

ИНСТИТУТ ЗА ИКОНОМИЧЕСКИ ИЗСЛЕДВАНИЯ ПРИ БАН

ИКОНОМИЧЕСКИ ИЗСЛЕДВАНИЯ

ECONOMIC STUDIES

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THE MOVEMENT OF UKRAINE TO BUSINESS

LOCAL IMPACT OF REFUGEE CRISIS ON GREEK TOURISM INDUSTRY



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THE PERCEPTION MOVEMENT ECONOMY OF UKRAINE TO BUSINESS

The article provides the analysis of the entrance into the innovative activity and organized regulation of interaction which is based on the scientific and technological changes, concentration of production and the feasibility study of administrative decisions, which are dominated by a conglomerate of technical, technological and engineering management decisions. The research formulates the provisions for the productive use of business as the form of economic relations which is based on the entrepreneur function. These provisions are formulated basing on the conditions of efficient division of labor and cooperation. The research singles out a number of systemic positions which allow perceiving logically and distinguishing the production, service and business, to distribute human activities between the groups of occupations and types of service activities. Among these systemic provisions the most efficient is a modeling approach which, when the society enters more complex social and economic stage, transfers the science from the environment of operations with the bulk characteristics into the environment of the analysis of specific sets of coefficients. The logistics of Ukraine's joining the process of business is associated with the position of the recognition of the primacy of the physical abilities of the person, which should be developed in part in the system of public security and partly in the business environment, commercialization and private capital. Person enters the business environment and habitat as an initiative individual. These indicators are the following: «connections» between the old and the new, between the objects which exist and those which only start to appear and will exist in future; «sources» of development, movement, changes; «mechanism» of development, ways of changing from old to new quality; «direction» of development; «style» of thinking, understanding reality; «essence» of true knowledge; «essence itself» of cognition; «alternativeness» of metaphysics and dialectics.

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Business (a person's regular occupation, profession, or trade; an activity that someone is engaged in; the practice of making one's living by engaging in commerce), or entrepreneurship is defined as activities aimed at making a profit; any kind of income-generating activities. (Soviet, 1988). Business is a form of economic relations in the state, institutional collaboration and exchange activities in the unstable environment of providing means for living. Such understanding of business is also supported by modern researches (Augier & Teece, 2008; Keller & Richey, 2006; Porter & Rivkin, 2012). To have the characteristic parameters of this form of relationship it is required to conduct a study of the essence of social production and conditions of human development activities. When we study the environment of social production we consider as logically justified the scheme «Business and industrial conditions of its strengthening in economy», and when we study the development of human activities we can make use of the scheme «Social environment and the conditions of choice». The informative method of research is the historical approach for evaluating the changes that are inherent in economic formations, in the social and economic structures and stages of the cyclical development of industrial production.

Since the 1980s Ukraine received the ideological permission to conduct business and entrepreneurship in its territory. As a result of more than 20 years of economic development we can see that small businesses have successfully consolidated in Ukraine, medium businesses work without much success, and big businesses operate with large amplitudes and differences. This thought can be proved by the following researches (Zhalilo, Kononenko & Yablonsky, 2014; Stepanov & Voloshin, 2013).

Business in Ukraine as a form of economic relations initially started its development on the legislative basis and in the conditions of administratively regulated economic system of the USSR in which the economy of Ukraine existed in the period 1985-1991 as an integral part. Business had the limited resource of the regulated and controlled socialist entrepreneurship (Alexandrova, 1991; Gnidenko, 1991). Apologists of regulated economy (Abalkin, 1987; Bunich, 1980) under the pressure of scientific evidence at that moment (Vlasov, 1990; Gnidenko, 1991) were forced to yield to the pressure of progressive-minded scientists (Kovalchuk, 1981; Lemeshevsky, 1986); they had to recognize the objectivity of business functions and actions and to add the productive force of business to the number of productive factors (in addition to «land», «capital» and «labor»), which fact had been recognized for decades by the capitalist economic structure (Clarke, 2000; Marshall, 2012; Fisher, Dornbusch & Schmalensee, 1995). The economy of Ukraine at that period according to experts' assessments (Cramon-Taubadel, Zorya & Striwe, 2001, p. 35) belonged to the category of closed ones and because of the ideological reasons did not give adequate and proper space for the development of such initiative relations as business and entrepreneurship are in the whole world. All successful enterprises in that sphere were joint ventures (Britchenko, 2000; Miklovda, Britchenko, Kubiniy & Didovich, 2014; Teece, Peteraf, & Leih, 2016) which provided the entrance of private capital into the territory of Ukraine.

Since 1991, after the collapse of the Soviet economy, Ukraine appeared in the unstable conditions of the transition economy of a sovereign state, which worked in accordance with the formula «What is not forbidden is allowed». Since that moment the economy of Ukraine started quality changes and «became a small open economy which means that it

became a state which did not have influence on world prices »...», but at the same time the state which «freely exports and imports goods, services and capital» (Cramon-Taubadel, Zorya & Striewe, p. 35). That opened up opportunities for full affirmation of business in Ukraine and allowed to enjoy the world scientific experience, to get closer to the classic version of the business organization in the state, to formulate a scientific basis for the development and its trajectory.

The purpose of this research is to analyze the provisions of the full systematic movement of the Ukrainian economy to the civilized development and consolidation of business in the state.

There are some variants of the entrance of the Ukrainian economy into business relations. To understand them, we have to consider the five academic periods in which the scientific evidence was accumulated for the analysis; scientific and methodological premises for the recognition of properties of entrepreneurial labor force were created and approved in different societies; this entrepreneurial labor force currently occupies a place as an independent factor of the productive forces of society which is called «entrepreneurship». These periods are the following:

A. Pre-capitalist period of perception of weakly expressed properties of the initiative human activities in the field of handicraft, patriarchal and manufactory production. The economic theory of A. Smith (Smith, 2007) formulated the first element of entrepreneurship. According to his statement the function of human self-sufficiency includes self-regulation function to which an attention should be paid for the reason that in the nature there is a certain mechanism to mobilize its potential. This mechanism remains invisible and intangible for the environment, but in certain situations a person guided by self-interest and self-interest «is led to the target by invisible hand» (Smith, 2007) to have the maximum possible profit. *The task and recommendation:* to use personal capital of skillfulness and own employee's ability to work with the intention of obtaining an indispensable application of this ability and the highest value for it. *The formula of motion* of the owner of capital: the result of the production includes only one step in the scheme:

Skillfulness of a worker – Money, (1)

It means that this formula registers a development motion where a finished work is substituted with the maximum cost. Business is characterized with prevailing of big private capital.

B. The monopolistic period of the use of labor with its creative mechanisms of productive capacity. The materialistic perception of reality connected workforce with technology related jobs which varied in the complexity of the operations, activities and functions. With the help of division of employees between the groups of simple and complex labor K. Marx (Marx & Engels, 1978), basing on the theory of labor division, formulated the theory of an individual becoming a productive force, provided that the latter has a productive capacity that can be used in product manufacturing technologies. *The task and recommendation:* to use the personal ability of the body, his muscles and biological energy to ensure the profit of the capital owner. *The formula of motion* was also

developed by K. Marx (Marx & Engels, 1978): the result of the capital turnover is represented in the transitional stages of the transformation of money into commodities and commodities into money by the scheme:

$$M - C - M, \quad (2)$$

It means that this formula registers the following development motion: money – commodity – money. Business is characterized with prevailing of big monopolistic capital.

C. The industrial period of capitalist relations of production structuring, discovery and refinement of business components. The number of scholars considerably increased in that period, instead of individuals tens of researches started studying the elements of entrepreneurship. Among the most prominent of them were R. Barr (Barr, 1995), who studied the risk factors in the changeable environment and the ability of the specialist to make decisions when the economic situation has probabilistic and not clearly expressed nature; A. Marshall (Marshall, 2012), who connected together the terms «organization» and «entrepreneurship ability»; J. B. Say (Say, 2008), who introduced the understanding of entrepreneurship as economic function, and others. *The task and recommendation*: to use in the technological processes of material production the productive force of labor in the conditions of industrial society environment. *The formula of motion* was developed by V. I. Golikov (Golikov, 1984, pp. 91-94): the result of goods production (P) is represented as a function of the increase of productive force with three components connected in the scheme:

$$P = L^\alpha C^\beta S^\gamma, \quad (3)$$

where L is the potential of employees who work in material production (the cost of living labor); α – an indicator which shows educational, scientific and technical, cultural and organization level of the use of living labor; C – the potential of the means of production (costs of past labor); β – the same as α , but relating to the use of the means of production; S – the potential of scientific knowledge for the improvement of the means of production and forms of rational connection of live and past labor; γ – the same as α , but relating to the use of scientific knowledge in the spheres of their application.

Business is concentrated in the industrial monopolies.

D. The period of scientific and technological change, concentration of production and the feasibility study of administrative decisions. The concentration of production, which is the characteristic of the economies of the three orders – capitalist, socialist and feudal, brought to the limited industrial area of factories and corporations, constructed in the places of cheap labor concentration, greater labor supply which operated powerful tools, which, in turn, repeatedly facilitated work, opened up new opportunities for technical improvement and manufacturing processes and proper labor management systems. Radical changes in the production process, in turn, led to the regulation of the number of employed workers, which is based on the reduction of low-skilled labor, and the preservation of engineering knowledge which ensures efficiency and flow of technical improvements of involved technologies.

The growth of production volume (ΔP) now has to take into account not three parameters as in formula (1.3), but only two parameters, namely:

$$\Delta P = f(L^x, R^y), \quad (4)$$

where R^y – the total efficiency of technical improvements; y – an indicator of the technological and technical and organizational level of the means of production.

Moreover, one more economic circumstance is added, namely: the work is carried out in the conditions of the shortage of funds for the purchase of tools, and therefore the productive power of the society (PPS) increases only because of labor skillfulness. The indicator is proposed to be calculated according to the formula:

$$PPS = \Delta L_t + L_{t_0}, \quad (5)$$

where ΔL_t – increase in productive power. It is calculated with the formula:

$$\Delta L_t = [p^{hl} - (P_{t_0} L_t)] / P_{t_0}; L_{t_0+t} - \text{engaged labor resources by the end of period } t;$$

p^{hl} – notional value of the gross national product, resulting from changes in the quantity and quality of used human labor; P_{t_0} – the productivity of one person engaged in the sphere of material production ($P_{t_0} = P_{t_0} L_t$); L_t – the component of the productive forces of the society based on the raising of the qualification of human labor.

It means that in order to systematically describe the economic conditions of production of goods we should consider at the same time not one but several complex interdependent indicators that over time became known as «synthetic», and the function itself – «correlation and regression». There were changes in the structure of scientific support for the development of material production environment on the methodological basis of the movement; it requires preliminary attention before we consider the features of the last period included in the analysis under the title «Post-industrial period of entering into innovational activity and organized regulation of interaction».

The essence of these methodological foundations of the movement is associated with the entry of activity subjects into chaos and transformational changes of a higher level. These changes received the avalanche-like tendency of almost continuous changes and rationalization and gave to the economies of different countries the names «mixed», «transitional», «transformational» and so on, and then gave to the process of interaction protracted, continuing up to the present time character. In order to formulate the system requirements for the transition of these economies in the stabilization processes of development, we use the method of logical formalization. This method applies to each of the possible constructions of organizational schemes. Attention should be paid to the fact that during the analyzed – the fourth – period business and entrepreneurship forms had conditional outlines, so the attention of scientists is drawn, as in the previous three periods, again to the manufacturing sector, while non-production sector remains unheeded, as of

small importance for the environment of economic growth and accumulation of wealth in the states. That is to say, the branches working in an environment of regular scientific and technical progress still remain the most attractive sectors of the production sphere, which operates to this day. The reason for such interest was the fact that the labor outflow in these sectors has been very substantial and continuing, because the enterprises belonging to them always were of large-scale and designed for large-scale service of territory of the states. In some countries new states appeared within the territory of a former state and the subjects of activity began inevitably lose customers of their products. Let us conduct analysis, connecting the findings to the designated methodical basics of movement on the basis of structuring.

The process of structuring social production requires consideration of a number of conceptual approaches that are applied to the classification of the genera and activities. This allows us to highlight in the study a number of system products, which show how to distinguish between production, service and business and distribute human activity between groups of occupations. Modeling approach is the most effective technique to perform such an analysis. Then:

1. Social production according to the criterion of material base can be represented as equal sector model. The theory is to ensure that the technological process for the conversion of natural substances to adapt it to the consumption in social production is a large sphere made up of a number of industries. It includes two branches. They are a) the sphere of material production and b) the sphere of non-material production. The sphere of non-material production is also known as the sphere of services. The proponents of this position are, mainly, the classics of Marxism-Leninism and their followers.
2. Social production by the criterion of diversity of the production environment can be represented as a sector model of economy. The theory comes to the conclusion that with respect to a method of converting natural substance for public consumption big branches make a major production industry. There are three of them. They are: a) mining industry, b) manufacturing sector and c) service sector. Among the proponents of such classification are the researchers who support the theory of A. Fisher (Fisher, Dornbusch & Schmalensee, 1995) and J. B. Clark (Clarke, 2000).
3. Social production according to the criterion of efficiency of non-material production services can be represented in the form of a detailed sector model. The theory proves that certain types of activity in the service sector in relation to the productivity of labor force occupy unequal place, and therefore this area is divided into three sectors, and the actual qualification is represented as follows: a) mining sector, b) manufacturing sector, c) transportation and utilities, d) commerce, finances, insurance and real estate operations and, in the end, e) medical services, education, recreation, research activity and administrative institutions. Such classification is supported by the scholars who follow the theory of D. Bell (Bell, 1973).
4. Social production can be examined in more detail and according to the criterion of the productive forces of the services. This theory proves that certain types of activities can be subdivided regarding the productive work and represented as a sphere of «service activity» (Burmenko, Danilenko & Turenko, 2007, pp.40-43). For example,

J. Singelmann suggested (Singelmann, 1978) to single out one sector of services basing on the transposition of different kinds; M. Porat (Porat & Rubin, 1977) wrote about the desirability of allocation the information sector into a separate element.

Consequently, the period of scientific and technological change, concentration of production and the feasibility study of administrative decisions is a conglomerate of technical, technological and management solutions under which, in the conditions of efficient division of labor and cooperation, labor provisions are formed for the productive use of business and entrepreneurship as forms of economic relations. This process is facilitated by the system of concentration that isolates in separate groups auxiliary and service industries and services, and those, in turn, claim to be a full-fledged force, possessing entrepreneurial ability. *The formula of motion* was developed by L. N. Matrosova (Matrosova, 2000, pp. 264-266): it uses the methodical approach to the calculation of the investment attractiveness of «old enterprises», which represent the sector of economy:

$$RIA = S \sum k_i \left(A^i / A_{mid}^i \right), \quad (6)$$

where RIA – rating of the investment attractiveness of the object; S – the average coefficient of investment attractiveness of the enterprise in this sector; k_i – weighting factor in a number of indicators; A^i – the value of the indicator; A_{mid}^i – the average value of the indicator among the enterprises of this sector.

As we introduce a lot of author's coefficients (k_i), this formula (6) should be explained. We use such indicators as balance profit (BP), receivables (R), accounts payable (AP), production output (sales output) (PO), value of assets (VA), which are included into statute funds, accounts payable and the balance sheet profit, the value of fixed assets (VFA), statute funds (SF). Besides this, we include into the list of calculated parameters ten weight indicators which form the numerical value RIA , and also six description characteristics which have functional meaning. Weight indicators are represented by five grades, including the assessment of the profitability of equity k_1 $k_1 = BP/SF$, return on sales k_2 $k_2 = BP/VA$, return on assets k_3 $k_3 = BP/VA$, capital productivity k_6 $k_6 = PO/SF$ and assets productivity k_7 $k_7 = PO/VFA$, and also five coefficients which include capitalization ratio k_4 $k_4 = VA/SF$, asset coverage coefficient k_5 $k_5 = VA/AP$, asset turnover ratio k_8 $k_8 = PO/VA$, payables treatment ratio k_9 $k_9 = PO/AP$ and the coefficient of exceeding the maturity of receivables by the maturity of payables k_{10} ($k_{10} = [(R - AP)/PO] \cdot 360$). Description characteristics include assessment coefficients such as: of finance «autonomy» – the ratio of own sources and equated credit; of financial stability – the ratio of own and credit funds; of financial leverage – the ratio of long-term commitment to its own source of funds;

treatment of working capital – monetary income ratio from sales excluding VAT and excise duty to the amount of working capital; stock turnover – the ratio of the cost of the sales to the average inventory value; absolute liquidity – the ratio of enterprise funds to the sum of short-term liabilities.

The task and recommendations: the set of given here indicators which describe economic phenomena and processes does not always represent them fully because modern society receives an inheritance of such a large number of diverse activity subjects that it makes the management environment of the industrial society of innovational not only at the stage of monitoring and development, but also at the level of operative intervention and control. According to the data of the cited author L. N. Matrosova (Matrosova, 2000, p. 387), to make such activity less complicated we have to master and use a) communication links which unite subjects of activity that complement each other's work, function and operate within the method of complementarity join together into the network, b) connection of the innovations according to the constellation method or c) creation of a number of cluster chains according to the communication method, where the chain «entrepreneur – manufacturer – customer» allows the society to add the lacking elements in the environment of enterprises, organizations, and companies; the chain of «inventor – entrepreneur – customer» allows to organize the development of the innovative process which works at the macroeconomic level. *The formula of motion* is connected to many coefficients. Business is concentrated in enclaves.

E. Post-industrial period of the entry into innovation activity and organized regulation of the interaction. This period reflects the conditions of life of the post-industrial society, in which everything that happens is rotated in the environment of reality, which combines the processes of material production and business on a large scale. It requires limiting the study with the specific business environment and the appropriate conclusions should be associated with the processes of its content and development. So, on the basis of inclusion in the environment of exchange activity a variety of different in structure, purpose and direction objects of individual production and welfare, business segments and entrepreneur sectors, the activity itself is distributed between the enterprises, organizations, institutions, companies and sections, where it splits into operations, works and functions. This complicates the description of activities and makes it so cumbersome that we urgently need to seek ways of its division into parts. In this regard if we assess the economic processes which take place in both industrial and post-industrial societies we will find a few differences: a) both in the first and second societies there is a rapid process of division and appearance of subsidiary organizations, enterprises and companies, b) both in the first and second societies service are considered as the factor of economic growth. There are also other reasons for considering services as separate sectors, but two mentioned above are the main. Such process of concentration and distribution is still facilitated by the objective factors of scientific and technological progress, social and economic development of the society and, actually, the needs of material production which form a number of main enterprises, auxiliary and ancillary service facilities, supplying links, organizations, workshops, sites and proper processes for the provision of services.

Movement of activities at all times is connected with the sequential processing of natural substances and adapting it to the purposes of satisfying personal and social needs of

society, but the effectiveness of such a movement becomes more noticeable when all stages, from product production to its consumption, are subject to structural transformation, optimization and management of production and labor. The process of movement focuses the social environment on the formation of human culture systems through the development, the accumulation of material wealth of the state, strengthening of the social resettlement and domestic equipment of citizens. Such movement in its specific embodiments is provided by the technology «which has in its basis the use of the instruments, tools, equipment, processes, related to the application of techniques, knowledge and skills, adequate information, control systems, the use and application, finding and creating the necessary resources: energy, raw materials and human resources» (Burmenko, Danilenko & Turenko, 2007, p. 11). There is a dependence which can be seen in all spheres of life: the change of technology is mechanically reflected in the reconstruction of all parts of society. In this regard such traditional branches of service as the satisfaction of personal needs and the needs and entertainment, trade, finance, and others are more and more complemented by filled with social value health care, information services, law enforcement, educational environment, communications and media systems, public transport and management, and finally, science and scientific monitoring of processes. Some of the plurality of entities and components in the field of social production require the development of a common approach to their classification and systematization, for it provides the structuring of activities on different principles. For this reason, variants of structuring public production considered above are important for clarifying the research. Decisions based on the scientific and methodological content are also linked to another basis if the society forms and recognizes the classification «subject – subject based systematization of relations». It reflects «subject – subjective» sector or the same pole of activity according to the model «individual – individual». This pole of activity «combines such industries in which human interaction is based on interpersonal communication and the product of which has a low degree of reproducibility and is largely presented by information and knowledge» (Inozemtsev, 1997, p. 66). According to the opinion of the developer of this classification system, this pole can be connected to the sphere of culture and entertainment, education, research institutions, the production of information, advisory and legal services, finance and currency, insurance operations and real estate, public administration. The attention of the researchers should be paid to the differences which allowed singling out the needed property. It is characterized by a variety of processes, a high degree of professional skill of workers and, consequently, the exclusivity of the most of the created products and services. According to the recommendation of the cited authors (Burmenko, Danilenko & Turenko, 2007, p. 43) such approach allows «to illustrate the logic of the structural shifts in the social production» of the post-industrial service society and consider modern economy as the «economy of services».

Now we can form the intermediate conclusion. One of the above-mentioned properties is of considerable importance for this research is: with an increase in scale and concentration of material production, non-material service industry has taken an equal place among the factors of economic growth, has become an effective way to provide additional development and growth of material production. It is proved by the characteristics of education, awareness and physical health of the worker, his activity properties, business ethics and qualifications, and after that by the artificially developed property of

management, service activities, and by the predisposition to search for new solutions. *The task and recommendations*: there are two of them – a) in the post-industrial society in the production and technological processes of material production we should continue to use the productivity of labor force in the same conditions that were the characteristic of the industrial society environment, b) for the sphere of services we need to develop new criteria and ways of reflecting the essences, events, social and economic life which actually manifest themselves, but still remain sketchy and fragmentary. *The formula of motion*: it is chosen according to the trajectory calculated with K. Shannon's formula of entropy, Neumann-Gale model or the totality of coefficients and indicators of our own model. Business is divided and distributed among the sectors and fractals.

Thus, the movement of production from pre-capitalist to a post-industrial society in its development complicates the processes of interaction and exchange activities, which greatly facilitates to increase the scale of activities and actual business sectors. This allows considering the economic reality from the position of business needs.

Each new phenomenon, as business is in Ukraine, is accompanied by processes of nation's comprehension of the dialectic and deep metaphysical senses of economic reality and their driving forces. The primary purpose of metaphysics in relation to the disclosure of the phenomena in economy is determined by the fact that, firstly, there is a need to constantly reflect upon and re-think, re-evaluate and disclose the content of modern economic knowledge of the nature of economic reality and human activity, applying the theoretical and methodological possibilities of metaphysics; secondly, recourse to metaphysics as an essential method of penetration into the content of the object of study is a sign of informative scientific approach; third, alternative thinking about the environment problems is the basis of the approaches to the clarification of the problems of motion, the disclosure of their nature and, in fact, the method of knowledge. We consider dialectics and metaphysics as a certain alternative philosophical concepts that wait for the moment of establishing connection with economics, add to it and make some substitutions. Their content in the short summary is the following:

1. The notion «dialectics» has some definitions. Without going into a lot of the basics, we can say that this research considers dialectics as the theory of cognition which takes into account the complexity and inconsistency of connections between the subjective and objective truth, the unity of the absolute and the relative, and so on.
2. The notion «metaphysics» represents an intermediate state of things, their changes, movements, etc., which are perceived as the essence of nature or natural sciences that studies the general properties of the material world in a probabilistic environment of interaction. Metaphysics is the concept of development, learning method, which is an alternative to the dialectics.

The contrastive method is quite natural for the sciences and is used very often. The alternativeness of dialectics and metaphysics as two concepts of development and methods of cognition is very useful here. The dialectical approach is more suitable in studying the material production which has high stability. The metaphysics approach is more suitable in the non-material sphere of services which has relative stability.

The use of a metaphysical approach to work may be justified in dealing with not only the mental problem relationships when there is no explicit knowledge and it will be received or updated in due course, but also for those situations when time for management decision has come and it is required to make it on a probabilistic basis.

Thus, at the first stage of the entry into the new environment, as business does in Ukraine, it is still inevitably to appeal to the methods of will-decision management in the uncertain conditions. Achieving the goals can be realized by combining the dialectical and metaphysical reflection of the environment, description of the phenomena occurring in it, etc. Now, when we know the methods of the reflection of the social and economic environment, we have to concretize the organic basis of the interaction between a physically developed individual and the environment.

The economic environment of the European continent has relative homogeneity that enables large-scale integration associations. If we eliminate some of the shortcomings inherent in such associations and enlargements, it must be said that this process has a positive impact on business development and the establishment of productive relationships. States operate under the influence of global processes which convert and transform many economic systems, social facilities, cultural norms and life standards. These processes, despite their initially devastating character, stimulate the creation or improvement of artificial support and service, organizational and management, production and consumption structures; promote the realization of material and spiritual requests of citizens; accelerate the socialization of the person in transitive economy and social security institutions. But it is only one side of the issue.

From the other side, globalization 1) unbalances the ethnic environment, mainly because it makes peoples closer and creates the unified global system, and 2) creates new demands to the physical and mental capacity of an individual. In the end of its movement it must become a very stable system, but on the trajectory of this movement it has to destroy a) anthrop sphere because б) it has a threat to the environment of human coexistence. It has also necessarily 1) destroy those patterns which existed for a long time, 2) to expose an individual to an unstable environment, 3) to reset his psychology with the development of scientific and technological progress with the help of the newest technologies and management. A human being is not adapted to the changes, since they create at first a lot of delays, inconveniences and losses in all spheres of life. However, we should remember what for this movement happens: it brings humanity to a higher and more effective stage of development and satisfaction of needs, and makes an individual more autonomous and organic. Autonomy in this study is perceived as a characteristic of the living and the social systems in which their life and behavior is determined by internal causes and does not depend on the impact of the external environment. In addition, autonomy means independence, the ability or the right of an individual to act according to the limitations and principles established in the society or compiled by him.

In turn, organicity is complemented by the autonomy and this means that the basis for the formation of the intrinsic qualities and personality traits naturally follows from the essence of the individual. In this regard management as an art has an important role. We only have to put in motion the abilities to efficiently use the experience in practical management

activity. Management becomes important if there is one or several technological processes and management methods of orderly influence on a human.

According to such point of view an individual is always considered regarding his belonging to social and economic group of people where he can become «a worker» in fractal organization, «a human capital» in the market, «industrial and production personnel» at the enterprise, «staff» in the human resources office, «manager» in the organization, «executive» in the technological links and workshops. The transformations in the status happen within the framework of the model «resource – capital – professional recognition». In the end it is connected with personification; in different classifications and different conditions an individual should preserve his own inner essence which allows him to fulfill some operative task in the form of the living labor and in the best fitting format. The format depends on the level of professional readiness to carry out the operation, work or function with the proper level of virtuosity, art or skill. Consequently, methodically such a format is perceived as a progression of the movement of the subject's activity in the infrastructure of social and economic environment, where it, again, subordinates to organically-controlling system. It means the full circle. But the research will not be complete without considering the fact which is given in (Kochetkova, 2006). Interpreting these ideas we may formulate its essence as follows:

- 1) an individual should develop himself to the fractal condition; he should achieve a certain level of maturity. In this case, he has to summon the will to act, to the perception of the joys of life; to realize a sense of responsibility and, of course, to give up bliss and satiety, and then to give up a variety of temptations, entertainment and pleasures. Fractal condition is based on the understanding own strength which has to be constantly complemented by changes and developed;
- 2) an individual may become fractal basing on a) circumstances which put him into the environment of survival, deprivation and ill-saving mode, or b) his own voluntary will to develop and improve physical conditions and spiritual qualities. Entering the path of training and multiple repetition of the exercises, trying to change internally according to the own settings, an individual should adhere to the transformations which are accomplished quickly and painlessly, i.e. an individual must transform and evolve and this should be done with ease. It means that only a willing, psychologically trained and strong personality may survive a lot of hardships. The traditional way to the fractal condition is opened to those who follow the postulates «At first a weak person must become strong and then a strong person must become weak» or «At first a person should meet violence in order to defeat his cowardice, and then he should learn non-resistance to overcome this violence».

The analysis shows that a person can take in society any social position – a dependent position, the position of a craftsman, the position of the citizen possessing the property of initiator, organizer, producer and entrepreneur, and, finally, the position of a dedicated personality or fractal position as it is given in this research. It means that we have to know the trajectory of movement of a personality which can be defined basing on the hierarchy method. This is a methodological system which allows defining a) the order of dependence of the lower links on the higher links in branch organization structure and b) organization and distribution of these links in branch structure, and also gives a possibility c) to use in

the research the principle of management which effectively reflects centralized structures which are known as «hierarchical structures». Here we can see the method of branching off when smaller lines, objects, parts and fractions evolve from a big object; they have the feature of likeness and fractal quality and represent the essence in the more detailed indicators.

The hierarchical basis of the study is to establish the motion of an individual in the environment on the basis of the planned feasibility from the initial stage of development to a higher or even the highest. According to (Egorov & Egorov, 2007, p. 59) this goal is achievable because «for a person who is on a fixed higher level, achieving the next stage it is quite real». The derivative of human movement towards physical development is his self-awareness of the feasibility of the movement which is the movement of an individual in his environment.

The researches study all sides of the human essence including his movement on the way of personal physical development. It is known that vital functions of the human being and the physiological existence is supported by consumption, digestion and absorption of water and mineral substances by the body, which as a result of assimilation of the required components allows to build muscle, and body parts of the body and put out the exhaust waste and toxic compounds from the body.

Such an interpretation can be found in the sources, considering the human being as an object the physiological, social and industrial processes. Some authors consider it from the point of view of physical development (Bernstein, 2004; Rovnyy, Rovnyy & Rovna, 2014), others – from the point of view of industrial production (Leontiev, 1975; Owens, Baker, Sumpter & Cameron, 2016), management (Frese & Keith, 2015; Linden & Teece, 2014; Mintzberg, 2014) or physical culture and sport (Dubovoi & Saienko, 2013; Saienko, 2011; Tolchieva, 2011), they all consider physical development, ways to accelerate this development and the means of improving the abilities that stand out from the totality as a separate position. But there are also analysts who see a human being as the creator of himself and his environment, and their opinion in this case departs from the reflection of purely physical or physiological conditions, but is based on and formulated according to the ideological or philosophical grounds. The scheme of research combines the following elements:

a) the processes of movement:

a human being → understanding of the known facts → the beginning of something new;

b) the formula of movement: concept → image → object; (7)

c) the mechanism of movement: difficulty → clarity → simplicity.

According to this scheme of the perception of reality, which is the principle, we consider the human being as a spiritual being, and technically it can be stated as follows: from one side, a man as an organic being is the object of fixing and designing the environment, and on the other side he is an object of development, improvement and self-assertion in the environment. Since «the world (we consider this term in our research as «environment» –

author) is unlimited and that is why includes everything ...», then «any fixed construction is only one of the manifestations of this endless world» (Egorov & Egorov, 2007, p. 65).

Consequently, an individual's personal world is his «world view»; it is perceived both as physical and spiritual foundation of the world, which is constructed by man to enter into communion with others. Communication is viewed as the plurality of interconnections and actions which have different character: a) spiritual which are based «on beliefs», b) scientific and philosophical which are the result of experiments and experience and c) industrial and production; these interconnections and actions can be felt and by the nature of the relationship may be real, potential or artificial and ideologically, mentally, psychologically or physically acceptable. It means that an individual should create «constant tension», which is «the driving force of his activity» and «constant source of a bigger or a smaller degree of discomfort»; a human being is not something constant, by his organic content he is created anew each time, and in the new circumstances of life in harmony with nature and the surrounding; a human being reflects the environment at different ages and with the acquired own experience corrects the behavior in accordance with the knowledge mastered subsequently, artificial skills and abilities that are added in the natural order to those which already exist. It means that an individual receives other tools and techniques which are new not for the society but for this individual.

This paper puts forward an intermediate assumption: a human being is an abstract mental essence, which specifies the actions under the physiological synthesis beginning within the physical body and constantly becomes more complex. We have to find out the efficient mechanism of managing actions and the way of development; on this basis the issue of physical improvement of an individual will have clear outlines.

The essence of the physical development of the person is reduced to the position of establishing himself on the trajectory of the chosen path of improving, choosing informative factors and standing the test. Intuition and personal natural qualities can be helpful because they assist in making the right choice. This choice in future has to be adapted to the environment which may neutralize it. The environment for an individual is a multi-dimensional entity which includes family and kinship, motherland and power, production areas and enclaves with industrial, infrastructure and natural objects; when an individual is involved into a self-sufficiency system this environment also includes business, health care, culture, education, justice, production and so on. It means that at least two levels exist for an individual who is the object of development, namely:

- 1) physical and physiological level. It fills the inner essence of the personality;
- 2) social and artificial level. It creates an extended nature of the individual's requirements to the environment, adjusts to his inclinations and abilities.

That is why we should consider the existence of a human being and his movement to perfection regarding the environment of social relations. In order to live in the social environment an individual should possess some qualities, namely: a combination of a) brain, b) central nervous system and c) consciousness which provides a human being with the environment of concepts in which he exists. If the ideas remain the same, the person does not acquire, respectively, indicators for the development for the reason that

there is no «moment of change» (Egorov & Egorov, 2007, p. 39): the environment 1) is not new, 2) is not «contact variable», 3) does not include the components of movement. For such components of movement appear, we need to have two substances, namely: a) the material substance and b) the ideal substance. The ideal substance allows creating artificial objects in our brain and they, in turn, allow us to change the old environment into a «something contact». But it is possible to carry out the movement in the development only under condition that there is a material substance, which is the carrier of reification of the ideal object. It means that at more detailed description the research returns to the consumption of mineral substances and water. At this point it is based on the 1) closer connections of the inner and the external within an individual and such combination allows bringing the process 2) to the logical sphere of formalization. It is rather a complicated scheme because from one side an individual as a personality is the creator of the Universe, but from the other side he is influenced by the environment (by the Universe); an individual goes along the path of physical and mental development, which quite real and complicated.

In our view, there exist a number of characteristics by which a person arbitrarily or unconsciously is always evolving, but it is not always possible to recognize and formalize them. That is why we may suppose that in his development an individual always moves in the environment which should be called «object environment». Its complexity, according to personal assumptions, is the only driving force of progress which is clearly maintained and reproduced by something. According to (Leontiev, 1975) such driving force is the human consciousness. Appeal to the human consciousness makes it possible to assess the nature of his personal experience from the perspective of organization.

Considering this experience the essence of a human being is represented with four indicators which should be mentioned here.

1. A human being sensuously perceives objects in the outside world. He has the sense organs and the brain, which are formed according to the constants of the environment and its reflection on the various components and parts of the object, i.e., a human being obviously registers factors of reality.
2. A human being takes part in forming the objects of the environment. Material objects are identified as those which act in an abstract way and during their movement cross the border from invisible to visible, i.e. they fix the ability to perceive the reality.
3. A human being is a necessary element of the system which fixes the origin, reflection, research and registration of the newly created object. There is an environment, organs of reflection and representation, body design and construction of the brain that extends the recognition and understanding of the object, the formation of a substance, its foundations and Gnostic movement and control mechanisms of the central nervous system processes, i.e., there are foundations of a critical assessment of the events in the environment.
4. A human being is the object of development and personal improvement. He is at the same time a subject for other objects which are also improved, act and die out, i.e. there are groups of contradictions and dialectical reflection of reality.

Regarding this we can state that the development of an individual is connected with the following variants: a) fundamental which evolution or revolutionary change of life conditions and b) technological which is repetition, education and training. Since mankind's transition to industrial methods, dictated by scientific and technical progress, evolution, which is a natural way of human development, has been overshadowed and replaced by a revolutionary reconstitution of conditions. This means giving up the aging means of movement and the transition to effective livelihood almost continuously in a spiral. Such an effect, for example, on the choice of the means of training the person to work, has reduced these means to expanding the influence of methodical repetition systems and training; an individual develops a means of ownership of sensors which are physiological elements of the internal activity. From the experience of many generations we can formulate two statements which should be taken into consideration in the research. They are the following:

- 1) in fact, sensors are material because they were formed with a human being during the process of his evolution;
- 2) theoretical sensors are manageable, since they are formed together with the brain to speed up the process.

An example of sensors shows the organic unity of the interaction of the material and with introduced object that may be subject to improvement. The experience of interaction brings human sensors to the perception of one or another level of reality, and with the acquisition of experience it allows distinguishing more details, signs, images and elements. Since classifications have psychological and physiological character there is no need to provide the analysis. We can only make some conclusions. They are following:

- a) everything, what a person aspires, in fact, depends on the expediency, content, ideas, plans, programs, structure and so on; i.e. everything what is of interest for him. We should remember the fact that a human being always combines material and ideal substances. He can also use written mechanical indicators, voice signals, ideographical signs; with the help of technical equipment and electric and magnetic signals a human being can transmit information into the space which fact can be seen as ideal reflection of the material or artificial objects, conglomerates and concentrates;
- b) to be able to be perceived in the country as a professional specialist, performing or driving force, a person must have the physical abilities and go through some training course in his chosen profession or occupation. He needs to gain knowledge and develop targeted skills for their use in the chosen field of production or social interaction. This affects the transformation of his mental and physical abilities, that is, his overall development.

Conclusions and suggestions: The logistics of Ukraine's joining process into business is associated with the primary position of the human abilities and secondary position of human habitat. Since these concepts are connected dually we have to follow some foundations of cognition. They are the following:

1. The methodological basis for the research is studying the level of human mental and physical abilities, his acquirement of needed knowledge in the needed time in the proper

environment. The environment includes everything what was given to it by previous generations, can be reproduced and revived by a modern human being. The transmitted experience can provide the existence of a personality which follows mental and natural processes, perceives them, thinks and transforms. It means that for an individual there is always an environment which helps to develop a personality because the environment is constantly becoming more complicated and the motion is constantly becoming faster. There are a lot of indicators which influence the development of an individual and they are based on the fact that the object:

- a) acts in the same form and in the stable environment. Therefore it is required to take care of the preparation and the timely replacement of the specialist of the needed qualification in order to provide constant servicing and working condition of the object;
- b) adapts to the environment in an unchanged form, but organizational arrangements for its functioning change. It is therefore necessary to continue to develop a more effective system of training and retraining the person, which maintains and preserves the object;
- c) is included in the environment that has changed, and expects appropriate substitutions of the outdated elements, structural changes or improvements in the means of processing one form of energy into another. Therefore a care must be taken in a timely manner about the choice of the system of training the person who will accept the changes in the object with the proper levels of mental and physical preparation.

It means that in order to perceive the environment as a world of human activity with material and ideal objects we need to perceive the movement of any object as something that changes this environment.

2. The philosophical basis is the study of the level of mental and physical qualities of the person in the unity of the two components, among which: a) aspiration of person's thoughts to achieve a higher level of well-being by performing work with more creative content and b) the formation of the moral values of the society according to the state standards. Such basis dialectically joins the goal of the state and the goal of the individual which a person forms for achieving during his life. We should take in to consideration the fact that properly chosen life goal activates social and economic environment. Positive shift is also provided by spiritual and ethical practices.

It means that in order to move from chaotic connections in the environment to spiritual and moral values a person should have his individual, ethics-based goal which will provide the movement of the personality in the development of personal qualities.

3. The epistemological basis is to establish personal development, which combines physical and spiritual perfection of human qualities.

It means that to achieve the harmonious development of personality, which would combine the functions of a generator of ideas, producer, manager and executive, it is necessary to

provide the proper development of the spiritual, mental and physical properties. These qualities give to an individual the means of self-sufficiency in the environment.

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THE MECHANISMS OF STAGFLATION IN EGYPT :THE ARAB SPRING FIVE YEARS LATER

This study addresses the economic performance of the Egyptian economy during the periods before and after the 25th January upheaval in 2011. It analyses, in particular, the extent to which monetary and fiscal policies contribute to the phenomenon of stagflation in Egypt after 2011. The study adopts Gordon's (1977 & 1985) model in specifying the relationship between inflation, unemployment, and real GDP growth. SVAR model has been employed to determine the factors behind stagflation in Egypt. The results suggest that macroeconomic performance does not significantly change during the periods before and after the 2011 and stagflation occurs in Egypt through the following mechanisms; (i) the existence of excess demand in the commodity market in conjunction with the existence of structural unemployment in the labour market. (ii) An existing mutual relationship between inflation and unemployment where both inflation and unemployment feed each other through the wage-price spiral and the elevation of the cost of production triggered by domestic currency depreciations. (iii) The subordination of monetary policy to fiscal policy which is in line with the fiscal dominance hypothesis and crowding out effect. (iv) Expected higher rates of inflation, through the expectations channel, shifting Phillips curve upwards.

JEL: E24; E31; E60

Yurii K. Zaitsev

Oleksandra M. Moskalenko

MODERN SOCIETY AND ECONOMY: THE DIALECTICS OF INTERDEPENDENCE OF POSSIBILITIES AND THE METHODOLOGY OF ITS COGNITION

The article investigates the philosophical and methodological problems of defining the principles, the realm and the boundaries of mutual coexistence and interpenetration of functions of the market economy and the society from the standpoint of achieving a sustainable synergistic effect in the process of implementation of the strategic needs of the mankind in general and of an individual person in particular. A critical description of forms of modern economic and social contradictions is presented, the intensification causes of the growth of irrational, distorted and "twisted, treacherous" forms of the spiritual life of economic systems and the society are revealed. The article pays great attention to the analysis of the dialectic unity and opposition of the society's moral values as a peculiar systemic realm of relationships between people, and to the "value rationality" of the modern market economy.

JEL: B00; G28; H2; I38; N1

Igor Britchenko

Volodymyr Saienko

THE PERCEPTION MOVEMENT ECONOMY OF UKRAINE TO BUSINESS

The article provides the analysis of the entrance into the innovative activity and organized regulation of interaction which is based on the scientific and technological changes, concentration of production and the feasibility study of administrative decisions, which are dominated by a conglomerate of technical, technological and engineering management decisions. The research formulates the provisions for the productive use of business as the form of economic relations which is based on the entrepreneur function. These provisions are formulated basing on the conditions of efficient division

of labour and cooperation. The research singles out a number of systemic positions which allow perceiving logically and distinguishing the production, service and business, to distribute human activities between the groups of occupations and types of service activities. Among these systemic provisions the most efficient is a modelling approach which, when the society enters more complex social and economic stage, transfers the science from the environment of operations with the bulk characteristics into the environment of the analysis of specific sets of coefficients. The logistics of Ukraine's joining the process of business is associated with the position of the recognition of the primacy of the physical abilities of the person, which should be developed in part in the system of public security and partly in the business environment, commercialization and private capital. Person enters the business environment and habitat as an initiative individual. These indicators are the following: «connections» between the old and the new, between the objects which exist and those which only start to appear and will exist in future; «sources» of development, movement, changes; «mechanism» of development, ways of changing from old to new quality; «direction» of development; «style» of thinking, understanding reality; «essence» of true knowledge; «essence itself» of cognition; «alternativeness» of metaphysics and dialectics.

JEL: B12; B13; B24; I25; L84; M21; O52; P2; P46

Krasteva Rouska

LOCAL IMPACT OF REFUGEE AND MIGRANTS CRISIS ON GREEK TOURISM INDUSTRY

The movement of multiple groups of refugees and migrants to countries from the touristic macro region of Europe became one of the historical phenomena of the new century. In particular, the refugee stream of recent years has a decisive impact on the demand of touristic services to the Greek islands in northern Aegean Sea. Tourism in Greece is an important source of income by providing more than 9% of the GDP and stimulating the development of other related economic sectors such as trade, agriculture, and communications. It also provides about 30% of the total workforce in the country. Because of their favourable location, near the coast of Turkey the islands of Lesbos and Chios became a bridge to Western Europe for large numbers of refugees and migrants. This study aims to reveal the local impact of the refugee and migrants' crisis on tourism development in Greece and particularly on these two islands Lesbos and Chios.

For this purpose a research was conducted based on a representative sample, which includes the survey of 168 hotel managers. The primary empirical data was collected from the local hospitality entrepreneurs and was registered. After processing and analyzing the data, the research results show that there is a significant difference in percentage of reservations between January – February 2015 and January – February 2016 and the same about cancellations. As main reason for this situation the majority of the interviewed show the refugee and migrants' crisis.

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