral operations, behavioral supply chain management, decision-making, literature review*

1. Introduction

While there are many studies concerning various features of supply chain performance (e.g., sustainability, effectiveness and efficiency, reliability, etc.) just few of them look at the human factor as a crucial component of supply chain. In the study by Wieland et al. (2016) they revealed that the “people dimension of SCM” is the most underrepresented research topic, but at the same time it’s stated that “human and behavioral components (the soft-wiring)” (Sweeney, 2013) play at least an equally important role as the hard facts of SCM, such as processes, technologies and measurement systems (Schorsch, 2017). Thus, there is a great research opportunity to advance SCM by elaborating a theory of behavioral SCM. That is why this paper pursues a goal to identify the research gaps and to formulate the main directions for further research through critical analysis of the main BSCM theoretical concepts and models used in empirical studies.

2. Data and Sample

The study embraces 18 articles in the area of BSCM and neighboring research fields (8 conceptual and 10 empirical). Only top journals in operations management were selected for the article search¹ by using scientific database EBSCO.

3. Results and conclusions

Based on the analyses of the relevant articles the authors identified some different concepts of BSCM, main methods that are in use to analyze BSCM practices, main directions of research in the area of BSCM and some research gaps.

Main theoretical models applied to the context of BSCM

Framework “Intentions – Actions – Reactions” (Bendoly, 2005)

This framework concerns the behavioral assumptions commonly used in operational models. The authors divide these assumptions into three categories:

- Intentions (refer to the accuracy of the model in reflecting the actual goals of the decision makers);
- Actions (refer to the rules or implied behavior of human players in the model);
- Reactions (refer to the human players’ response to model parameter changes (e.g., situational changes driven by management rules and decisions).

Perspective and descriptive approaches (Gino, 2008)

Two main approaches were proposed in which behavioral considerations can be included in OM models and research. Perspective approach suggests that behavioral factors should be integrated into OM models. Descriptive approach highlights the relevance of understanding the effects of individuals’ shortcomings on decision making processes and problem-solving activities within OM contexts.

Framework “Behavioral context – psychological factors as behavioral antecedents – moderators – behavioral outcomes” (Schorsch, 2017)

At the meta-level, BSCM encompasses four interlinked core elements: the behavioral context (1), psychological factors as behavioral antecedents (2), moderators (3) and behavioral outcomes (4).

1 Journal of Operations Management; International Journal of Physical Distribution & Logistics Management; The International Journal of Logistic Management; Production and Operations Management; Journal of Supply Chain Management; Manufacturing and Service Operations Management; International Journal of Operations & Production Management; Supply Chain Management: An International Journal; International Journal of Production Economics; Journal of Business Logistics; The Learning Organization; Systems Research and Behavioral Science.

Main methods used in empirical papers in BSCM

- Experiment (e.g. Mantel, 2006; Chow, 2014; Haines, 2017);
- Case study (e.g. Kirchoff, 2016; Kauffman, 2009);
- SEM (e.g. Tsanos, 2014; Tsanos, 2016).

Main directions of research in BSCM

- Decision-making process (e.g. Mantel, 2006; Tokar, 2010; Chow, 2014; Kirchoff, 2016;

- Haines, 2017);
- Decision-making biases (e.g. Craig, 2007; Gino, 2008);
- Debiasing strategies (e.g. Kauffman, 2009);
- Models of heuristics (e.g. Katsikopoulos, 2013);
- Relationships among supply chain partners and supply chain performance (e.g. Tsanos, 2014; Kirchoff, 2016; Tsanos, 2016).

Revealed research gaps in BSCM

- Application of the holistic view to decision-making and problem solving in SCM;
- Strengthening the concept of emergence and application of meso-level theory approaches (research of influence of micro-factors such as decision-making processes and biases to macro-processes such as supply chain performance);
- Integration of cognitive and social psychological research in the context of SCM.

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Estimation of Insolvency Costs: The Case of Metallurgical Industry

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Abstract:

The goal of the research is to build a model of cost insolvency estimation which can be used by management to select the restructuring method with minimum costs of overcoming insolvency. The paper develops a model which is in line of typical model of capital structure in corporate finance literature. The major differences of developed and existing model are tracking liquidity and traditional DCF valuation which allows to estimate endogenous fire sales losses and equity discounts. Simulation is performed on the basis of parameters taken from metallurgical industry. Results of simulation provide several insights into insolvency costs, fire sales discounts and chances of attracting equity to finance liquidity shortfall.

Keywords: *bankruptcy costs, capital structure, financial distress, insolvency costs, liquidation costs, trade-off theory*

1. Purpose of the research

The topic of insolvency costs gained substantial attention in corporate finance research since the time of Modigliani-Miller theorem. According to one of the most developed capital structure theories – the trade-off theory, the management should choose such capital structure, in which tax benefits are equal bankruptcy costs. The literature review shows that the most attention in the research was given to direct costs which are creditors' costs. In recent years, the focus has shifted from creditors' costs to shareholder's costs because it was shown that creditors' costs (unlike shareholders' costs) do not depend on chosen capital structure. Recent literature identifies costs of financial distress and costs of overcoming insolvency: asset fire sales, debt restructuring costs and costs of attracting additional equity. In all cases the purpose is to obtain liquidity to cover current cash flow shortage. In case of asset sales, the costs of insolvency are price discounts (asset fire sales), in case of debt restructuring the costs of insolvency is increase in debt rate and in case of new equity financing the insolvency costs are previous shareholders' rights dilution.

The purpose of the research is to develop a capital structure model which can estimate insolvency overcoming costs. It can be used by management to choose the method of overcoming insolvency with minimum costs. The developed model is based on existing capital structure models in corporate finance literature with several modifications. The model is tested on values of parameters taken from metallurgical industry.

2. Research Methods

Research methods are modelling and simulation. The model is discrete time model and is based on standard in corporate finance literature geometric Brownian motion which is used to model the price of a product – the single source of uncertainty in the model. In the model the company performs operational and financing activity. The assets of the company consist of liquidity stock L and capital capacity K which is used to produce single-market product at costs C for uncertain price P . When company has profits, it can either increase liquidity stock or capital capacity. When company has losses, it uses liquidity stock to cover cash shortage. When the company liquidity stock L cannot cover losses, the company is insolvent. It can either sell some capital capacity, issue new debt or equity. All insolvency overcoming methods are possible if value of assets or equity (depending on the chosen method) is higher than needed funds. If this condition is not met, the company is liquidated.

The major differences of the developed model from the existing models are tracking liquidity and simple DCF valuation of assets and equity which allows to estimate endogenous assets fire sales and equity discounts. In existing capital structure models liquidity is not tracked. It is assumed that the company can always attract equity to cover cash shortage and the company is liquidated when the value of assets is lower than the value of debts. In majority of existing capital structure models only creditors' costs are modelled and they are assumed to be exogenous.

The model is simulated on the parameters taken from metallurgical industry (price dynamics, typical costs, capital structure and other parameters). The unit time of simulation was 1 month and the simulation was running for 10 years (120 periods in the model).

3. Major results and implications

According to the simulation results all three methods of insolvency overcoming (asset sales, debt restructuring and equity financing) allow to reduce the probability of liquidation: debt restructuring allows to survive in 94% cases, asset restructuring – in 92% and equity financing – in 68% cases. The lower probability of survival in case of equity financing is caused by low equity valuation which prevents attracting equity. In case of asset sales, the ratio of selling price to median asset price is 71% which implies 29% price discount. In case of new equity financing the ratio of selling share price to median share price is 51%.

The research has several implications. First of all, it is shown that equity financing in times of insolvency may not be possible due to low equity valuation. This weakens the assumption in several capital structure models that in times of financial distress the company can attract new

equity to finance cash flow shortfall. Secondly, the model provides new insight into asset price and equity financing discounts – they are caused not due to emergency, but due to low valuation of assets and equity. This is not surprising because the reason behind low valuation and necessity to obtain finance is poor performance in the past periods.

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The Impact of Knowledge Management Practices upon Performance of Russian Companies

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Abstract:

This paper is bringing the focus on knowledge management elements and analyses their influence on the performance of the company. Namely knowledge management practices are considered the key element for enhanced innovative performance. The main research method is exploratory factor analysis with preliminary analysis of covariations among variables. Research bases on a results of survey conducted among Russian companies during 2017 and intends to reveal interrelationships among KM and Pefromance constructs that are peculiar for Rusian market.

Keywords: *innovative performance, knowledge management, KM practices, organizational performance*

1. Introduction

During the past few years several empirical studies presented the clues of the impact of KM on firm performance (Andreeva, Kianto, 2012; Chuang, 2004; Kamhawi, 2012; Lee et al., 2012; Marques and Simon, 2006; Tanriverdi, 2005; Wu and Chen, 2014; Zack et al., 2009). The main message of these debates can be resumed that KM has some kind of concrete impact on the company's performance but scholars do not have the unique view whether this impact is direct or may be mediated by some other variables (Andreeva, Kianto, 2012).

According to Heisig (2014) and Arrau et al. (2014), the key research gap in the field is a better understanding of the relationship between knowledge management and firm performance. Therefore, demonstration of how engaging in knowledge management practices enhances firm performance in terms of increased innovation performance is an issue worth analyzing. To bridge this gap in the existing knowledge, this research addresses the question of how knowledge management practices impact the innovation performance of companies.

The goal of this research is to increase knowledge on the abilities of firms to increase their innovation performance through engaging in knowledge management activities. By dividing intentional knowledge management activities into ten types and exploring their impact on innovation, we add to the knowledge based view of the firm and the literature on knowledge management. In addition, we contribute to knowledge on innovation management by exploring novel sets of managerial methods to improve company innovativeness.

2. Empirical research object and methodology

This research is splitting knowledge management practices into six major blocks of variables that might affect the firm performance and innovativeness. These blocks are: strategic management, organizational culture, human resource management, information technologies, knowledge management and business process management. All in all the questionnaire consisted of 119 questions the majority of which were in the form of 5-point Likert scale. The questionnaire was provided for the Russian top-managers of the GSOM EMBA program. Later on the answers were analyzed and we mainly focused on the mean values and their correlations with the dependent variables in order to understand future steps for data analysis.

The research grounds on 4 approved models taken from (Giampaoli, Ciambotti, Bontis, 2017; Inkinen, Kianto, Vanhala, 2015; Kianto, Andreeva, 2014; Andreeva, Kianto, 2011) and by uniting them into one big model make the results more deep and trustworthy. Actually we are not only analyzing the results from these 4 models point of view but also look for the new connections between the variables in the context of Russian companies. And we have found out them even on this small sample size.

3. Results and discussion

Up to submission date we have managed to get 31 full valuable responses. The research is still ongoing but nevertheless there are some preliminary results that can be discussed. We found out that there is a strong correlation between the Organizational culture and Organizational efficiency on Russian market.

The challenge that arises in the business sphere particularly within knowledge-intensive firms – is to remain productive and competitive under the enormously volatile market conditions where technologies develop at the evasive pace, competitors multiply and replicate the original product/service and the latter become outdated in almost overnight. Demands from the satiated customers for best quality upon the lowest cost influences the development of the knowledge management policies and practices. The strategies that now have to be implemented really differ from those that were effective 10 years ago. Knowledge-intensive firms, as well as traditional organizations, now increasingly compete because of knowledge and information.

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Adaptation of Customer Orientation Scales to the Russian Market Specifics

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Abstract:

Specifics of emerging markets raise many questions about the applicability of well-established approaches in marketing. Most of concepts and tools are widely used on the developed markets but haven't tested for suitability for emerging markets. In frame of this work, the complex scale adapted to the Russian market specifics was developed to evaluate the level of customer orientation. Due to the mixed quantitative and qualitative design of the empirical research, it was possible both to test the existing instruments and also to develop an adapted scale with new indicators due to the specifics of the Russian market. At the first stage of the empirical study a quantitative survey was conducted, at the second — in-depth interviews. Drawing on in-depth interviews analysis, the scale was supplemented by the indicators expressing the specifics of customer orientation on the Russian market.

Keywords: *customer orientation, emerging market, scale development*

1. Introduction

Existing research describes peculiarities of emerging markets and shows some evidence of inability of using the theories designed in the developed markets on emerging markets (Burgess, Steenkamp, 2006; Sheth, 2011; Alkhanova, Smirnova, 2014). Customer orientation as one of the key concepts of contemporary marketing requires a rethinking in the context of emerging markets. The purpose of the article is to develop a tool for a complex evaluation of the company's customer orientation level adapted to the Russian market. The empirical study includes mixed qualitative-quantitative design: at the first stage we conducted a quantitative survey with representatives of 239 companies operating in the Russian market, at the second — 62 in-depth interviews.

2. Theoretical background

Russia is among 20 countries undergoing various stages of transformation from a centrally planned to a market economy. Deshpandé and Farley (2005) using a modified "Competing Values" model came to the conclusion that better performing firms had more competitive and less consensual organisational cultures, more open and participative organisational climates and higher levels of market orientation but at the same time they stated that Russian companies are still more "supplier oriented" than market oriented. Thus "supplier orientation" (Farley, Deshpandé, 2005, p.7) implies that customers had to bear all the risks related to poor quality and irregular deliveries.

Researchers of customer orientation among Russian small and medium companies (Kraaijenbrink, Roersen, Groen, 2009; Roersen, Kraaijenbrink, Groen, 2013) carried out a comparison of the views of managers on the basis of the key indicators of MKTOR scale. The main conclusion was a difference between the results of quantitative research and interview data, as companies can't adequately evaluate its market orientation.

3. Methodology

Scale development. Several approaches to the measurement of customer orientation were developed by researchers during theoretical study evolution. Since the concept of customer orientation is inextricably linked to the market orientation, it was decided to use as a basis for the questionnaire MKTOR scale (Narver, Slater, 1990). Since the main objective is to evaluate customer orientation and scale MKTOR contains only six indicators for its evaluation, it was decided to add the scale of Proactive and Reactive market orientation and 9-item Deshpandé, Farley and Webster (1993) in the questionnaire.

Data collection process and sample description. At the empirical stage of the study, a mixed method was applied (Morgan, 2007; Creswell, 2013) - a combination of quantitative and qualitative research. The quantitative research was conducted in the form of online survey. The questionnaire was sent to representatives of marketing and sales departments and top management of the company. As a result 292 responses were collected, 239 of them were appropriate for analysis. The quality part of the research was unstructured in-depth interviews carried out in the first half of 2015. The respondents were asked «What do you understand as customer orientation?». The interviews were conducted with 62 respondents. The sample contains B2B, B2C and mixed markets.

4. Empirical Test Results

4.1 Scale testing

The analysis is based on two stages of factor analysis: explanatory factor analysis and confirmatory factor analysis. Analysis of the reliability of the compiled scale showed a high level (Alfa Cronbach - 0.926). In the process of explaining factor analysis, a four factor model was chosen, including 14 indicators. Four factors are identified: the declared customer orientation, proactive customer orientation, customer satisfaction orientation and competitive advantage orientation. During the explanatory factor analysis, 10 indicators were removed. However, the specifics of customer orientation in the Russian market may not be covered by only the 14 remaining indicators of the scale. In order to create a scale that takes into account all the

specifics of Russian customer orientation, it is necessary to conduct in-depth interviews with company representatives.

3.2 Scale adaptation

Most of the sub constructs mentioned by the respondents in in-depth interviews correspond in meaning to the indicators remaining in the complex scale after the factor analysis. However, one of the most frequently mentioned indicators is the quality of products and services, there is absent in the scales. Quality as the basis of the customer orientation approach of the company in the indicator is not rendered, as an implied postulate of the company's activity. In developed markets, the quality of goods and services provided is a basic concept for the company, which does not stipulate a customer-oriented approach. The legal norms and the work of the institutions providing them put quality in the developed markets as an aspect ensuring the legal and long-term existence of the company in the market. In developed markets, quality is perceived by companies as an added value for the consumer. Indicators such as quality of products and services, availability of products, longterm relationship with the customer were added to the integrated scale based on results of indepth interviews.

4. Conclusions and discussions

The first step in making the tool for customer orientation evaluation adapted to the conditions of the Russian market was the development of an complex scale based on the basic scales for developed markets. The complex scale includes indicators from the following scales: MKTOR, scales of proactive market orientation, reactive market orientation and 9 factor scales of Deshpande, Farley and Webster (1993). During the factor analysis, there are 14 indicators that have the greatest correlation with factors. The specific features of emerging markets described by Sheth (2011), Burgess and Steenkamp (2006) influence on the character of CO in the Russian market. Since companies in the Russian market place some characteristics in the definition of customer orientation, which differ from the definition adopted in developed markets, it is necessary to measure customer orientation in this market using a tool with additional indicators. Thus, indicators such as quality of products and services, availability of products, long-term relationship with the customer were added to the integrated scale.

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Accounting as an Uninvited Guest

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Abstract:

This study discusses strategy implementation in a regional government organization. Unlike previous studies about accounting in NPM, this paper argues that strategy may also have a performative role through reducing the space for manoeuvre of the sovereign. In the meanwhile, in order for strategy to be implemented, new calculative infrastructure is required, which brings various additional costs and transparency and therefore is not wanted by the bureaucrats. However, with the existing statistical infrastructure it is impossible to establish a meaningful performance dialogue and the strategists thus have to engage themselves into trade-offs, when accounting comes to forge together strategy, budget and projects.

Keywords: *government accounting, institutional work, New Public Management, strategy implementation*

Much research understands accounting as having a directly constitutive or performative role. It is a force that develops organisations and societies rather than one, which primarily records and represents the affairs of the world. This happens in various areas such as ranking, budgeting and more fundamentally in the area of NPM where accounting is understood to drive transformation. There is an “accountingization” (Power, Laughlin, 1992) of organisations and societies where accounting provides the master metaphor for productivity and development often to the detriment of other forces such as professionalism. However, accounting may not always be the proposed driver of organisational and social change. Strategy may seem another such force as it is explicitly concerned with manoeuvring the future. This is the case when change is articulated by managerial tools that help a feed-forward orientation for example via certain forms of business model or business plan activity (Giraudeau, 2008) which attempt at preparing the future directly.

Accounting – as feedback – and strategy – as feedforward – seem to be competing explanations as primary source of organisational, social and institutional change and transformation. Is change pushed or is it pulled? This question may have the simple answer that strategy first pulls change and then later in the process accounting pushes as conventional strategy-control frameworks suggest. However, there is reason to pause a little bit because the very emergence of a model of change which is organised as a strategy-control framework may also warrant an explanation. So, how does a strategy-accounting framework come into existence? How does the relationship between strategy and accounting get established in the first place?

To study this question, the paper reports from research on the institutional transformation of Russian regional administration bodies where arguably strategy would make it possible to decentralise certain aspects of regional development from federal objectives and yet contribute to them. In a particular region, strategies would often be locales and pay attention to only a subset of federal objectives relevant for that regions. The locality of strategy implies that there is more to be strategic about than federal objectives. This is why Russia passed a law to develop more regional awareness of strategy. This was an important legal change because it required strategy to develop and have time horizon that would extend that of any particular regional governor possible. Strategy is called on to extend the planning horizon and make regional management systematic rather than personal.

The research finds that accounting becomes an uninvited guest. It was assumed that strategy tools such as BSC and project management would be able to forge a path to the future. Accounting was not only understood as absent, as it would be about the past but also unwelcome because of accountability relations. In addition, Russia has a strong tradition for elaborated informational infrastructures and has elaborated an advanced statistical system about federal and regional production and consumption, health care finances etc. So, the assumption was that as information was in place, what were needed were strategy tools. However, this quickly turned wrong and a new form of informational structure was demanded namely that produced by accounting. This would be an informational structure, which would fit the particular objectives developed via strategy tools. These would become superfluous if accounting would not be in place. This was surprise, and a challenging one. This introduced accountability in a sense that institutions were not ready for (yet) and it made it very difficult for regional governors to operate a personalised style because the wider system would already be captured in stinger notions of performance and results.

Old Russian saying says: “an uninvited guest is worse than a Tatar”. This saying traces back to the 13th century when Russians experienced insurgency from its southeastern neighbors, known as Tatar-Mongols (or Tatars/Tartars, used interchangeably), who came uninvited and left their stamp on the Russian culture and the tradition of Russia’s centralized state (Schultze, 2000). Although the time of Tatar-Mongol Yoke when Russians paid tribute to Tatars is often seen as dark period of Russian history, some historians claim that the centralization and mutual support patterns that Russians learned from Tatars worked positively for the Russian state throughout next centuries.

This paper uses the metaphor of an uninvited guest to frame the study of how accounting institutionalizes in the context of Russian regional government organization. We focus on the mobilization of four [strategic] management accounting/control techniques in a Russia's regional government: strategic planning, balanced scorecard, program budgeting and project management. We assume that all of these management accounting techniques of practices have their roots in Western corporations. Whereas the Russian state has a different nature of power than Western liberal democracy – it is known to be centralized, autocratic and personalized (Tsygankov, 2014). Instead of adopting the concept of 'state', derived from Latin *statute*, meaning the order of things, Russians use the term 'gosudarstvo' and 'gosudar', the closest translation of which is a sovereign and which reflects the personalization of power over a certain domain (Kharkhordin, 2008). When managers in the government organization employ alien planning techniques without giving account to their implications, accounting appears on the agenda to link the techniques and the managers through numbers and calculations. This comes as a surprise for the managers as they didn't 'invite' this 'guest'. However, the managers that come from corporations and private companies realize the rational power of numbers and this helps them in their agendas. This, the research says, is how New Public Management (Hood, 1991; 1995) apparently works.

Accounting as an uninvited guest is a story about the surprises generated when managers focus on strategy and planning. To establish a strong strategic apex, it might be relevant to establish a series of strategic tools, an ecology of devices, each of which helps address certain strategic concerns. Accounting was not part of this ecology; but it became an important part of the ecology in its capacity as a complement, a catalyst, that increased the potentialities of the other devices. The role of accounting is surprising both in its enabling effects and in its destabilising forces. It helps create stronger solutions but also installs a measure of ambiguity and unsettledness.

The data collection methods include documentary search, participant observation and semi-structured in-depth interviews, which were possible during the corresponding author's internship in the organization in focus. The theoretical framework builds on the ideas of institutional work with the aim to show the role of mundane actions of organizational actors in the institutionalisation of new calculative infrastructure.

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Diaspora Networks as a Clue for Russian SMEs in Mitigating Liability of Foreignness

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Abstract:

This article presents a conceptual discussion and a theoretical framework explaining how participation in Diaspora networks helps to diminish liabilities of foreignness while entering new markets by SMEs. Through a systematic analysis of the liabilities that international new ventures face, as well as the advantages that Diaspora networks provides, we are able to integrate findings from the existing body of diffuse research and develop propositions for future empirical research.

Keywords: *diaspora networks, liability of foreignness, SMEs*

It was not until recently that it became possible for SMEs to actively engage in global market operations. The dominance of corporations in international markets was hardly arguable. The spheres of competition were strictly differentiated in such a way that the main factor of separation was the size of the entity. Eventually, however, the tracks of large corporations and SMEs merged under the influence of global forces.

The business realm is now more accessible than ever before, which has resulted in companies of different sizes sharing the same battlefield. As a result, small companies that do not expand their horizon are under significant survival threat. The key to sustaining the pressures of globalization is also the key to becoming geographically flexible. In the context of internationalization of small and medium players from emerging markets in the global market landscape, local relevance and global competitiveness define the nature of competition in today's service and product markets.

Entering a country with a different culture, a different language and a different currency also bring liabilities. Prior research shows that liabilities cause many failures. These problems are defined as Liabilities of Foreignness (LOF). Based on Zaheer (1995) and Zaheer and Mosakowski (1997), the sources of LOF can be summarized as follows:

- a) coordination costs of international business,
- b) firm-specific costs that are based on a particular company's unfamiliarity with and lack of roots in a local environment and culture,
- c) costs resulting from the host country environment such as the lack of information networks, political influence, and legitimacy of foreign firms,
- d) economic nationalism among host country stakeholders.

Most of the theoretical and empirical attention regarding LOF has been directed at how multinational enterprises (MNEs) may compensate for the liability of foreignness. Researchers have highlighted advantages of the MNE, such as economies of scale and scope, superior technology and knowledge, brand recognition, or managerial and organizational skills. Yet the construct of LOF is equally relevant for internationalizing young, small.

On the other hand, the story shows that the participation in Diaspora organizations builds social ties that can be employed in the process of business formation and growth and product/service realization. The strong underlying relationship between social ties and their application for the purpose of business development allows Diasporas to function as networks that connect entrepreneurial opportunity seekers with the object of their interest.

This thesis is aiming to find how participation in Diaspora networks helps Russian SMEs to diminish liabilities of foreignness while entering new markets.

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Supply Chain Collaboration: Impact on Operational and Firm Performance

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Abstract:

The research aims to provide theoretical insights and empirical findings on the impact of supply chain collaboration on the performance of firms and collaborative advantage as an intermediate variable. The study is explanatory and deductive, concerning the latent constructs in the conceptual supply chain framework. The obtained results indicate that supply chain collaboration improves collaborative advantage most significantly through decision synchronization, incentive alignment and information sharing, which in turn has a direct positive influence on operational and firm performance; moreover, a mediating effect of collaborative advantage on the relationship between supply chain collaboration and operational performance was established.

Keywords: *collaborative advantage, dimensions of supply chain collaboration, distribution networks, firm performance, structural equation model, supply chain collaboration*

Supply chain collaboration is often defined as two or more companies working together to create a competitive advantage and higher profits than can be achieved by acting alone (Simatupang and Sridharan, 2002). Olorunniwo and Li (2010) take a relational position arguing that collaboration can also be defined as a relationship between independent firms characterized by openness and trust where risks, rewards and costs are shared between parties. Focusing more on the outcome of collaboration, Simatupang and Sridharan (2005) also use the term collaboration to describe “the close cooperation among autonomous business partners or units engaging in joint efforts to effectively meet end customer needs with lower costs”. However, Singh and Power (2009) argue that cooperation is when firms exchange basic information and have some long-term relations with multiple suppliers or customers. Coordination occurs at a higher level where a continuous flow of critical and essential information takes place using information technology. We advocate that collaboration involves multiple firms or autonomous business entities engaging in a relationship that aims to share improved outcomes and benefits. To achieve these improvements in performance, the business entities need to establish an appropriate level of trust; share critical information; make joint decisions; and, when necessary, integrate supply chain processes. Additionally, collaboration is higher than coordination, and, at this stage, a high level of commitment, trust and information sharing is required.

The widespread developments in supply chain technologies, tools and applications such as traceability systems, Quick Response, Efficient Consumer Response, Collaborative Planning, Forecasting and Replenishment and VMI have assumed firms will engage in a collaborative approach to the implementation and use of technologies (Lehoux et al., 2010; Deakins et al., 2008; Sari, 2008; Emberson and Storey, 2006; Derrouiche et al., 2008; Blackhurst et al., 2006). By taking this into consideration, Cao et al. (2010) argue that supply chain collaboration can be defined in different ways and could be either process focused or relationship focused. Notwithstanding, they derive a model for supply chain collaboration attributed to seven components (information sharing, goal congruence, decision synchronization, incentive alignment, resources sharing, collaborative communication and joint knowledge creation), which they term as mechanisms to reduce costs and risks (Soosay and Hyland, 2015). The study by Simatupang and Sridharan (2005) also proposes a model for the collaborative supply chain comprising five characteristics: collaborative performance system; information sharing; decision synchronization; incentive alignment; and integrated supply chain processes.

With the advent of new technology such as electronic commerce, the collaboration among multiple participants in the large-scale logistics distribution network has become much easier. Collaboration among multiple participants reduces logistics costs, increases profits for large-scale industrial companies, and can benefit the overall economy (Wang et al., 2017).

The research is a pilot project. It contains study of relationship between one distribution company and its suppliers. The research is constrained as following: the first part presents the theoretical framework. The second part provides the description of the research methodology, including the object of the study, data collection and sample descriptive statistics. It is followed then by results of correlation and regression analysis of depth and scope of collaboration, confirmatory factor analysis and the structural equation model of supply chain collaboration. The final part includes empirical findings and managerial implications of the obtained results.

From the theoretical background, we have derived principal constructs of the supply chain collaboration that were used in our theoretical, measurement and structural models. They include supply chain collaboration dimensions (SCCD), collaborative advantage (CA), operational performance (OP), and firm performance (FP). To address the research issues, seven basic and important elements of collaboration and its underlying structure were identified with the help of the existing related literature (Cao and Zhang, 2011; van Dijk, 2016). Thus, the construct SCCD included 7 variables, namely: information sharing, decision synchronization, incentive alignment, resource sharing, collaborative communication, joint knowledge creation and goal congruence. The latent construct CA consisted of 4 items: offering flexibility, process efficiency, innovation and business synergy. To recap, the measurements for the latent construct OP were

developed in the theoretical review and included 5 items: on-time delivery to consumer, order fulfillment lead-time, total logistics costs, inventory turn and stock-outs. Finally, for the latent construct FP 5 measures were adopted from theoretical background, namely: sales growth, satisfaction with collaboration, market share growth, ROI, and consumer satisfaction.

Relation-based view provides us theoretical support to our model because we focused on:

- how dimensions of supply chain collaboration impact collaborative advantage and firm and operational performance;

– how collaborative advantage impact firm and operational performance.

The research is a pilot project of study relationships in supply chains. For this project one typical company was chosen to analyze how collaboration between partners influence on operational and firm performance.

The study set out to empirically test the relationship between supply chain collaboration dimensions, collaborative advantage and operational and firm performance by means of structural equation modeling. Our study found that effective supply chain collaboration leads to better operational performance through collaborative advantage. However, the results empirically confirm that supply chain collaborative advantage directly improves operational performance and firm performance. Whereas much of the previous research was focused on direct relationship between collaboration and performance (Duffy and Fearne, 2004, Stank et al., 2001 and Tan et al., 1998), our study, following Cao and Zhang (2011) and van Dijk (2016), considers an intermediate variable collaborative advantage. Thus, we imply that the improvement of the firm performance should be realized through the achievement of collaborative advantages first. As the empirical results of this study show, the main instrument of obtaining collaborative advantages is the dimensions of supply chain collaboration. Under the conditions of the growing uncertainty of business environment and increasing competition, decision synchronization (.923***), incentive alignment (.817***) and information sharing (.692***) come at the forefront. Practicing these collaborative dimensions allow firms to improve process visibility and reduce the uncertainty level in decision-making.

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The Link between Global Talent Management, Absorptive Capacity and Company Performance: A Moderated Mediation Study of MNCs from Emerging Markets

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Abstract:

This study investigates the relationship between global talent management (GTM) practices and the performance of multinational companies (MNCs), where absorptive capacity (AC), or the ability to acquire, assimilate, transform, and exploit knowledge, acts as a mediator, moderated by various institutional and cultural factors. A theoretical framework is created that captures how talent attraction, development and retention are related to the key AC dimensions. This study employs structural equation modeling and concentrates on the analysis of MNCs headquartered in Brazil, Russia, and China to demonstrate the applicability of the theoretical framework and prove the role of GTM in increasing the AC levels and performing results of MNCs in an emerging market context.

Keywords: *emerging markets, global talent management, moderated mediation*

1. Research problem.

Due to globalization, economic downturns, demographic shifts, intense competition, growing international wage gaps, increasingly global economic systems and climate change (see Clemens et al., 2008), firms inevitably face challenges connected to the demand-supply gap of talent, the need for global integration of processes, shifting demographics and rise of emerging economies (e.g. Collings, 2014). The latter alone has brought about dramatic changes to national and social contexts during the past decades that global talent management (GTM) has not been immune to. Most scholars agree that a fundamental understanding of an organization's efforts to attract, select, develop and retain talent can be reached only by developing an interdisciplinary approach to the study of GTM, the main aim of which is to develop a differentiated HR architecture that will facilitate the systematic identification and filling up of key positions with high-performing incumbents to achieve sustainable competitive advantage in a competitive global environment, within and across regions (particularly, in emerging regions (e.g. Chaloff & Lemaitre, 2009)). The unique set of knowledge is embedded in people, not organizations or countries, which makes the question of how to globally manage the human capital and knowledge flows to be of both practical and theoretical significance.

Among the new centers of the global economy are four continent-size countries, with a decisive demographic weight and sustained economic growth, namely China, India, Russia and Brazil (in this study the focus is on Brazil, Russia, and China). Though the volume of literature on international HRM and GTM has grown exponentially since the beginning of the century and though both emerging market (EM) firms and MNCs have often be used as case studies, this interest has been rather sparse for EMs - even for BRIC countries, which are often treated in wider macro-economic context (e.g. studies dealing with Brazil often tackle the Latin American context) and cross-comparative studies dealing with background for TM practices remain rare. Most of these studies have focused “on the extent to which the employment practices of MNCs from developed economies have been transferred and received in their new host environments” (Aguzzoli & Geary, 2014, 588). Though the rare studies that have dealt with emerging MNCs have mostly focused on how “they have been able to ‘capture’ and assimilate new practices into the wider company” (ibid.). Therefore, aiming at the developing the GTM field in the EM context will bring new insights to the nature of MNCs’ competitive advantage.

2. Research objectives and methodological approach.

Highly skilled individuals are more than ever free to move across international boundaries while searching for more intrinsically satisfying careers, stimulating international transmission of ideas, producing knowledge flows, enhancing learning and improving efficiency of the innovation process (e.g. Di Maria & Lazarova 2009). Therefore, while setting the aim to investigate the relationships between GTM practices (i.e. talent attraction, development and retention in the global context) and company’s performance, we include absorptive capacity (AC), or “the ability to recognize the value of new information, assimilate it, and apply it to commercial ends” (Cohen & Levinthal, 1990), as mediator, which is additionally moderated by different cultural and institutional factors. This research considers the study population to be all large Brazilian, Russian, and Chinese firms (the target sample size is at least 300 firms) that employ GTM practices.

The main objective is to build a theoretical framework that, on the one hand, aims at examining how GTM practices are related to an organization’s ability to acquire, assimilate, transform and exploit external knowledge (AC dimensions – see Zahra and George (2002)), and on the other hand, aims at capturing the main institutional and cultural determinants of effective GTM practices and knowledge transfer. A SEM is employed tool to estimate the research model, which is suitable for this study because it focuses on prediction and explaining the variance in key target constructs (i.e. TM construct (see Latukha, 2015) measured with 36 items, and the AC construct (see Flatten et al., 2011) measured with 25 items), the relationship among which is at an early stage of theory development thus creating the opportunity to explore new phenomena. Further, our research questions are presented: (1) How do GTM practices affect AC and, as a

result, the performance of multinational corporations, operating in EMs? (2) How do talent attraction, talent development and talent retention in this case influence the acquisition, assimilation, transformation and exploitation of knowledge? (3) What are the differences, similarities, and peculiarities of how GTM practices impact AC in different EM contexts, specifically in the context of Brazil, Russia, and China?

3. Intended contribution.

The main outcome of this research will be the identification of the relationships between talent attraction, development and retention and an MNC's ability to acquire, assimilate, transform and exploit knowledge in an EM context by developing the GTM concept. I intend to demonstrate the applicability of the proposed theoretical framework and confirm the mediating role of AC (which is moderated by cultural and institutional factors) in the positive association between GTM and performance. These findings will make a significant theoretical and practical contribution by filling the determined gaps in literature via summarizing and analyzing the main concepts and approaches to GTM, and applying such analysis to the Brazilian, Russian, and Chinese contexts. Additionally, due to the general lack of cross-country comparative analysis on the topic this study will contribute to the existing body of GTM literature by making this cross-country-comparison along the different dimensions of the proposed framework.

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Link between Competitive Strategies and SMEs Performance in the Context of Economic Crisis.

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Abstract:

This article examines link between competitive strategies and SMEs performance in the context of crisis, matching between pure and hybrid strategies with usage data of Russian SMEs. The results of regression analyses are mixed, identifying significant effects for pure and hybrid strategies. This paper investigates the link between competitive strategies and their combinations on the one side and SMEs performance in the crisis conditions on the other side.

Keywords: *competitive strategies, economic crisis, Russian SMEs*

1. Introduction

Recently Russian economy has experienced recession. According to basic forecast of Ministry of Economic development, Russian GDP will demonstrate 0,6% of growth in 2017, which is the evidence of difficulties with achievement of sustainable growth (Central Bank of Russian Federation, 2017).

Eventually, Russian SMEs operates at the context of high uncertainty with decrease of real demand and resource deficit, while this segment is traditionally vulnerable to external shocks due to a number of specific reasons. In such conditions the role of strategic management as a tool which enables to allocate resources for achieving the best results has increased significantly.

Also there is a lack of understanding how crisis influences SMEs performance. On the one side, SMEs are vulnerable to external shocks due to lack of internal stability and resource constraints (Peric, Vitezic, 2016). On the other side, flexibility of SMEs hand them an opportunity to fill market gaps, emerged as a result of crisis (Bartz, Winkler, 2016).

This way understanding the relevance of different strategies of SMEs to crisis conditions represents an important and underinvestigated issue in strategic management.

2. Theory

According to competitive strategies approach, marketing position of the firm defines its performance, while competitive strategy is a search of favorable marketing position (Porter, 1980).

This approach considers three strategies: innovation differentiation, marketing differentiation and cost leadership. Innovation differentiation includes a complex of actions directed to technological development of product and competition on quality; market differentiation relies on marketing techniques and promotion of product; cost leadership is oriented at cutting costs and price competition (Knight, Cavusgil, 2005).

The dominant strategic research stream applies Porter`s approach (Porter, 1980), which states that strategic purity is mandatory for the best performance. However, recent investigations of competitive strategies identified that this rule is not relevant to all cases, causing discussion between opponents and proponents of hybrid strategies (Manev et al., 2015).

Following this dilemma as a starting point, this article is aimed on identification which competitive strategies and their combinations are better suited to SMEs activity during crisis.

3. Data and sample

Data of Russian SMEs was collected in the second half of 2015 and beginning of 2016 through mail and phone survey on the basis of questionnaire complied with set of validated scales.

During the survey 3634 calls were done, 1051 phone numbers were not relevant, 1380 respondents refused to participate. Finally, 651 interviews were completed. For the purpose of this study final sample includes 456 firms.

4. Empirical results and conclusions

Empirical results identify that innovative differentiation positively influences SMEs performance in crisis periods, while marketing differentiation has negative impact on it. Link between cost leadership and SMEs performance is insignificant. As for hybrid strategies, all of three combinations affects SMEs performance. While simultaneous implementation of innovative differentiation and cost leadership negatively influences SMEs performance, two other combinations have positive impact on SMEs performance.

Results are mixed, that evidences about complexity of the character of links between strategies and performance. These results could be discussed from the positions of concept of generic strategies (Porter, 1980) and resource-based view (Barney, 1991).

Positive link between innovative differentiation and SMEs performance could exist in the model due to peculiar perception of innovations. While the majority of respondents indicates that they adhere to innovative differentiation, just 3% of Russian SMEs invest in R&D (GEM, 2013). This way, most of Russian SMEs implement minor inexpensive innovations.

Negative effect from combination of innovative differentiation and cost leadership could be explained by resource intensity and specific set of organizational structure, which are inherent for each of abovementioned strategies.

Negative direct link between marketing differentiation and SMEs performance could be explained by insufficiency of this strategy as a main strategy, while it increases positive influence of innovative differentiation and cost leadership as moderator. This way, marketing differentiation could be considered as second-order strategic construct which positively moderates the link between pure strategies and SMEs performance in the crisis context.

From the point of resource-based view, positive influence of innovative differentiation on SMEs performance during crisis could be explained as this strategy calls for intangible assets which are more stable in adverse conditions comparing to tangible ones. This fact in combination with weak demand for resources makes marketing differentiation inefficient as sole strategy and applicable to each strategy as an addition. Demand for specific resources and organizational structures makes simultaneous implementation of innovative differentiation and cost leadership inefficient in case of resource constraints.

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Human Resource Management in Professional Service Firms: A Systematic Literature Review

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Abstract:

HRM-related issues in professional service firms appear in the scope of interest for increasing number of management and organizational studies. The paper provides a systematic literature review on HRM architectures in this kind of organizations. The analysis results in a revealing the questions of how HRM research in PSF started and evolved over the past years, which theoretical frameworks were utilized during the development of the knowledge in the field, and what are the critical findings and the most important research gaps that follow from the studies.

Keywords: *human resource management, professional-service firms, systematic literature review*

1. Introduction

Professional service firms (PSF) gain increasing attention of scholars in management and organizational science in recent few decades. The interest of studies is usually reasoned by the importance of such firms for modern knowledge economy and by specific features that PSF have in ways they manage their business (Bévort, Poulfelt, 2015; Kaiser et al., 2015). The process of PSF being “coming out of the shadows” (Empson et al., 2015) is a notable trend in academic literature manifested by emerging of specialized research in the field (for instance, special issue in German journal of research in human resource management or releasing Oxford handbook of professional-service firms).

Since PSF derive their competitive advantages from knowledge and capabilities of their workers, human resource management (HRM) practices were proposed to form one of the most sensitive lever for promoting high organizational performance (Jørgensen, Becker, 2015). HRM-related issues indeed occupy the majority of studies conducted in the context of PSF. Although the growing body of work in the literature has revealed some critical features of HRM as well as particular HRM practices and policies inherent to PSF, the question of how HRM practices work in this kind of firms is not fully answered (Fu et al., 2017). This paper aims to contribute in the literature by systematizing findings from the studies directly or indirectly devoted to answering this question. It additionally focuses on the changing nature of HRM in PSF and intends to identify the trends and future research opportunities in this field.

2. Methodology

We base the investigation on systematic review of studies conducted in recent decades in management and organizational science journals. We attempt to provide solid and systematic investigation of the most impactful empirical and theoretical articles that studied HRM-related issues in PSF.

The review is done in conformity with the protocol that consists of three stages. On the first stage, we utilize the automatic search in Scopus and EBSCO databases and review the search outcomes by both the titles and abstracts in order to form the initial list of relevant papers. Then, we look through the reference lists of the most impactful articles and augment the initial list with some relevant articles that were cited. Finally, we read every article in the total sample with the aim of extracting the information of interest in a structured manner.

3. Intended results

Based on structured review we attempt to answer following questions:

- how HRM research in PSF were initiated and evolved over the past years;
- which theoretical frameworks were utilized during the development of the knowledge in the field;
- and what are the critical findings and the most important research gaps that follow from the studies.

We aim at contributing to the literature by providing up-to-date picture of conducted research in order to promote further investigations of HRM in PSF.

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