

XII-я Международная ежегодная  
научная конференция

Major Economic Challenges  
and Response Policies  
under Ultimate Uncertainty



Экономический  
факультет  
МГУ  
имени  
М.В. Ломоносова

МОСКОВСКИЙ ГОСУДАРСТВЕННЫЙ УНИВЕРСИТЕТ  
имени М. В. Ломоносова  
Экономический факультет



# Major Economic Challenges and Response Policies under Ultimate Uncertainty

XII Международная  
студенческая научно-практическая конференция

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## **RECOVERY STRATEGIES OF DEVELOPING COUNTRIES IN LIGHT OF GLOBAL CHANGES**

**Abstract.** The global crisis caused by coronavirus not only had a huge negative effect on every nation and country, but also formed new opportunities for growth. The times of «global transformations» create the need in setting up new development models that allow us to judge the flexibility and effectiveness of state economic systems. This article evaluates current economic models and future strategies for economic recovery in the post-COVID era in countries including India, China, and Russia. Both the structure of export-import dynamics and the key macroeconomic metrics (GDP, unemployment, and inflation) have been used to compare these countries. The obtained data allow to make conclusions regarding the most successful recovery strategies.

**Keywords:** “V” principle, “Zero-COVID” policy, post-COVID period, global crisis, economic model, import, export.

### **Introduction**

The coronavirus pandemic was the cause of the global economic crisis, which most affected the world centers of economic development. But as soon as the pandemic ended and the lockdowns were lifted, all countries joined the struggle for new opportunities, weakening the standing of some developed nations as the top performers. In other words, developing countries got the opportunity to “displace” developed countries and consolidate their own positions in the emerging multipolar world. We aim at considering the strategies of these countries.

### **India — concept “V”**

For India, the economic crisis caused by the pandemic was the most severe over the last 30 years. The number of cases was measured in millions, the healthcare system could not cope, and small and medium-sized businesses (which have a very significant share of the Indian economy) were cutting jobs left, and often completely closed. This situation has become a real test for the Government of N. Modi. A test requiring the adoption of effective, accurate and coordinated measures [1]:

- Almost immediately a strict, but not so long-lasting quarantine was introduced and slowed down the spread of infection.
- In order to maintain stable demand, massive monetary injections were carried out in the social sphere (subsidizing products prices, benefits).
- A system of Government support for entrepreneurs was created, designed to preserve jobs and the supply of goods and services on the market (issuing loans at a low interest rate, improving the investment climate, subsidies).

These measures allowed smooth out the most difficult periods of the crisis and, as the chairman of the 15th Financial Commission of India N. K. Singha put it, to go through the recovery stage according to the “V” principle — — a rapid fall followed by an upward rebound [12].

So, in 2021 (compared to 2020), India's GDP has already grown by 19%, GDP per capita increased by 18%. Both inflation and unemployment have declined by 25% and 22%, respectively [14]. At the same time, the export-import structure of India had not significant changes in 2020–2021, remaining diversified at a sufficient level. In addition, the data obtained allow us to judge that the government support measures were aimed at an equal recovery of economic branches.

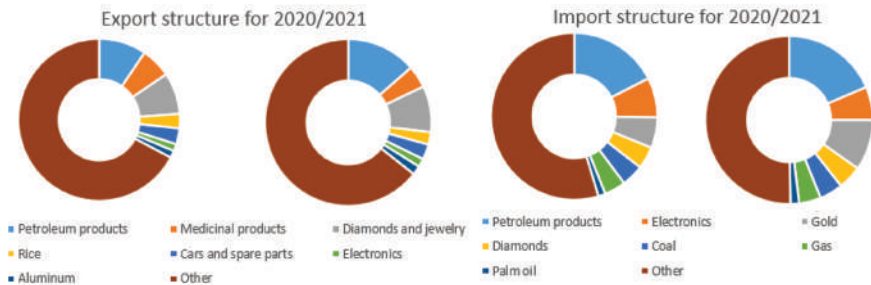


Figure 1. Structure of India's foreign trade for 2020/2021  
Source: author's aggregation of data from TrendEconomy [15].

## China — “Zero-COVID” policy

China was the first country in the world to experience the coronavirus and all of its social and economic effects. And despite the fact that the situation in the country was not as deplorable as in India, and the higher level of development of medicine and the economy made it possible to avoid the worst development options, the situation in the country remained extremely difficult for a long time, though [7]. Thus, it was important for the Chinese Communist Party, led by Xi Jinping, to take all necessary action:

- The implementation of the “Zero-Covid Policy”. Its long duration caused the detrimental economic effects to become "stretched" over time (despite being less severe than in India).
- The rapid development of e-commerce, courier services, various distant work and interaction systems in order to lessen the negative effects of point quarantine.
- The Direct stimulation of producers and consumers. It was quite conservative. There were no massive cash injections, the government basically limited itself to supporting entrepreneurs by approving loans at low interest rates.

A complex of these measures really turned out to be sufficiently effective. The Communist Party of China managed to smooth out the economic crisis and avoid difficult options for the development of the situation [2]. So, by 2021 (compared to 2020), China's GDP has grown by 21%, GDP per capita also increased by 21%. Both inflation and unemployment have declined between 4 and 58%, respectively [14].

But as it was mentioned before, it was achieved by distributing the negative impact over a longer time period. That did not allow China to fully realize its economic growth potential. In this case, the structure of China's exports and imports for 2020–2021 also had no significant changes and maintained a fairly high level of diversification.

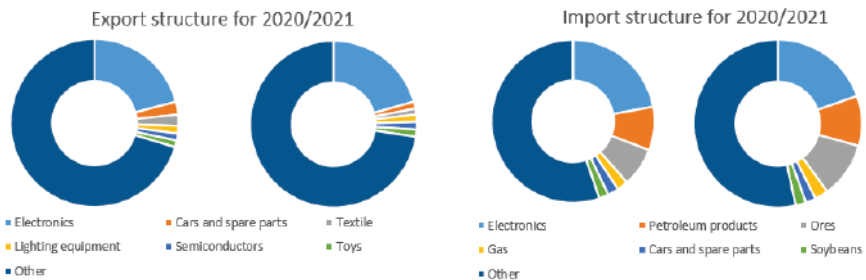


Figure 2. Structure of China's foreign trade for 2020/2021  
 Source: author's aggregation of data from TrendEconomy [15].

## Russia — the path of “protectionism”

The coronavirus pandemic did not spare Russia either. Despite the fact that the number of cases and the rate of infection spread in the Russian Federation were noticeably lower than in India and China, the negative economic effect was comparable to the most affected countries. The reason for this was that the Russian economy had been in a stagnant state for several years [6]. Now, the pandemic crisis has been added to the effect of the depreciation of the national

currency, the decline in government budget revenues and the imposed economic sanctions [8]. That is why, the Government of the Russian Federation, headed by Mikhail Mishustin, urgently needed to take emergency measures to stabilize both the economic and social situation in the country:

- To combat the spread of infection, a set of measures aimed at self-isolation of infected people and reducing the rate of infection spread was applied. This rather soft policy turned out to be enough to avoid the worst options for the situation's evolution. Moreover, the creation of a vaccine was intensively pursued.
- Business support was carried out through exemption from taxes, loans, deferrals and subsidies, and reduction of control.
- Direct payments were made to the most vulnerable population groups.

For the most part, these measures were sufficient to ensure the proper level in fight against coronavirus. So, already in 2021 (compared to 2020), GDP has grown by 19%, GDP per capita increased by 20%. Unemployment has decreased, although not so significantly, by 12%. Inflation, in comparison with the level of 2020, has increased very much: from 3.4 to 6.7% (an increase of 97 percent) [14].

But, as already noted, it was not the coronavirus that became the main cause of the economic crisis in the Russian Federation, but the incorrect positioning of the country on the world stage. If we pay attention to the structure of Russia's exports and imports for 2020–2021, it becomes obvious that a country that exports mainly raw materials and imports complex technical equipment is affected to falling resource prices and the imposition of sanctions by trading partners. Both of these factors have been implemented, thereby bringing the Russian economy into such a deplorable state, from which at the moment there is only one most promising way out — support for the production of domestic goods and services designed to replace imports, and at the same time “to get down from a raw needle” the Russian economy [9].

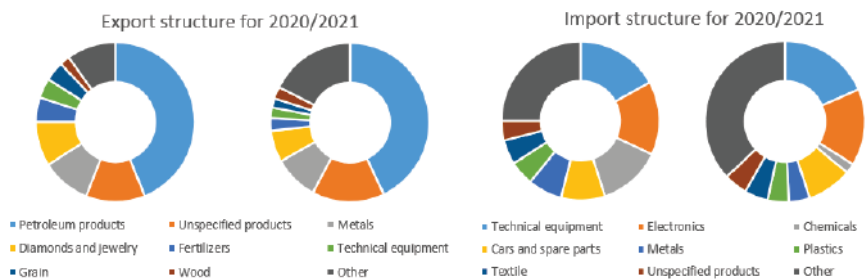


Figure 3. Structure of Russia's foreign trade for 2020/2021  
Source: author's aggregation of data from TrendEconomy [15].



## Conclusions

Thus, according to the main macroeconomic indicators, all the studied countries demonstrated high rates of economic recovery in the post-crisis period. This allows us to judge that the government policy in India, China, and Russia was built correctly.

We may be able to define the most effective concept, when considering the economic models of these countries in the totality of factors. In Russia, there is too much influence, especially political, circumstances are too strong, that slow down the transformation of the economy and preventing the formation of sustainable growth rates. China demonstrated similar recovery rates like India, despite a much more developed economic and social sphere. In addition, due to the policy of “zero tolerance” for coronavirus, further growth prospects remain under a big question. Despite all of its internal issues, India managed to establish an economic model that not only allowed for extraordinarily high rates of recovery but also contributed to sustained growth rates. And we acknowledged this nation's strategy as the most successful.

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## **EMPLOYEES' FINANCIAL HEALTH IN THE PERIOD OF UNCERTAINTY**

**Abstract.** The period of uncertainty has a great impact on people. The current paper examines one of the most relevant problems in human resources – employee's financial health in conditions of economic uncertainty. The purpose of the work is to show how important it is to monitor the financial health of employees. The methodology used in the work is the method of induction and the method of comparative analysis. Our study shows that workers tend to change their jobs more often than ever before. Statistics proves that in Russia 3.24 million people left their job in the search of better working conditions. The results can be applied locally by managers in organizations to improve its internal environment. Our findings show that it is essential to take care of the financial health of employees in order to support the work of the organizations.

**Keywords:** financial health, employee behavior, economic uncertainty, working conditions.

### **Introduction**

In the period of economic uncertainty, the financial health of employees becomes a particularly relevant topic. The period of *economic uncertainty* is known as a situation in which the future economic environment is difficult to predict, and there is a high degree of risk or unknown involved [1]. This can be caused by a variety of factors, including political instability, changes in government policies, natural disasters, and market fluctuations. Uncertainty in the labor market, economic instability and unexpected changes in working conditions can seriously affect the financial situation of employees.

Market leaders and CEO's of major giants tend to care about employees mental and physical health providing them with improved corporate culture and health infrastructure, otherwise, a new trend has appeared — financial health of the staff.

The 2021 PwC Employee Financial Wellness Survey found that 63% of employees say that their financial stress has increased since the start of the pandemic. It's clear that many employees are experiencing deep financial strain that results in threatening their financial health.

First of all, let us deal with the definition of financial health. *Financial health* is having a good state of mind about the ability to manage finances, financial responsibilities, and future financial status [2].

According to Rosstat, the debriefing showed that 66% of respondents reported feeling negative mental or emotional impacts related to the economy. Approximately 30% said they've lost sleep, 25% are experiencing strain in their relationships and 22% said they're distracted at work. Additionally, 42% noted they feel "highly stressed" by their financial health — up from 35% the previous year. It establishes a lot of hardships on their workplaces. Unhealthy and nervous worker is ineffective worker at all. Employers must pay attention on their employees to identify the problem of nervousness, stress or depressed mood and solve it as soon as possible.

Table 1

### Comparison of employees with and without financial stress

Financial stress	Without financial stress
22% Decreased motivation to work and lack of desire to do work	43% Productivity growth
17% Decreased ability to work	20% Sales growth
16 % Decreased attention, concentration when performing tasks	21% Growth of profitability
	77% Increasing loyalty to the employer

We have analysed different statistical sources and have come to several important findings using the method of induction and comparative analysis. The first is logical conclusions about the object are made from particular premises to general conclusions. The second is to compare the characteristics and properties of several objects, simultaneously revealing their similarities and differences.

The period of uncertainty in economy has a great impact on financial health that influences job market dramatically. Here are some basic trends:

## 1. More people leave their job and find a new occupation

In the third quarter of 2022, 3.24 million people left large and medium-sized enterprises, while at the same time a comparable number of employees was hired — 3.17 million. Amid economic uncertainty, the number of layoffs and employment was a record for at least the last 10 years.

Elena Trubnikova, the President of FinExpertiza, says: "In the third quarter, about 9.8% of employees left large and medium-sized enterprises, that is, about one in ten, they were replaced by almost the same number of people. This record rotation took place against the background of the lowest unemployment rate in the history of 3.8%. At the same time, the number of part-time workers and those sent on leave without pay increased by 7.3%, or by 319 thousand people. As a result,

the total number of part-time employees also reached a record 4.66 million people, exceeding the peak values during the pandemic. Of these, 3.3 million people were on unpaid leave. The transfer of employees to a part-time position is a traditional adaptive strategy of Russian enterprises in times of crisis, it allows you to optimize costs and at the same time avoid mass layoffs. It is important to emphasize that in this case we operate with indicators of exclusively official, “white” employment, and at large and medium-sized enterprises where the rights of employees are protected as much as possible” [3].

In most regions, employment was balanced by layoffs, but in some subjects, the departure of workers significantly exceeded hiring. Among these regions are the Kamchatka Territory (layoffs exceeded employment by 53.7%), the Murmansk Region (by 22.3%), Adygea (19.6%), the Nenets Autonomous Okrug (17.1%), Kalmykia (15.6%) [3].

Among the industries, the largest difference between the number of those who quit and those hired was noted in trade: the number of retired employees exceeded the number of those who got a job by 72.6 thousand. At the same time, the influx of labor was recorded in the field of education (the number of employees exceeded the number of those who left by 116.6 thousand [3].

## **2. The second trend is part-time employment**

In times of crisis, part-time employment is growing in Russia, which represents a certain “compromise” between the enterprise and the employee, which helps to save on the salary fund and at the same time avoid layoffs. Mass termination of employment contracts is perceived as a socially negative phenomenon, which the authorities and business always try to minimize. At the same time, a part-time transfer is considered as a more acceptable option.

In the third quarter of 2022, the number of part-time employees at large and medium-sized enterprises reached 4.66 million people, which is a quarterly record since at least 2010. The previous maximum was recorded during the lockdown period, in the second quarter of 2020 — 4.59 million people [5].

Among all the partially employed, about 3.3 million people had to take leave without pay, 1.06 million switched to part-time work by agreement of the parties, and another 58.3 thousand — at the initiative of the employer, finally, 239.8 thousand were idle [5].

High part-time employment is observed mainly in regions with high salaries and low unemployment. Conversely, the worse the situation on the local labor market, the lower the indicators of part-time employment. This is due to the fact that in prosperous regions, enterprises are more likely to try to save jobs, at least by transferring employees to part-time. In less prosperous regions, businesses have fewer opportunities in case of deterioration of their financial situation to keep excess staff and keep places for non-working employees. If in developed regions

part-time employment becomes an alternative to dismissal, then in less developed regions informal employment is such an alternative. Therefore, there is an inverse relationship between the indicators of part-time employment and informal employment.

The largest share of part-time workers was observed in St. Petersburg — 18.4%, or 281.3 thousand people, Samara Region (18.0%, or 132.5 thousand people), Perm Krai (17.8%, or 102.9 thousand people), Crimea (17.5%, or 58.1 thousand people) [5].

### **3. Recommendations**

Financial health is crucial for company's output. We may summarize the best world practices:

#### **3.1. Improve overall well-being**

Help employees get on the right track by offering financial challenges within your well-being or engagement program. Be sure to clearly outline what they need to do and reward employees for their actions. Here are a few financial well-being ideas:

- Attend an on-site financial education seminar;
- Learn about your company's financial benefits (through a webinar, online resources or in-person meeting);
- Begin a debt cleanse;
- Set a monthly savings goal;
- Pack a healthy lunch [4].

#### **3.2. Build meritocracy**

Merit-based pay — salary, benefits, vacation, bonuses, etc., may be the best way to align your business goals with the financial goals of your top performers. Because we see a positive correlation between stress and productivity, your most productive people may need a stress-relieving vacation (absent any financial worries) the most. Build loyalty with your best people or pay a far greater price [4].

### **Conclusion**

To sum up, over the past year, employee financial distress has intensified, which means it's the perfect opportunity to bring financial education into your workplace. It won't be easy. Reducing financial stress and improving financial health for your employees takes a comprehensive plan, but it will be worth the investment.

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## **THE IMPACT OF ECONOMIC UNCERTAINTY ON E-COMMERCE IN RUSSIA**

**Abstract.** Economic uncertainty currently plays a huge role in the development of e-commerce in Russia, although there are few scientific research papers that analyze the place of e-commerce in modern economy and make predictions about development strategies of Russian e-commerce. The aim of the study is to analyze the place of e-commerce in modern Russian economy and describe all possible impacts of uncertainty period on e-market places. The subject of the study is e-commerce and marketplaces in Russia. The article provides an overview of modern trends in the sphere of e-commerce and considers their application to Russian realia. The results indicate that there is a strong need to be flexible and adaptable to keep up with economic issues and instability and remain competitive. The methodology of my research is a desk study. The study shows that successful digitalization in conditions of economic uncertainty will lead a company to tremendous achievement and success. The article concludes with an example of analytical review on e-market places in Russia and may be useful for practical implementation that aims to develop and improve e-commerce in retail sector.

**Keywords:** e-commerce, e-market, economic strategy, distribution, consumer.

### **Introduction**

The pandemic and economical and political instability have divided all business into two large groups: those which have been digitally transformed and those which have not. The later companies have lost a significant part of their consumers, on contrary, the digitized ones were able to adjust their services to e-commerce.

The aim of the study is to analyze the place of e-commerce in modern Russian economy and describe all possible impacts of uncertainty period on e-market places.

The objectives of the research are:

- to study scientific literature and empirical data on the issue;
- to analyze forms of e-commerce in Russia;
- to make predictions on strategies of e-market places development in the conditions of uncertainty.

The article presents the main essence and necessity of e-commerce in Russia, its main forms are considered. It also describes the reasons for the



popularity of marketplaces in Russia as one of the forms of e-commerce and the rating of the most profitable Internet platforms in Russia. Using the example of the largest marketplace-Wildberries, the influence of economic factors on the development of online commerce in Russia is considered, and specific ways of developing digitalization of the company are given. The findings showed that economic uncertainty has a huge impact on the development of e-commerce.

### **The essence of e-commerce and its forms**

E-commerce is a type of relationship between various market participants in which an electronic online transaction is made [6, p. 24].

There are various schemes of commercial relations, although the most popular of them are:

- B2B (business to business);
- B2C (business to consumer);
- B2G (business to government) [8].

In the era of economic uncertainty, a new trend has appeared: some businesses working in the direction of (B2B) began to move into another type of relationship — D2C (distribution to consumer). Gradually, manufacturers are abandoning intermediaries and selling their goods directly to the consumer. The communication channels can be marketplaces or sites offering goods and services, where successful interaction between market participants takes place.

The E-commerce market includes online stores, marketplaces, courier services, supply chain management, financial systems and much more.

The main forms of e-commerce are:

- online services (for the provision of online services) under the G2C, B2C and B2B system;
- online stores that are launched to sell a wide range of products with a focus on the B2C, B2B consumer market;
- electronic bidding systems-tenders, contests, working on the B2G system;
- trade platforms-market participants can be both sellers and buyers of goods and services on them. They are most often used in C2C, B2C and B2B systems [2].

Marketplace is an online market of goods and services that is actively in demand among buyers. At the moment, it occupies a leading position among sellers of goods. The most common marketplaces in Russia are Wildberries, Ozon, Yandex Market, Lamoda, Goods.ru and others [1]. According to the income of marketplaces for 2021, Wildberries occupies a dominant position. This information is shown on Figure 1 [4; 5].

## REVENUE OF POPULAR MARKETPLACES IN 2021

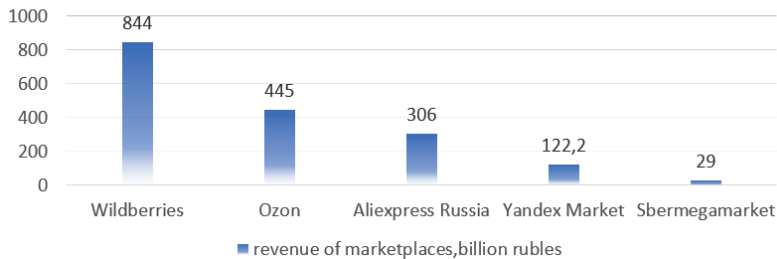


Figure 1. Revenue of popular marketplaces in 2021

Source: <https://www.statista.com/statistics/1264125/russia-ranking-of-online-marketplaces-by-revenue/>

### Reasons of e-market popularity

Online trade has become the most popular market in Russia in 2023. Why is it so popular? The answer is simple — one of the most important human resources is time. People are ready to pay money for the saved time if they do not need to spend time in mass market, so online market wins.

The inner factors of e-market success include:

- Quick search (filters allow to search for products faster);
- Delivery (Orders are delivered to the consumer within 3 days, goods can be measured and discarded);
- Location of points of delivery (Points of delivery of orders from marketplaces are within walking distance from consumers).

These amenities based on adaptability and flexibility allow online marketers conquer the economic market all over the world.

### Analysis of Russian e-markets

Analyzing data of Sberbank and AKIT on the dynamics of changes in domestic trade on online platforms, it is clear that until 2018, e-commerce was developing at slow pace. This would have continued, but events in Russia and the world have changed the paradigms (processes). In 2021, Russia adopted a lockdown and all shopping centers were closed due to an outbreak of a new disease — Coronavirus-19. Thus, consumers had to buy goods online using different e-markets.

The second reason that influenced the development of e-commerce is special military operation and the period of sanctions when a huge number of foreign trade brands left Russian market in 2022. Therefore, the number of high-quality

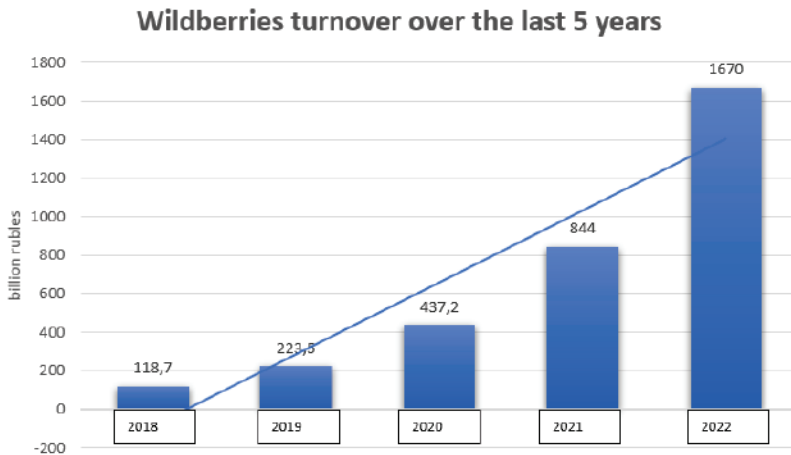
goods, such as clothing, shoes, cosmetics, etc., decreased. Due to the lack of an alternative choice, consumers have become more interested in the products of Russian manufacturers. Although, e-markets provided Russian fashionistas with foreign brands.

Domestic sellers have made efforts for start-ups in online market, as they saw obvious benefits compared to offline. The profit under such conditions could be higher and the costs would be minimal. From marketing the point of view, the product doesn't have to be advertised, since the consumer simply browse it in the marketplace site. The consumer, entering the previously proven marketplace, will trust its sellers. The obvious advantage of the online market is that the consumer can order goods from different categories on the same site and not waste time visiting specialized stores, as well as find new products of domestic production for themselves.

Economic uncertainty has caused strong consumer interest in marketplaces. In turn, online trade began to develop very rapidly. Every month new points of delivery are opened, the time of their delivery from the warehouse to the destination is reducing, the logistics of the transfer of goods is being optimized. Over the past 5 years, marketplaces have attracted a huge number of sellers and employees to their sites.

At the moment, Wildberries occupies a leading position among marketplaces.

If we consider separately the statistics of Wildberries, we can see that from 2018 to the present day, the number of online buyers is steadily growing. Such a sharp jump in interest the marketplace is explained by several economic factors. Figure 2 shows how the turnover of Wildberries has changed over the past 5 years.



*Figure 2.* The wildberries turnover over the last 5 years

*Source:* <https://www.tadviser.ru/> Finansovye pokazateli Wildberries //

In 2018 Wildberries platform began to gain momentum among customers and to be in demand. The number of orders was about 200 thousand per day. There were not many opportunities for sellers. The turnover of Wildberries was about 118.7 billion rubles per year. The main advantage of the online market was that the consumer could not pay for delivery and evaluate the product at the pick-up point.

In 2019, the company's turnover increased by 88% compared to the previous year. This is due to the expansion of Wildberries network. The number of ordered goods was increased by almost 3.5 times and reached the level of 750 thousand per day. Consumer interest in the marketplace was associated with the expansion of the range of goods, such as food, household appliances and electronics, household goods, pet supplies on the site by almost two (3.6 million products), as well as with an increase in the number of brands sold on the site. Buyers preferred, as in 2018, to pick up their order from the pick-up point on their own, rather than use a delivery. By 15% (75–90), compared to 2018, the number of customers who independently picked up their order from the pick-up point increased [7].

The pandemic of 2020 affected online trading and the attitude of consumers towards it. Interest increased, so the company's turnover doubled and began to amount to 437.2 billion rubles [7].

In 2021, new coronavirus outbreaks were announced in Russia and all entertainment centers were closed again indefinitely. Customer demand had to be met, so the marketplaces provided a huge range of categories of various goods. People began to get even more involved in the online market and order goods, so Wildberries doubled sales and the number of orders became 808.6 million. Wildberries ranked first by total annual revenue among major marketplaces in Russia in 2021 [10].

In 2022, Wildberries reached the biggest jump in the last 5 years and its turnover grew to 1.67 trillion rubles. The number of goods sold increased every day. The main imported brands of such categories of goods as clothing, shoes, cosmetics, household appliances and electronics have decided to withdraw from the Russian market due to the political situation in the world. This affected the changes in the sales volumes of the marketplaces. Immediately there was a need to occupy empty trading niches to meet demand. Many Russian manufacturers entered online platforms with goods, as it was less expensive than opening a point in a shopping center [7].

At the moment, according to AKIT, the turnover of online trade in 2022 increased by 30% compared to 2021 and amounted to 4.98 trillion rubles. It is also known that Wildberries accounted for a third of this turnover [3].

The example of Wildberries shows that with successful digitalization in conditions of economic uncertainty, a company can achieve tremendous

success. But to achieve this, it is necessary to build a clear strategy for the digital transformation of the company.

First, the company needs to provide easier customer interaction with the service. This is one of the most important keys to build successful relationships with the client. Second, economic uncertainty is associated with surges in sales volumes, so businesses need to protect themselves with the help of automated systems. This will make it easier to work with sharp volume jumps without lowering standards. It is also possible to automate customer service solutions and reduce the response time to consumer questions, as well as cope with different volumes of customers without increasing the staff. Third, we must not forget about the high quality of customer service. It will have a stabilizing effect on the growth of the customer base [9].

## Conclusion

Every cloud has a silver lining — economic uncertainty in the country had a huge impact on the development of marketplaces in Russia. It's hard to imagine how an ordinary consumer may live without online shopping and spend their time searching for goods in various specialty stores.

Various businesses in the context of the development of e-commerce need to be flexible to stay at the proper level and remain competitive. Responding quickly to economic uncertainties and focusing on maintaining quality will help you quickly adapt to changes and succeed at any time. The automated system will make the business model more reliable. It is important that companies are always ready for changes and are able to adapt to external conditions.

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*MAKASHKINA Lyudmila  
The Russian Presidential Academy  
of National Economy and Public Administration*

## **RUSSIA'S BUSINESS ON THE WAY TO MARKETING 5.0**

**Abstract.** The article explores the transition of Russian business from Marketing 4.0 to Marketing 5.0 through the analysis of 2 key aspects of Marketing 5.0 (New Tech and Customer experience) and 5 elements of Marketing 5.0 (data-driven marketing, predictive marketing, contextual marketing, augmented marketing, agile marketing). The research methodology includes a review of relevant scientific sources, statistics, and forecasts. The results show that Russian business is at an early stage of the transition to Marketing 5.0. The main barriers to its implementation are the lack of technological infrastructure and the need for a customer-centric approach. The results of the study can be used to develop marketing strategies for Russian companies, as well as to improve customer interaction.

**Keywords:** Marketing 5.0, new technologies, client experience, transition, Russia.

### **Introduction**

With the rapid development of technology and changing consumer behavior, Russian businesses are faced with the need to adapt to new marketing trends. Currently, we are facing a new stage in the development of marketing — Marketing 5.0, which is a global approach to marketing focused on the needs and values of consumers. The purpose of the study is to explore the degree of Russia's transition to Marketing 5.0 and identify the main barriers to its implementation.

### **Theoretical review of Marketing 5.0**

Marketing transformed significantly in recent years, from traditional marketing to digital marketing, and finally to Marketing 5.0. Marketing 5.0 is a marketing concept which is focused on creating value for customers and society in general. Unlike previous versions of marketing that mainly focused on products and services, Marketing 5.0 is about creating a deep connection between a brand and a consumer that is based on shared values and beliefs. This concept also implies the use of advanced technologies and tools to achieve these goals [6].

## **Analysis of implementation of 2 key aspects of Marketing 5.0 in Russia**

There are two key elements of Marketing 5.0: New and Customer Experience. Therefore, to assess the adaptation of the Marketing 5.0 strategy in Russia, Russian business will be evaluated from the perspective of these two elements.

**New Tech.** At present, the transition to Marketing 5.0 is a global trend. Many developed countries have successfully implemented this concept. According to the report “The Global State of Customer Experience 2020” by McKinsey & Company, the USA, the United Kingdom, and Germany are three leading countries in customer experience thanks to an advantage in technological infrastructure. They have already adopted AI, NLP and IoT in their marketing strategies to provide a personalized customer experience. On the other hand, Russia is still at an early stage of the transition to Marketing 5.0: only 37% of Russian companies use AI in their marketing strategies and 27% use IoT [2].

The greatest challenges for Russian companies are the lack of qualified specialists (37%), the high cost of technology (32%), and the lack of understanding of the benefits of new technologies (31%) [1].

PwC report reveals that only 26% of Russian businesses consider innovation and digitalization as their priority. It means that a lot of Russian companies are not yet ready for the transition to the new marketing stage. The absence of a clear strategy towards the implementation of new technologies to improve business is one of the obstacles for transformation into Marketing 5.0.

Nevertheless, the situation is about to change. According to a McKinsey report, 70% of Russian companies believe that digital technologies will be soon a key driver for future growth. So, many companies are beginning to understand the importance of digitalization of business processes.

The most important technologies in Marketing 5.0 are artificial intelligence (AI), natural language processing (NLP), sensor technologies and the Internet of Things (IoT).

### *1. Artificial Intelligence*

As of 2020, 68% of large and upper medium-sized Russian companies utilized machine learning or artificial intelligence in their operations. Furthermore, 24% of companies plan to launch AI-related projects in the next two to three years. Last year, 52% of business representatives increased their budget for AI-related technologies by 10–20% [1].

Moreover, 38% of managers and leading specialists use virtual assistants in their work processes. Personalization is the most commonly used AI-based solution for Russian retailers, with 26% of respondents implementing it in their companies. Virtual assistants and chatbots (23% of respondents), intelligent decision-making systems, and predictive analytics (20% of respondents) are also widely utilized [2].



For instance, VTB uses AI in the operation of voice assistants and chatbots, as well as in the formation of proposals and decision-making on loans. Up to 70% of analytics and automatic decision-making tasks are done by AI technology-based models. Beeline uses AI to choose the best location for stores and target ads. Rostelecom is working on developing cybersecurity and predictive analytics of network and equipment failures through next-generation technologies. The company has already managed to save over 1 billion rubles [3].

## 2. *Natural Language Processing (NLP)*

The second element is NLP. Leaders in the development of NLP in Russia are Yandex, Mail.ru, PROMT and other companies which specializes in text technologies and search engines. There is also a number of other businesses that have recently started working with such technology (for example, Sberbank or MTS). For example, Yandex has NLP divisions, including Yandex Translator, Yandex Alice, and Yandex SpeechKit.

Mail.ru Group is another example. In 2019, the Mail.ru Group Tech Lab division was launched. The most successful projects are: Prometheus (a system for selecting relevant content for the audience), Marusya (a voice assistant), Mail.ru Sounds (a sound and speech recognition technology based on machine learning).

## 3. *Internet of Things (IoT)*

The Internet of Things is a second important indicator of Marketing 5.0. Here some of the leaders can also be highlighted. For example, Kartli controls the delivery of its own goods by logistics companies. The company tracks 70% of deliveries, optimizing the interaction of sales managers, logisticians, drivers, customers, and suppliers. It reduced time to organize and track delivery and increased in customer loyalty.

MegaFon, MTS, Rostelecom, and Kaspersky Lab are also among the Russian leaders in the application of IoT technologies.

**Customer experience.** Customer experience is one of the most crucial success factors for modern company. In Russia, this aspect is becoming more and more important as consumers become more and more demanding and exacting.

One example of a successful implementation of customer experience is Wildberries. According to a study by Ipsos, 95% of customers are satisfied with the quality of service at Wildberries. The company is actively working to improve the customer experience by offering a wide range of products, a user-friendly website interface and fast delivery [7].

Another example is Sberbank. The Bank is actively implementing new technologies and innovations to provide the most comfortable customer service. For example, you can open an account with Sberbank or apply for a loan through a mobile application without visiting a bank branch. In addition, the bank

is actively developing a system of online consultations and chatbots in order to resolve customer issues as quickly and efficiently as possible.

According to a study by Deloitte, 62% of Russian companies consider customer experience a key success factor. Moreover, 80% of companies plan to increase their budget for improving customer experience in the coming years. This indicates that Russian companies are increasingly aware of the importance of customer experience and are ready to invest additional resources in it [4].

Creating a customer experience can also be expressed in building a Customer Journey Map and maintaining a customer through various direct channels: push notifications, chatbots, e-mail, SMS, and instant messengers.

The Net Promoter Score (NPS) is the primary consumer loyalty index used to assess customer experience. There are no consolidated data on loyalty in Russia, and NPS is rarely used as a method of assessing loyalty. UBS Evidence Lab has published figures for Russian retailers and few companies received a positive score. The highest NPS was received by Lenta (7%) and Okay (3%) [5].

The problem of Russian business is that many companies promote certain values but they do not actually adhere to. Very few Russian businesses understand the importance of customer experience, that it can be as important as economic indicators.

## **5 elements of Marketing 5.0 in Russia**

Marketing 5.0 is a marketing approach that emphasizes the use of new technology and data to create personalized and engaging experiences for customers. In Russia, this concept is gaining popularity because businesses look for new ways to reach and engage with their target audience. Here are 5 components of Marketing 5.0 formulated by Philip Kotler in his book which are relevant in the Russian market [2]:

### *1. Data-driven marketing*

Data-driven marketing is the basis of Marketing 5.0. In Russia, businesses use data more and more frequently to understand customers' behavior. It helps to create targeted marketing campaigns which are more likely to resonate with the target audience.

For example, this type of marketing is widely used by Sberbank to personalize lending and investment offers, by Yandex — to improve the effectiveness of advertising campaigns and search results, by MTS — to provide personalized rates and services.

### *2. Predictive marketing*

Predictive marketing is an element of Marketing 5.0 which allows businesses to anticipate customers' needs and preferences. Russian companies use predictive analytics to identify trends and patterns in customer behavior. This information

is useful to develop marketing campaigns that are tailored to the individual needs and preferences of each customer.

For instance, it is widely used by the Mail.ru Group, which analyzes data about user behavior on partner sites, social networks, and inbox to provide personalized content.

### *3. Contextual marketing*

Contextual marketing is another important component of Marketing 5. This approach delivers targeted messages to customers based on their current context or situation. In Russia, businesses often use location-based marketing, as well as social media and search engine marketing. By using contextual marketing, companies in Russia can make more meaningful interactions with their customers.

### *4. Augmented marketing*

Augmented marketing is an element of Marketing 5.0 that involves the use of augmented reality (AR) and virtual reality (VR) technology. Many Russian businesses experiment with AR and VR to create immersive marketing experiences for customers. This technology allows to create interactive product demos, virtual showrooms, and other engaging experiences which help customers make more informed purchasing decisions.

One notable example is Sberbank, which has developed a Camera Payments feature that allows users to pay bills by scanning QR codes on them. This simplifies the payment process and makes the application more convenient.

Another example is Wildberries, which created a “Try on at home” feature that allows you to order multiple sizes of clothing and shoes to try on at home before buying. This helps to simplify the process of selecting and purchasing goods and increases customer satisfaction.

### *5. Agile marketing*

Finally, agile marketing is a component of Marketing 5.0 that emphasizes the importance of flexibility and adaptability. In Russia, businesses implement agile marketing for quick respond to any changes in the market and to experiment with new marketing strategies. By embracing agile marketing, businesses in Russia can stay ahead of the competition and create more innovative marketing campaigns.

For example, Avito quickly adapts to changes in user behavior and provides new opportunities for selling and buying goods. Namely, Avito quickly implemented the “Safe Deal” feature, which protects sellers and buyers from fraud, which increased user confidence in the platform.

All in all, Marketing 5.0 is a powerful marketing approach. By leveraging data, predictive analytics, contextual marketing, augmented reality, and agile marketing, Russian companies make customer experience more engaging.

## Conclusion

The transition to Marketing 5.0 is a widespread process which implies the integration of advanced technologies and a customer-centric approach. The research shows that Russia is at an early stage on the way to Marketing 5.0. The main barriers to its implementation are the lack of technological infrastructure and the need for a customer-centric approach. It should also be noted that there are some difficulties associated with the complex geopolitical situation in Russia. In particular, it makes scientific and technological exchange, which is crucial for further transition to Marketing 5.0, more difficult. However, Marketing 5.0 has prospects in Russia and can become an effective tool for promoting Russian brands on the world market.

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## **NEW FACTORS OF VALUE-BASED STAKEHOLDERS CONFLICT MANAGEMENT**

**Abstract.** With the growth and development of global digital economies, expansion of social networks and blockchain, and a sharp change in values of younger generations, large corporations are changing their approach to resolving and managing conflicts. Against the backdrop of a changing economic model of the market, corporations are making fresh decisions, which include: creation of platforms for discussions and debates of stakeholders, decentralization and the usage of a company mission as a conflict resolution and business management tool. In this article, we define the way organizations are adapting to new world and economic conditions, examining two companies: Black Rock (value plus sustainability approach) and Johnson & Johnson (decentralization and value-driven approach).

**Keywords:** digital economy, managing conflicts; sustainability approach; decentralization; value-driven approach.

### **Introduction**

A conflict is a clash of different interests. The conflict of stakeholders in more primitive forms has existed since ancient times. The presence of internal contradictions within the organization is always detrimental to the long-term investment benefits and sustainability of the company, which does not meet the modern demand for sustainable business development.

### **Types and causes of conflicts**

Conflict always arises. There are no organizations, people and interpersonal relationships without conflicts, because interests and strategies for achieving these interests differ not only depending on the goals and values, but also on temporary conditions and trends. The main difficulty in conflicts is the low priority in conflict management training, i.e. conflict prevention [1]. The main causes of conflicts are low communication skills, lack of a clear distribution of areas of responsibility, hidden sources of power, opportunistic behavior, as well as more aggressive forms, such as taking over a business. As a rule, the conflict is built around “interest”, in order to get more or not lose any power [3].

## **Value-driven approach to conflict**

The classical model of conflict resolution implies that the cause of conflicts is a mismatch of objectives. However, a more modern approach and cases of the last decade, especially COVID and Post-COVID cases, demonstrate that goals can coincide, and the cause of conflict often lies in values difference. Working with the values of the organization and stakeholders is a value-driven conflict approach, which allows you to detect and resolve conflicts at an early stage by identifying conflicting values, not just stakeholders' objectives.

There are two main levels of conflict in an organization:

1. Conflict in objectives (e.g. results, finances).
2. Conflict in values (e.g. ideologies, attitudes) which also differ depending on politics, religion, ethics, norms, and other deeply held beliefs [7]. The clash begins not only at those moments when the stakeholders have different objectives and values, but also at the moment when the goals and values coincide, but the methods or terms for achieving these values differ. Most often in corporations there is always some variation or mix of conflicting objectives and values.

## **Preventive value-driven approach**

In order to reduce the destructive effect of conflicts in an organization, you need to know and see values, as well as be able to manage interests, relationships, and direct conflicts.

Most often in corporations, the priorities in management are distributed incorrectly, “interest management” and “relationship management” are given time and attention only after “conflict management” has already been applied. At the same time, it is obvious that a preventive approach (interest management and relationship management) reduces the destructive effect of any conflict and contributes to a faster consensus on common issues, to the point that the conflict actually immediately turns into a problem that requires teamwork and solution, rather than clash between antagonists.

The main problem of modern organizations is the presence of hidden and latent types of conflicts. Hidden and latent conflicts appear only in the aggressive and active phase of open conflicts, which gives the company a large number of unexpected problems and difficulties. Therefore, it is important for organizations and stakeholders to focus on a preventive approach to conflict management — identifying latent and hidden conflicts through values and regular practice of managing interests and relationships in the organization.

It should be noted that preventive tools for conflict resolution are the only tools for managing latent forms of conflict, because in the process of solving minor crisis situations, hidden motives and interests of stakeholders are often revealed,

which leads to the identification of hidden and conflicting interests (objectives and values), and hence the speedy resolution of the conflict [2].

One of the modern solutions is the creation of a platform for stakeholders that combines all of the above forms of preventive conflict management. The advantages of such a platform are that responsibility in this case is also distributed among the participants in the discussions and stakeholders, and complex ethical, regulatory and social issues are resolved before they become public domain. The approach to preventive conflict resolution is most often relevant for companies formed after 2015 and the active development of decentralization, transparency and a value-oriented approach to managing relationships and interests. Companies formed before 2015 tend to turn their attention to a preventive approach only after high-profile conflicts with the government, the media, or serious conflicts and disagreements within the stakeholder group itself (Figure 1).

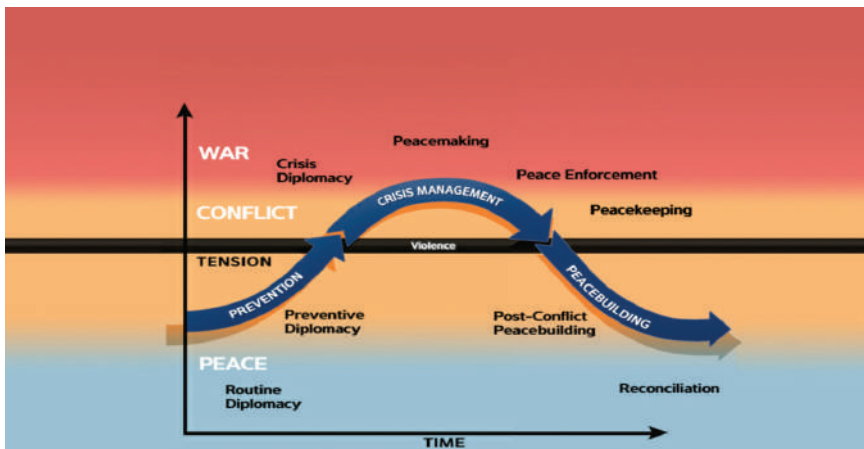


Figure 1. Peace and War Curve

Source: <https://www.usip.org/public-education-new/curve-conflict>

## Case Study: Value + Decentralization

One of the most modern tools for preventive conflict resolution is decentralization. This approach is common among blockchain companies, but not only among them. Decentralization is a response to the need of the time for the transparency of communications and processes, and hence the reduction in the number of latent and hidden conflicts, which are a key trigger for the escalation of open conflicts [6].

Organizations that actively use the decentralization model include Johnson & Johnson, as well as Eventbrite. Decentralization in the case of J&J is a leadership tool, the entire organizational model is built around Credo — a value model

in which a decentralized organization voices the mission of the company, around which the entire business strategy of the organization is built, including stakeholders of different levels. As the company itself says “What links us is our Credo”, a document that is also the main one for stakeholders. In fact, Credo is a document that resolves conflicts and has the same power as legal documents. The document itself was written 80 years ago [5].

The decentralization approach will definitely gain popularity, which is primarily due to the scaling and implementation of blockchain systems in government and corporate projects. Where there is decentralized project management, there is a chance of decentralized management of the organization as a whole, which leads to the formation of principles and the creation of a case similar to J&J. To do this, the organization needs to know and rely on its values, as well as rebuild the relationship and project management system towards decentralized or partially decentralized. All this leads to a reduction in conflicts within the organization and a more coordinated resolution of external conflicts.

### **Case Study: Values + Sustainability**

Black Rock is an organization with tight centralization within the organization. In addition, Black Rock’s strategies for working on the stock market often raise questions about monopoly influence on the entire tech market due to the company’s repurchase of key and decisive stakes (7–10% from key technology companies, which de facto makes it possible to manage the entire industry as a whole) [4].

At the same time, due to the scale of the company, as well as the abundance of competitors, the organization has a large number of conflicts with states, conflicts between stakeholders and customers. Most of these conflicts are public, which causes reputational risks for Black Rock — and for the clients themselves.

Considering that the organization does not intend to decentralize power, and also does not plan to go into transparent management, resolving the stakeholder conflict has become a real challenge for the organization. The solution appeared at the beginning of 2022 under and was announced as “Stakeholder Capitalism” — a platform or forum for research, dialogue and debate that allows companies, stakeholders and shareholders to build relationships. This platform is the result of a serious public demand for sustainable and transparent development, well-being, a request that often conflicts with the interests of the senior management of corporations whose task is to generate profit. However, the organization’s plan is not working yet.

The main factor is the closed, non-translated values of the Black Rock organization itself. The only value voiced by the company is “a long-term value”. For many stakeholders, one value does not provide room for maneuver, as well as points of contact, and given the dynamics of world events, it completely repels



with its straightforwardness. It turns out that the platform for building capitalism is united around 1 key value, which immediately creates conflict, and does not create a platform for discussion, despite the attempts of management to publicly declare the importance of discussion between companies and stakeholders. The secondary factor is an ossified, large, nervous, and complex conflict. Such conflicts are resolved only through crisis situations (crashes, bankruptcies, change of leaders, industries), because. Before that there was no practice of regular conflict modeling or discussion of conflicts.

Thus, in order for the organization to reach a more confident level, the organization should solve smaller conflicts, training conflict management skills between participants and identifying the trends that exist (Figure 2).



Figure 2. Spectrum of internal and external stakeholders

Source: <https://www.blackrock.com/us/individual/insights/stakeholder-capitalism-investing>

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## **PUBLIC-PRIVATE PARTNERSHIP IN EDUCATION AS A FACTOR IN INCREASING EMPLOYMENT**

**Abstract.** This paper aims to investigate public-private partnership projects effectiveness as one of the tools to reduce unemployment. It helps to explore the existing experience and potential of this tool. The study is based on the latest data on PPP market in Kazakhstan among educational projects. To develop practical recommendations, the research has been conducted with the application of econometric models. The results show that PPP projects in the field of education have untapped potential, which implies the possibility of increasing the level of education of the population, as well as creating extra workplaces with the existing investment. To unlock this potential, we propose to develop additional mechanisms for attracting private sector and devise a model for rational distribution of financial burden. This model can be applied in the practice of implementing PPP projects in Kazakhstan in order to attract additional projects to increase employment.

**Keywords:** public-private partnership, education, unemployment, employment, financial burden, Kazakhstan.

### **Introduction**

The implementation of public-private partnership projects (hereinafter — PPP) in the field of education makes it possible to create the necessary conditions for ensuring educational activities, reduce the shortage of places in kindergartens and schools, as well as increase the overall level of education and the competitiveness of pupils and students in the international arena. In Kazakhstan, there is a differentiation of PPP projects by region. It is related to the existing differences, the experience of implementing PPP projects, as well as the investment attractiveness of the region.

To date, there is no clear definition of the term PPP. Most often it is interpreted as a “system of effective interaction between the state and the private sector”. The most precise definition is given by the World Bank, which defines PPP as “an agreement between the public and private sectors on the production and provision of infrastructure services aimed at attracting additional investment, and most importantly, to increase the efficiency of using budget financing” [1].

## **Efficiency of implementation of PPP projects in the educational sphere**

Public-private partnerships (PPPs) in education can play a significant role in increasing employment by providing students with the skills and knowledge they need to enter the workforce.

In the context of education, PPPs can take various forms, such as vocational training programs, and internship opportunities, which are designed to enhance students' employability skills. By working together, the public and private sectors can combine their resources and expertise to create more effective and efficient education systems that better prepare students for the workforce.

PPPs can also help bridge the gap between the skills demanded by employers and the skills possessed by job seekers. The private sector can provide insights into the current and future needs of the labor market and help design educational programs that align with those needs. In this way, PPPs can help reduce youth unemployment and underemployment by equipping students with the skills and competencies they need to succeed in the workforce.

Moreover, PPPs can help create job opportunities by encouraging private sector investment in education. Private sector investment can help to expand educational opportunities and increase access to education for disadvantaged groups, such as low-income families or rural communities. This can, in turn, create employment opportunities for educators, administrators, and other professionals involved in the education sector [2].

Studying the world experience, it is possible to establish a correlation between the level of development of the country and the sectoral share of PPP projects. Thus, more developed countries give preference to healthcare and education sectors, less developed countries invest more in transport infrastructure. Kazakhstan in quantitative terms gives preference to education and healthcare [3].

The evaluation of the effectiveness of PPP projects is carried out in order to analyze the current situation, as well as eliminate existing or future problems. At the present stage, there are 761 public-private partnership projects in the field of education in Kazakhstan [4].

One of the indicators of the effectiveness of PPP projects is the indicator of unemployment reduction. Projects to open new educational institutions, as a rule, create new jobs, which makes it possible to employ willing citizens. To evaluate this indicator, we will carry out the assessment presented in Table 1 using the formula:

$$\frac{\text{Number of jobs created}}{\text{Number of unemployed in the region}} \times 100\%.$$

Table 1

**Reduction of unemployment rate for PPP projects in education, 2021**

<b>Region</b>	<b>Number of jobs created on PPP projects, people</b>	<b>Number of unemployed in the region, th people</b>	<b>Reduction in unemployment rate, %</b>
Astana	2615	28.3	9.24
Almaty	15	53.3	0.03
Shymkent	21	21.6	0.09
Akmola region	35	20.2	0.17
Aktobe region	84	21	0.4
Almaty region	112	49.6	0.23
Atyrau region	1522	16.3	9.34
East Kazakhstan region	803	33.7	2.38
Zhambyl region	188	25.7	0.73
West Kazakhstan region	17	16.4	0.1
Karagandy region	20	30.6	0.06
Kostanay region	66	24	0.27
Kyzylorda region	18	17	0.11
Mangystau region	53	17.3	0.31
Pavlodar region	91	19.2	0.47
North Kazakhstan region	35	14.6	0.24
Turkestan region	82	41.9	0.19
Kazakhstan	5695	450.7	1.26

*Source:* compiled by the author based on Register of PPP projects in the field of education // JSC “Kazakhstan Center for Public-Private Partnership” // URL: <https://kzppp.kz>

According to Table 1, PPP projects in the field of education have a positive effect on reducing unemployment. The national indicator is only 1.26%. Only three regions exceed the mark of 1% — the city of Nursultan, Atyrau region, East Kazakhstan region. The remaining 14 regions show extremely low values.

In addition, the effectiveness should be studied through the application of the matrix method. The matrix consists of four quadrants, each of which clearly shows the position of the regions: 1 — untapped potential, 2 — success, 3 — absolute efficiency, 4 — low efficiency. For an additional study of this problem, let's turn to Figure 1.

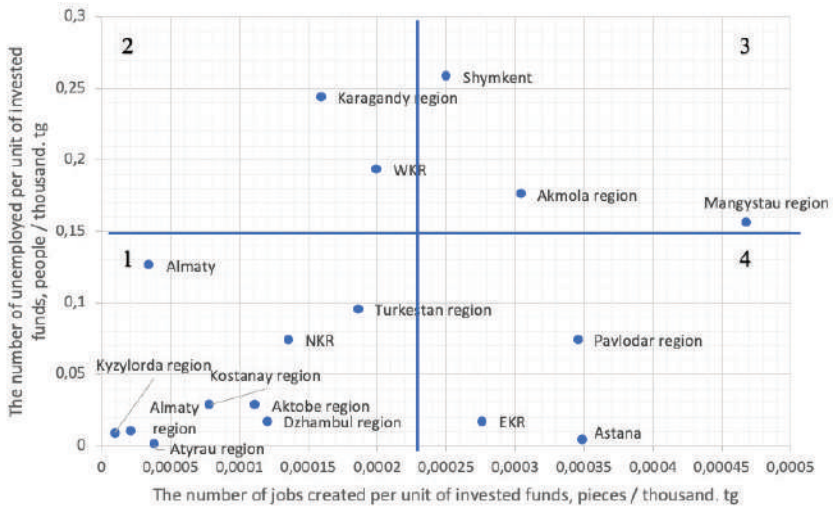


Figure 1. Matrix for analyzing the effectiveness of created jobs

Source: compiled by the author based on Register of PPP projects in the field of education // JSC “Kazakhstan Center for Public-Private Partnership”. URL: <https://kzppp.kz>

In accordance with Figure 1, the positive effectiveness of PPP projects in the field of education from the side of reducing unemployment is confirmed by a matrix analysis, based on which 9 out of 17 regions have untapped potential, which implies the possibility of creating additional jobs with the available volume of investments. Three regions have low efficiency, that is, not enough jobs are created per unit of invested funds. On the other hand, the projects of the Karaganda and West Kazakhstan regions can be attributed to successful, and the projects of the city of Shymkent, Akmola and Mangystau regions are absolutely successful.

Thus, to date, public-private partnership projects in the field of education create a small number of jobs, which is confirmed by positive, but low indicators of unemployment reduction. The problem can be solved by creating new educational facilities, which will entail the creation of new jobs. However, due to the high financial burden, private partners are less interested in the construction of such facilities. Therefore, it is necessary to develop additional mechanisms for attracting the private sector, as well as the development of a model for the rational distribution of the financial burden.

### Improving the effectiveness of PPP educational projects

One of the important tasks is to determine the economically justified distribution of the investment burden between the public and private partners. The field

of education, as a rule, refers to areas with a non-commercial form of activity. Therefore, the state remains more interested in the implementation of these projects. To date, the average cost of one project in the educational sphere is 411 million tenge. However, all projects differ in terms of implementation dates, investment volumes, performance indicators, etc. Therefore, it would be advisable to assess the distribution of the financial burden between the partners.

Investors, as a rule, are interested in projects where the financial burden is distributed among partners. Currently, in Kazakhstan, in the field of education, co-financing of PPP projects is observed only in three regions. A large share of the financial burden falls on private partners, about 70–80%. In addition, it should be added that most of the projects are being implemented without co-financing from the state at all. In these cases, mechanisms for compensation of investment costs, guarantees of consumption of services from the state, etc. are used. Since projects for the construction of kindergartens, schools and other educational projects have a high cost, private investors are forced to attract borrowed capital, which is also a problem, since interest rates reach 20% with long-term lending. Therefore, it is necessary to develop a system of rational distribution of financial burden between partners.

The development of an economically sound distribution of the financial burden between the state and private business is an extremely important task. Projects in the field of education, as a rule, are of a non-commercial nature, therefore the state is more interested in their implementation. Through co-financing mechanisms, the state can increase the attractiveness of the project for private business.

At the present stage, only 17 projects in the field of education have co-financing from the state. The ratio of the shares of the state and the private partner varies within 20%/80% — 30%/70%. At the same time, projects differ in cost, terms of implementation, etc.

According to these projects, a correlation and regression analysis was carried out. The arguments in this case are the cost of the project and the duration of their implementation, and the function is the ratio of the shares of public and private partners [5].

This function in PPP projects in the field of education will take the form:

$$\frac{N_{\text{gov}}}{N_{\text{priv}}} = \frac{0,456 + 5,09K - 0,03T}{0,544 - 5,09K + 0,03T}.$$

More detailed:

$N_{\text{gov}}$  — share of the state partner;

$N_{\text{priv}}$  — the share of a private partner;

$K$  — the cost of the project, million tenge;

$T$  — the project implementation period.

The multiple correlation coefficient is 0.9, which indicates a high correlation of the studied factors. Thus, it can be seen from the function that the share of the state partner increases with the increase in the cost of the project and decreases with the increase in the duration of the project. The share of the private partner, on the contrary, decreases with the growth of the project cost and increases with the growth of the project implementation period. The distribution of partner shares can be clearly traced in Figure 2.

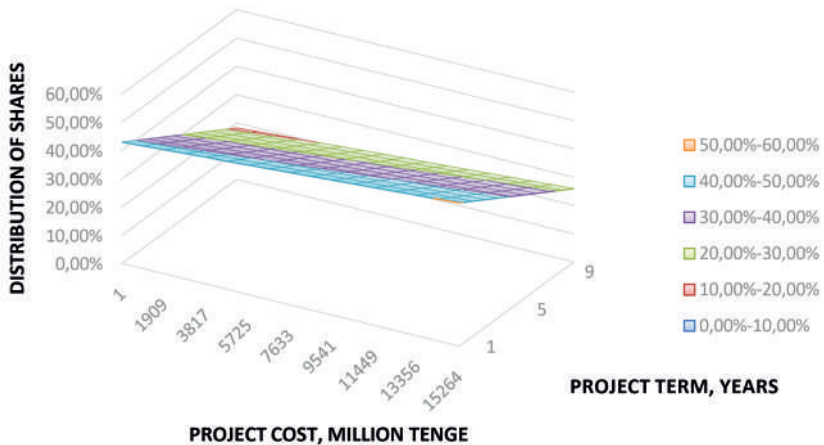


Figure 2. Ratio of the shares of financing private and public partners

Source: compiled by the author based on Register of PPP projects in the field of education // JSC “Kazakhstan Center for Public-Private Partnershi”. URL: <https://kzppp.kz>

In Figure 2, everything below the plane is the share of the state, respectively, everything above refers to the share of the private partner. The higher the cost of the project, the greater the burden on the state. On the other hand, the shorter the implementation period, the lower the share of the private partner.

Thus, deviations from the optimal ratio of fractions range from 1 to 15%. A large share is still retained by the private partner, although according to the constructed model, the burden on private finance is reduced. Co-financing of PPP projects by the state allows to reduce the financial burden on private businesses, which will encourage the latter to invest in projects without compensation from the budget.

## Conclusion

The creation of institutions of interaction between the state and the private sector is one of the most significant tasks in modern realities. Against the background of increasing competition and the tendency to improve the well-being and quality

of life of the population, it is necessary to actively develop a system that uses initiatives from business and economic regulation from the state. The creation of relations based on public-private partnership will provide a perspective for the social, economic and environmental development of the state.

The largest in terms of the number of projects in Kazakhstan is the education sector, which accounts for 761 PPP projects as of the end of 2021.

When studying PPP projects in the field of education, it was revealed that they show low values of reducing unemployment. In addition, there is an irrational distribution of the financial burden during the initial investment in projects.

However, PPP projects in the field of education show high indicators of investment efficiency, which indicates the need to develop measures to attract private partners in projects for the construction of schools and kindergartens. In this regard, a model has been developed for the rational distribution of the financial burden between partners.

Thus, it was revealed that Kazakhstan has a high potential for the development of PPP mechanisms in the country. However, the Republic faces a number of problems on this path.

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## **THE IMPACT OF ARTIFICIAL INTELLIGENCE ON GLOBAL ECONOMY**

**Abstract.** This article investigates the influence of artificial intelligence (AI) on the global economy, highlighting its potential in boosting productivity, employment, industry growth, and international competition. Drawing on the statistics from previous years, the analysis also addresses the risks and challenges associated with AI rapid development. AI is poised to significantly reshape the global economy, with gains in labor productivity potentially reaching 40% by 2035 and AI contributing up to \$15.7 trillion by 2030. The impact on employment remains debated, with predictions of both job displacement and creation. AI most substantial effects are expected in healthcare, finance, agriculture, and manufacturing. However, careful planning and policy implementation are crucial to ensuring a fair distribution of benefits while minimizing potential risks, including social and economic inequalities, and addressing ethical concerns like algorithmic bias, privacy, and surveillance.

**Keywords:** Artificial Intelligence, global economy, productivity growth, employment, social and economic inequality.

### **Introduction**

Artificial intelligence (AI) has been a topic of interest for decades, but recent advancements in computing power, algorithms, and data availability have accelerated its development and deployment in various sectors of the global economy. As AI continues to evolve, its potential to reshape industries, change employment patterns, and boost productivity has become a focal point for researchers, policymakers, and business leaders. This article offers a comprehensive and data-driven overview of the impact of AI on the global economy, highlighting both the opportunities and challenges that lie ahead.

### **AI and Productivity Growth**

AI has the potential to significantly improve productivity across various industries. According to a study by Accenture, AI could boost labor productivity by up to 40% by 2035 by doing so could double the annual economic growth rate in 12 developed countries by 2035, translating to an additional \$8 trillion in gross value added (GVA) in the US alone [8] (Figure 1).

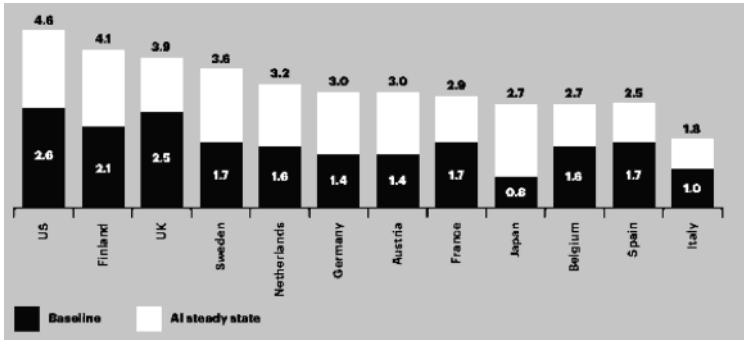


Figure 1. The economic impact of AI on growth rates in 12 countries  
Source: [8].

McKinsey Global Institute estimates that AI could contribute an additional \$13 trillion to global GDP by 2030, which represents a 1.2% increase in annual GDP growth [2]. These productivity gains are expected to be driven by improvements in automation, data analysis, and decision-making processes, as well as the emergence of new AI-driven business models.

AI has the potential to increase economic growth rates by a weighted average of 1.7 percentage points by 2035 across 16 industries [8] (Figure 2).

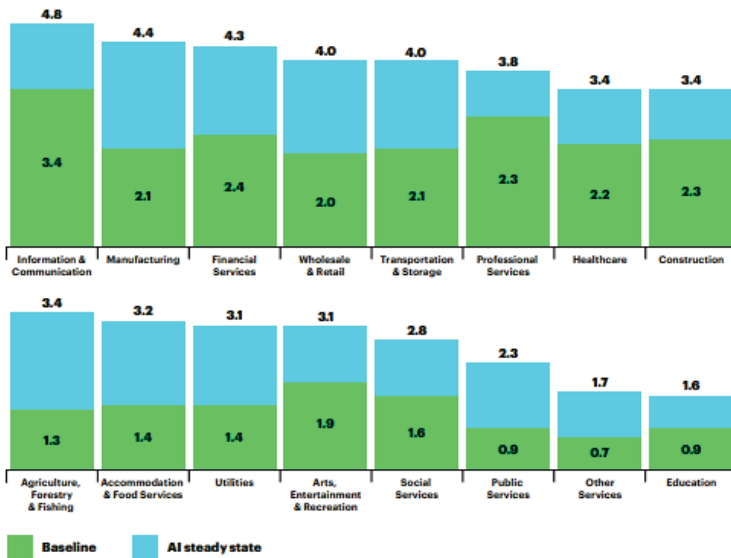


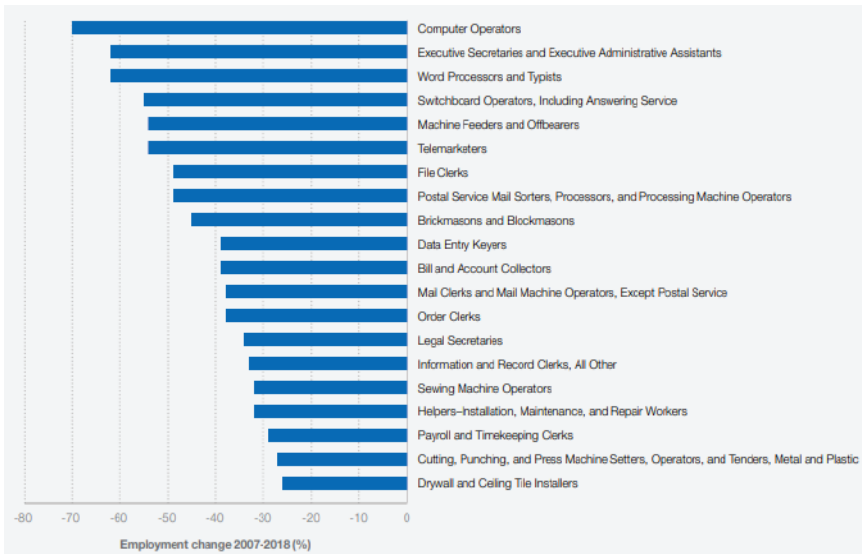
Figure 2. The impact of AI on industry growth  
Source: [8].

For instance, AI-powered predictive maintenance systems can reduce equipment downtime and extend the life of machinery, leading to cost savings and increased efficiency. Additionally, AI algorithms can optimize supply chain management, resulting in reduced waste and more efficient resource allocation. By automating routine tasks and augmenting human decision-making, AI has the potential to free up human workers to focus on more complex, creative, and value-adding tasks, further driving productivity growth.

## Employment Impact

The influence of AI on employment is a widely debated topic. While some studies suggest that AI could displace a significant percentage of the workforce, others argue that AI could create more jobs than it displaces. A report by the World Economic Forum predicts that by 2025, AI and automation could displace 85 million jobs globally but create 97 million new jobs, resulting in a net gain of 12 million jobs and predicts that by 2025, machines will perform 52% of total work tasks, up from 29% in 2018 [10].

However, the transition may not be seamless, as workers will need to acquire new skills and adapt to new working environments (Figure 3).



*Figure 3.* Employment trends for jobs in the United States at high risk of automation, 2007–2018  
*Source:* [10].

According to the report by McKinsey Global Institute estimates that AI could generate between 20 and 50 million jobs globally by 2030. In Russia, the Ministry of Economic Development suggests that AI could create 2 million new jobs by 2025.

### Industry Growth and International Competition

By 2035, artificial intelligence is expected to drive growth in a variety of industries, with the most significant impact expected in healthcare, finance, agriculture and manufacturing, where significant benefits are expected. In healthcare, AI-driven diagnostic tools and personalized medicine could lead to more accurate diagnoses and improved patient outcomes. In finance, AI-powered fraud detection and risk assessment systems can enhance security and streamline decision-making processes.

Agriculture stands to benefit from AI-driven precision farming techniques, which can optimize resource allocation and reduce waste, leading to increased crop yields and more sustainable farming practices. In manufacturing, AI-powered robots can work alongside human workers to improve efficiency and reduce the likelihood of accidents (Figure 4).

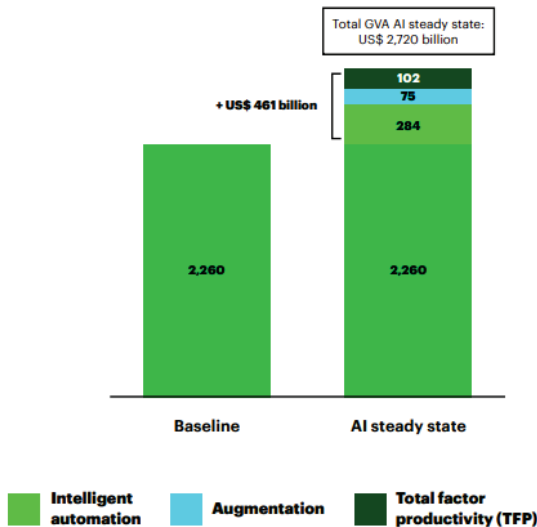


Figure 4. Healthcare GVA in 2035 (US\$ billion)

Source: [8].

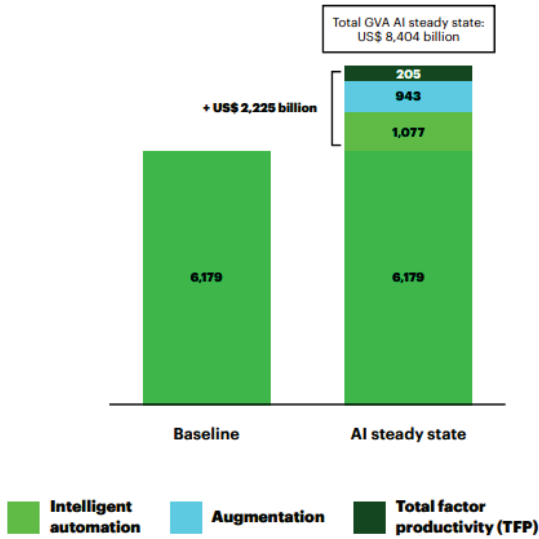


Figure 5. Wholesale and Retail GVA in 2035 (US\$ billion)  
 Source: [8].

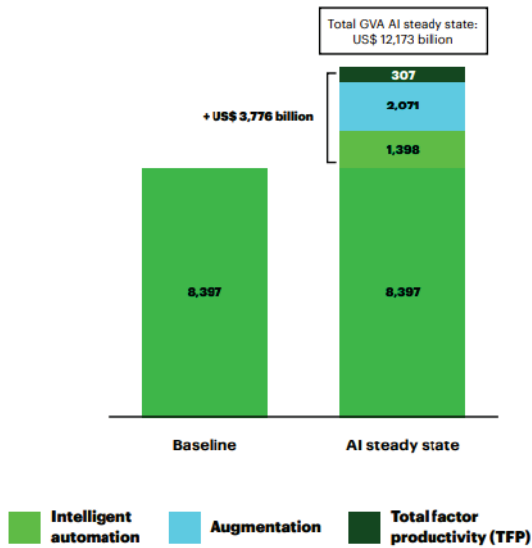


Figure 6. Manufacturing GVA in 2035 (US\$ billion)  
 Source: [8].

As AI continues to advance, new industries centered around AI technologies are also expected to emerge, driving further growth and innovation in the global economy. Furthermore, AI has the potential to reshape international competition. For instance, the US and China are currently engaged in a race for AI supremacy, with each nation investing heavily in research, development, and infrastructure to support AI-driven innovations.

## **Risks and Challenges**

Despite the myriad benefits of AI, there are also significant risks and challenges associated with its rapid development. One of the primary concerns is the potential for AI-driven automation to exacerbate existing social and economic inequalities, as workers in low-skilled jobs are more likely to be displaced by automation. To address this challenge, governments and organizations must invest in social safety nets, education, and training programs to ensure that displaced workers can find new employment opportunities.

Another major concern is the ethical implications of AI, with issues such as algorithmic bias, privacy, and surveillance raising important questions about the responsible deployment of AI technologies. Developing ethical guidelines and regulatory frameworks for AI will be crucial to ensuring that the technology is used in a manner that respects human rights.

## **The Future of AI and Global Economy**

AI is expected to have a significant impact on the global economy in the coming years. According to PricewaterhouseCoopers (PwC), AI could contribute up to \$15.7 trillion to the global economy by 2030, an increase of 14% from current levels, with \$6.6 trillion coming from increased productivity and \$9.1 trillion from consumption-side effects [9].

According to a report by PriceWaterhouseCoopers, the capital-intensive nature of manufacturing and construction industries implies that the integration of artificial intelligence (AI) applications has the potential to boost their respective contributions to gross domestic product (GDP) growth by over 10% by the year 2030 [3].

In Russia, the government has set an ambitious goal of becoming one of the top three global AI leaders by 2030 (Government of Russia, 2019). To achieve this, the country plans to invest in AI research, development, and infrastructure.

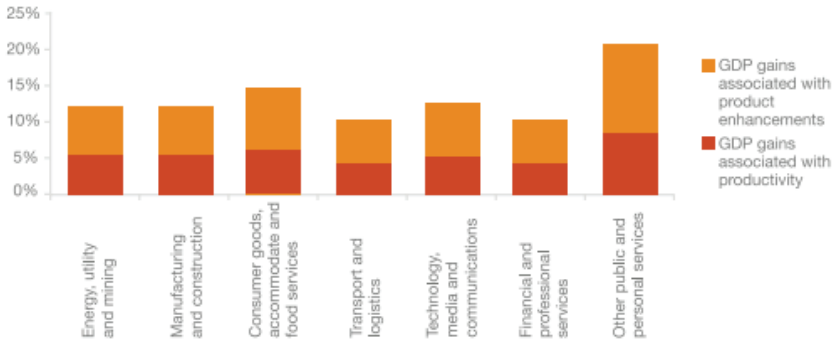


Figure 7. GDP gains in 2030 resulting from AI by industry sector (% of GDP)  
Source: [3].

## Conclusion

Artificial intelligence is expected to have a significant and transformative impact on the global economy in the coming decades. While AI-driven automation may displace many jobs, particularly low-skilled jobs, AI also has the potential to boost economic growth, increase productivity, and create new types of jobs. However, the benefits of AI will not be realized automatically. Governments, organizations, and individuals must plan and prepare for how AI will reshape industries and work. With proper management and oversight, AI can be developed and applied responsibly and for the benefit of humanity. Overall, AI represents both an opportunity and a challenge that requires coordinated action across sectors to ensure shared prosperity in the new AI-powered economy.

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## **DISRUPTED LOGISTICS CHAINS AND BRAND HUNGER**

**Abstract.** This study aims to identify the ways to supply Russian consumers with branded items with a minimum added value. To date, goods of certain European and American brands are unavailable to Russian consumers either through direct purchase or via orders on eBay, Amazon, Asos, iHerb and other marketplaces. This significantly diminishes their supply on Russia's market, despite the fact that demand is not showing any signs of abating. The study proposes and analyses a novel solution which is to launch an online aggregator platform offering the entire range of foreign goods with a coverage area of the entire Russian Federation. When choosing a particular product, the consumer will see its quality characteristics, price in rubles, and all possible delivery modes indicating the cost and duration of each. The study also considers the pickup options and functionality of the platform.

**Keywords:** logistics, supply chains, added value, import substitution, marketplace, aggregator platform, buyers.

The purpose of this paper is to study the organization of logistics activities of companies and identify solutions for the development of logistics in the territory of the Russian Federation. To achieve this goal, it is necessary to solve a number of tasks: to study the existing logistics routes and network structures; to consider the order of transport services, terms and costs for the end user; to analyze the features of modern organization and solutions for the development of logistics activities in the territory of the Russian Federation.

The object of the study is the Russian Federation, the subject of the study is logistics activities in conditions of sanctions isolation. During the research were used the following methods: synthesis and analysis; comparison; generalization.

The study examines the current logistical conditions and the existing ways to increase the supply of branded items on the Russian market. The study also reveals the most relevant solution for the current situation.

Having ordered a new pair of Nike sneakers in February 2022, the Russian consumer could not imagine how this story would spin. And the story spun as follows: in the first days of March 2022 Russian Nike customers who left orders on the company's website received emails: "The order will not be delivered,

we will make a refund. We apologize”. This was one of the stages of the beginning of the destruction of the established Russian-European supply chains.

To date, Russian users cannot purchase goods from a number of European and American brands, nor can they place an order on such marketplaces as eBay, Amazon, Asos, iHerb and others. This significantly narrows the supply of branded items on the Russian market, despite the fact that the demand for them does not decrease and even increases due to the consumers’ desire to receive goods that have become inaccessible to them.

Since May 6, 2022, parallel imports have been officially allowed in Russia. This allowed to slightly increase the volume of supply of some branded products, but it was not a solution to the problem, since resellers represent only basic models, and those with a margin of +35–70% to the price of the official seller [Logistics and supply chain management: textbook for universities; Shcherbakov, 2023, p. 7].

Therefore, due to the inability to make direct deliveries, Russian resellers import branded products mainly through their intermediaries in Turkey and the UAE [Golubchik, 2022]. It is also possible to import through Kazakhstan (despite the rumors), Azerbaijan and Armenia, but these methods are absolutely unprofitable and represent +100% to the price of the official seller [Golubchik, 2022].

What are the possible ways out of this situation?

To date, there are several possible options to increase the supply on the Russian market [Savinov, 2022]:

1. Delivery from Belarus and the EAEU countries that are not under Western sanctions;
2. Delivery from UAE and Turkey;
3. Delivery from Europe and America via buyers;
4. Purchase of brands in the CDEK app;
5. Luxury copies from China;
6. Analogues of Russian brands;
7. Recently opened on the territory of the Russian Federation Maag (Zara), Vilet (Stradivarius), Ecu (Bershka), Dub (Pull & Bear);
8. Resellers (Street Beat, Sportmaster, Sneakerhead);
9. Custom sellers on marketplaces.

Let’s take a closer look at each of the options presented above.

Delivery from Belarus and the EAEU countries that are not under sanctions imposed by the West is a promising option, but it has its own nuances [Keller, 2022]. First of all, it is worth noting that if we are talking about private purchases, it is possible to combine shopping with tourism, which, in terms of the cost of each bought item, will be profitable (added value will be about 10%). But, if we are talking about wholesale supplies and, accordingly, transportation across the border, the question arises with customs duties. So, for example, the wholesale

import of goods from Kazakhstan will result in +100% of the premium value to the price of each of the imported goods. In summary, this option is not applicable to wholesale deliveries, but it will be beneficial for consumers traveling to these countries on vacation [Keller, 2022].

Delivery from the UAE and Turkey in this time period is the most common [Laptev, 2022]. This is due to the fact that the trade margin of expensive equipment on the market in the United Arab Emirates is much lower than the margin for similar products in Asia and Eastern Europe; also, as it is known, Turkey is famous for its textiles. In addition, these countries have not imposed restrictions on exports to the Russian Federation [Golubchik, 2022]. Based on the totality of these factors, these countries are indeed attractive for organizing logistics related to the supply of brands to the Russian Federation through them. However, goods imported from the UAE and Turkey still have a high premium value — about 80%.

Along with delivery from the EAEU countries and Asia, Russian consumers have the option of purchasing products of European and American brands directly from European countries and from the USA. This option is connected with the search for a buyer (in the USSR and the 90s, such people were called “shuttles”), who delivers from these countries. This option has a lot of risks, since the entire logistics process is tied to one person. Unscrupulous buyers can deliver a copy from China to the consumer (which is visually almost impossible to distinguish from the original) or disappear altogether: since interaction usually takes place via the Internet or social media, there is a high probability of encountering fraudsters. Moreover, the mark-up on the product also depends directly on the particular buyer.

The purchase of goods through CDEK is invariably associated with huge delivery times (even the Russian Post cannot be compared with CDEK — the delivery time from Europe and the USA usually is more than 3 months). In addition, the range of branded products presented on CDEK is scarce, and the margin is even higher than in resellers represented on the Russian market (about 65%). Moreover, based on the reviews left by consumers, CDEK often loses parcels from Europe and the USA, and delivery times vary from 3 to 6 months or more.

Another option available to the Russian consumer is the purchase of luxury copies in China (on AliExpress, Taobao sites and via the WeChat messenger) [Golubchik, 2022]. Copies are in no way inferior to the originals — both in composition and execution. The main difficulty lies in registering in applications and making payments. However, to get goods from Chinese marketplaces, consumers can also use the services of a buyer or blogger who makes joint purchases. The cost of luxury copies is significantly 2–3 times lower than the cost of original items. However, when purchasing luxury copies from China, again, there is a question of time (it takes about a month

for delivery), trust in buyers or bloggers and willingness to wear obviously not an original thing.

Moreover, domestic brands are a tool for expanding the assortment on the Russian market. The quality of the collections, the materials used for production and the cost vary, but it is important to note that a lot of domestic brands have appeared over the year that can seriously compete with Western brands. These options are attractive due to a well-formed trend for everything domestic, unique themes of collections (for example, the St. Petersburg Shield brand presents collections in collaboration with the TV studio STK, which created “Brat”, “Jmurki” and other masterpieces, and with the Zenit football club). Moreover, logistics deadlines are much lower: in 80% of cases, customers receive their orders within one week.

With regard to resellers and local sellers on marketplaces, they certainly expand the offer of the Russian market, provide a short delivery time (within 1–4 days) and provide a convenient return, but the assortment is meager, and the quality of goods is about the “satisfactory” mark. But consumers will not have to wait and it will be convenient to make a payment transaction. However, when it comes to resellers, the premium cost, again, will be about 100–120%.

The proposed solution to the problem is the following. Russian IT capabilities and the experience of UX/UI designers allow us to create a new aggregator platform that:

- 1) It will represent products of various brands with various forms of delivery, that is, it will combine all the above-listed product options (with the exception of CDEK, resellers and sellers from marketplaces due to the already existing high margin, poor assortment and questionable product quality);
- 2) Will take over the issue of making payment transactions. This is important because, as a rule, the stop factor of making a purchase is the inability to make a transfer to foreign accounts;
- 3) Protect consumers from unscrupulous buyers and bloggers: all intermediaries will be employees of the platform team, and all transactions and transfers will be legally backed up;
- 4) Will give consumers the opportunity to constantly monitor where and in what status is his purchase — will eliminate the possibility of loss of goods.

Thus, the proposed product will protect the consumer, allow him to save his money and time, and also increase the possibility of choice. The consumer will be able to filter products by type, material, manufacturer brand and country of delivery. The payment will be made in the application with the use of SBOL. After the transaction is completed, the client will be provided with a receipt for the transaction, with which, if necessary, he will be able to make a refund. Goods sent for return will be displayed in a special section of the platform — here consumers will be able to purchase them at a lower price and much faster — this

option will help the platform reduce costs, and consumers will get the desired product faster and cheaper.

Thus, summarizing all of the above, we can conclude that the offer of brands to Russian customers is quite wide. The issue is the low awareness of consumers about all existing options for purchasing goods and the lack of a single aggregator that combines all the ways to supply the Russian market with brands. The proposed aggregator platform will reduce the cost of purchasing goods and get the desired products quickly and transparently.

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## **PMBOK 7 — THE ESSENCE AND CONTENT OF THE NEW PROJECT MANAGEMENT MANUAL**

**Abstract.** Old-fashioned and traditional methods of management can make it quite difficult for people to meet new challenges in administration of projects. The world is changing and all rules & principles of project management are changing too, so new updates to its materials must be constantly done. PMBoK 7 (The Project Management Body of Knowledge) is a document that contains standard terminology, best practices and process guidelines in project management. The purpose of renewing the previous edition of PMBoK is to make people have updated knowledge. It offers useful lists of common models, methods, and artefacts available to project managers, with a brief description of each. PMBoK 7 also maps business people onto the project performance domains where the authors suggest ideas that may be most useful at present. The data and statistics are introduced there as a comparison to show how quickly principles and strategies of management may change.

**Keywords:** PMBoK7, project management, seventh edition, PMI, leadership.

### **Introduction. Traditional and new methods of management**

Traditional methods of management base around three fundamental assumptions:

- An organisation needs a top-down approach — which means that company-wide decisions are made only by leadership at the top — to set the strategy and objective of the company.
- The main goal of any manager is to control what is has been already done and provide the corresponding measures and actions to stimulate better performance of their organization.
- Money stimulates people most of all.

The traditional and sequential project phases are the following: requirements, initiation, plan and design, implementation, monitor and control, closure. The upsides of using the old way of management are that it provides total control, sole source of accountability, proper documentation, and clear direction.

Certainly, the traditional approach does not go away completely with time — on the other hand — it only expands. The revolution in management methods comes with the new principles stated in the new project management manual (“PMBOK7”) issued in 2021. This is a fundamental resource for effective project management in any industry. Over the years, business has changed

considerably, but well-completed projects still determine most of the success of an organization. It is a good practice for most projects most of the time. PMBOK is a guidebook for managers that describes the main things they need to know in practice — it gives the opportunity to tailor and to select right options for any type of individual projects. Considering the changes that have taken place in the world of governance in about five years, the trajectory of the project discipline is getting clear [3] (Figure 1).

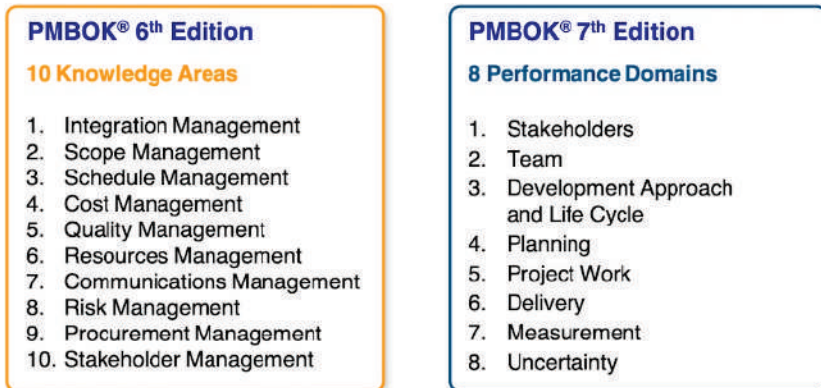


Figure 1. The comparison of the PMBOK

PMBOK7 establishes common terminology and sets the structure of actions in the company [5]. For example, it shows that we should focus on project outcomes in addition to its deliverables, as it expands the number of available tools for different methods. It is important that each project should be approached individually. In fact, one of the most important approaches in PMBOK is Agile that is about incremental and iterative steps to completing projects. Its proclamation sounds as follows: people and their interaction are more important than processes and tools, a working product is valued more than documentation, cooperation with the customer is more important than the terms of the contract, willingness for changes is more important than the initial plan. Actually, PMBOK7 has changed “processes” to “domains”, that means that the action steps are following each other without sequence. The authors say that these concepts cannot be described unambiguously (after all, both measurable and non-measurable criteria are used in practice), but you need to know that they should be in the team's attention zone [2].

The 12 emphasized principles of management are [1]:

- Be a diligent, respectful, and caring steward.
- Create a collaborative project team environment.
- Effectively engage with stakeholders.
- Focus on value.

- Recognize, evaluate, and respond to system interactions.
- Demonstrate leadership behaviours.
- Tailor based on context.
- Build quality into processes and deliverables.
- Navigate complexity.
- Optimize risk responses.
- Embrace adaptability and resiliency.
- Enable change to achieve the envisioned future state.

## Conclusion

Despite the fact that the project management is a rather new course in Russian companies, it is getting more and more popular, gradually going over the experience from foreign organizations. Such tools as “Asana”, “Trello”, “Smartsheet”, “Plaky” are very helpful and represent the best solution for organizing work and setting goals for faster achievement as well as using software that streamlines the entire project management process. At a conceptual level, the seventh edition is an update in the newest way the project management discipline represents itself.

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## **RUSSIA'S ROLE IN THE BRICS UNDER THE SANCTIONS POLICY**

**Abstract.** The study analyzes the role of Russia in the development of trade and economic relations between the BRICS countries under the conditions of sanctions policy. The author examines the importance of BRICS in the world market, as well as the impact of sanctions against Russia on the development of international cooperation within the framework of the association. The results of the analysis demonstrate that sanctions policy has had a positive impact on improving relations, as Russia's importance in mutual trade and the development of the national economies of the BRICS countries has increased.

**Keywords:** BRICS, economic sanctions, trade and economic relations, exports and imports.

The Russian economy in 2022 faced new economic challenges due to unprecedented sanctions imposed by several foreign countries. In the current situation, Russia needs to build trade and economic relations with new states, as well as strengthen existing integrations with friendly countries. For this purpose, the Ministry of Economic Development has identified the development of multilateral international economic cooperation, including the BRICS countries, as the most important direction of foreign economic activity of the Russian Federation.

BRICS is an interstate association of five countries from different continents, which includes Brazil, Russia, India, China and South Africa [4]. According to the BRICS economic partnership strategy, the main goal of the association is to promote security and development in a globalized world by strengthening the multilateral trading system, partnership in the digital economy, maintaining the smooth operation of supply chains, promoting a sustainable economy and addressing climate-related issues [2].

The importance of the BRICS union is determined by the fact that the participating countries account for about 27% of the world's land surface, 43% of the world's population and 26% of world GDP [5].

The increase in the influence of the association on the world stage directly depends on the level of developing foreign trade cooperation of the participating countries, which allows them to use their production and scientific and technical potential for the dynamic development of national economies.

According to the World Bank, the volume of exports of the BRICS countries at the end of 2021 amounted to 4.6 trillion dollars (about 20.7% of total world exports), and imports — 3.9 trillion dollars (about 17% of total world imports). In 2021, according to UN Comtrade data (Table 1), Brazil (34% — exports and 29% — imports), Russia (19.3% — exports, 27.3% — imports) and South Africa (15.3% — exports, 28.4% — imports) had the largest share of mutual trade within the association [10].

Table 1

**Matrix of foreign trade between the BRICS countries for 2021, bln \$<sup>1</sup>**

Export							
From / To	World	Brazil	Russia	India	China	South Africa	Inside the BRICS, %
Brazil	280.81	-	1.59	4.80	87.91	1.19	34,0
Russia	432.31	5.26	-	9.13	68.68	0.34	19,3
India	394.81	6.26	3.34	-	23.04	5.10	9,6
China	3362.30	53.61	67.55	97.51	-	21.12	7,1
South Africa	121.32	0.47	0.41	4.16	13.57	-	15,3
Import							
To / From	World	Brazil	Russia	India	China	South Africa	Inside the BRICS, %
Brazil	234.69	-	6.23	7.23	53.46	1.03	29,0
Russia	293.50	2.22	-	4.43	72.70	0.80	27,3
India	570.40	4.93	8.70	-	87.53	11.07	19,7
China	2684.36	109.88	78.97	28.14	-	32.97	9,3
South Africa	93.44	1.30	0.62	5.35	19.23	-	28,4

It was the growth of China's trade with other countries of the association in 2021 that influenced the growth of foreign trade cooperation within the framework of BRICS. Unfortunately, the volume of trade between the other four states is insignificant, which is explained by the lack of bilateral agreements, which hinder the further development of trade and economic cooperation between the BRICS states. Thus, Russia must interact with China through the Shanghai Cooperation Organization (SCO), Brazil and India — through MERCOSUR [4]. Despite this problem, there is an advantage of economic cooperation between the BRICS member countries, based on a dissimilar export structure, which

<sup>1</sup> Compiled by the author according to: [7]

gives them complementarity, thereby forming the basis of mutually beneficial bilateral trade.

In the association, Brazil dominates in the export of mineral fuels and oilseeds, Russia — in the export of fertilizers, cast iron, steel and mineral fuels, India — in the export of pharmaceuticals and software, China — in the export of industrial goods, electrical equipment, furniture products and textiles, and South Africa — in export of natural resources, fuel and precious stones [1].

A critical factor determining the importance of BRICS for each member of the association is the transformation of the world economy in connection with the geopolitical situation. Let's consider the changes in the volume of trade of the BRICS countries with Russia, since it was the introduction of sanctions against the Russian Federation that had an impact on the development of foreign economic relations within the framework of the BRICS.

Analyzing the volume of trade between Russia and the members of the Union in 2021, it is worth noting that China occupied the largest share in the total volume of exports and imports of Russia among the BRICS member countries: imports from China to Russia accounted for 23% of total imports (for goods of the categories «electrical equipment», «machinery» and «vehicles» amounted to more than 53% of the commodity turnover between the countries), exports from Russia to China accounted for 14% of Russia's total exports (the volume of exports of «mineral fuel» goods amounted to 70%) [9].

Russia's main exports to other BRICS countries are the commodity categories «mineral fuel» (30% of total exports to India), «fertilizers» (76% of total exports to Brazil) and «cereals» (32% of total exports to South Africa) [9]. In turn, Russia imported from India such categories of goods as «electrical equipment» (17%), «pharmaceutical products» (16%) and «machinery and equipment» (10%); Brazil «meat and offal» (23%) and «oilseeds» (22%); South Africa «fruits and nuts» (26%), «ores, slag and ash» (22%) and «vehicles» (13%) [9].

To date, Russia's partner countries within the framework of the BRICS are helping to minimize the effect of Western sanctions by increasing trade turnover with Russia. In 2022, there were significant changes in trade cooperation, especially with China and India. Basically, the countries are increasing the volume of imports of Russian goods, in particular mineral fuels. According to statistics from the General Customs Administration of China, by the end of 2022, Russia increased mineral fuel exports to China by 74.4% due to selling oil at a discount [6]. Subsequently, Chinese imports from Russia increased by 43.4%.

According to Nikkei Asia data, India increased imports of Russian goods and raw materials by 400%, because of which the Russian Federation became the fourth supplier for India after China, the UAE and the USA [3].

Thus, against the background of Western sanctions, cooperation within the framework of BRICS can become even stronger and develop at a faster pace. Due to the growing trend of mutual foreign trade turnover, the project

of creating reliable alternative mechanisms for international settlements turns relevant.

First, it is planned to develop the BRICS Pay payment system. Currently, Russia is already implementing projects to switch to settlements in national currencies with India and China, and an alternative SWIFT payment system has been launched with the latter. Brazil and the Russian Federation have previously tried to switch to settlements in rubles and reals in bilateral trade, but the instability of the exchange rates of the two currencies since the second half of the 2010s has slowed down the progress of this project [11]. Secondly, Russia and its partners are working together to create an international reserve currency based on the basket of currencies of the BRICS countries (Brazilian real, Russian ruble, Indian rupee, Chinese yuan and South African rand), which in future may become an alternative to the dollar in international settlements [2].

It is also worth noting that Russia's increasing role in international trade with the BRICS countries will allow Russia to expand the geography of the use of the «MIR» payment system, as the authorities of India and Russia are already discussing the introduction of the «MIR» payment system in India, and the Indian RuPay system in Russia [2].

In conclusion, I would like to note that Russia plays an important role in the development of trade and economic relations between the BRICS countries. According to our analysis, the sanctions policy has had a positive impact on improving relations, as Russia's importance in mutual trade and the development of the national economies of the BRICS countries has increased. This trend is due to the growth of the BRICS countries' foreign trade turnover with Russia, which is why the countries have started working on a project to create their own BRICS Pay payment system and a single international currency to simplify their mutual trade. Thus, these changes will improve the economic situation on the world market not only for Russia, but also for each BRICS member country.

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## MOVING HORIZONS TO THE EAST

**Abstract.** The global division of labour is changing rapidly nowadays. China, India and a number of other developing countries have increased their presence on the world economy arena during the last couple of decades. While some members of international community, including Russia, are searching for new partnerships to prevent falling behind developing regions, the “Old World” is facing the threat to take not the leading but catching up positions in global economy nowadays. The same future is possible for the USA too. All these trends may result in global tension when major groups of countries will fight for the right to determine the future of the humankind. That’s why the main idea for all governments is to find peaceful solution to the current situation, otherwise, the humanity risks to suffer a tremendous crisis in the nearest future.

**Keywords:** global economy, developing countries, world tension, economic trends, partnerships.

The traditional economic landscape is changing these days [5]. Countries from Asian region — starting with Japan in the early post-Second-World-War period, alongside with so-called four “Asian tigers” in the 1960-s, China and India recently — are becoming more economically and politically noticeable, while the roles of other parts of the Earth are weakening [8].

The reasons for such tendency can be different. Some scientists are strongly convinced that economic growth is connected with traditional demographic pattern of Asian cultures. They suppose that the more people the country has the more jobs its government can offer them. It’s fair enough because most of presented jobs require almost no skill to fulfil them. Nonetheless, such scheme of production is very cheap for companies and the amount of produced goods can easily close the gaps of its low quality [6]. Other people tend to think that it was more political issue that gave all mentioned countries such leap in the development. It makes sense because authoritarian regimes were quite spread in Asia in the second part of the 20th century. Their main benefit is that such style of government can give results in short terms (usually during the lifespan of the leader). That’s why, for example, the economy of Singapore built itself in approximately 30 years due to smart management of Lee Kuan Yew, the first Prime Minister of this country [2; 3]. There are many other versions why Asia

has become the most prospective economic region by now, while other parts of the world are slowly stepping behind.

To date Asia's potential is growing even more. First, this region contains almost 60% of the world population that provides significant human resources of various quality [4]. Second, Asia has gross national product (GNP) of about 41.3 trillion dollars and takes the first place in the world by this indicator, producing almost 40% of world GNP. Third, Asian region has mixed geographical and climate zones with continental climate in the middle and mild oceanic climate on its east shores. This allows many countries combine agricultural and industrial production. According to the statistics, Asian countries have produced more than 50% of world wheat output since the start of 21<sup>st</sup> century [1]. Therefore, we can see that even now, Asia has leading roles in producing almost all types of goods for international trading and this tendency will only grow in future.

The world is constantly changing and everybody should decide how to react to its changes. Some countries that used to be industrial leaders in the past are not willing to lose their positions in global economy in present. The old European industrial players like Germany, France and the UK are trying to respond to this tendency by increasing their own production, but this is a losing strategy. Europe has much less resources of any kind to compete with China or India today. The USA has a bit better position in this case. Although most part of American production forces have been continuously moved away from national borders for some decades, now the USA government tend to move them back to have real production power on their ground. Alongside with this process the United States use sanctions widely to weaken their competitors all over the world. On the other hand, Russia and some other countries chose their unique policy towards Asian region [7]. They decided to be partners but not rivals with it, because this partnership can benefit both sides keeping good diplomatic relations between its members. Overall, with time we will see what consequences such political games may lead to.

So, with all the above things considered, the obvious conclusion to be drawn is that nowadays the world is rapidly changing in all spheres. The growing potential of Asian region cannot be denied and to be successful on international arena every country should decide how to react to this fact. Moreover, the way of doing it should be closer to peaceful solution rather than to aggressive measures. Finally, every member of international community is interested in the development of humankind and not the global crisis that will threaten us all.

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