



Klaipėdos  
universitetas

SOCIAL INNOVATIONS  
FOR SUSTAINABLE  
REGIONAL DEVELOPMENT

ABSTRACTS of REPORTS

**SOCIAL INNOVATIONS  
FOR SUSTAINABLE  
REGIONAL DEVELOPMENT**

**ABSTRACTS of REPORTS**

of 16th international conference  
organized by Faculty of Social Sciences and Humanities  
at Klaipėda University

29 of April

Klaipėda, 2020

The 16th international conference „Social Innovations for Sustainable Regional Development”: Klaipėda, Lithuania, April 29, 2020. Abstracts of reports. Klaipėda: Klaipėda University, 2020, p.116

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**Abstracts submitted to the „Social Innovations for Sustainable Regional Development” abstracts of presentations have been double-blind reviewed.**

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ISBN 978-609-481-068-8

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# SECTION SOCIAL INNOVATIONS IN MANAGEMENT AND ECONOMICS AREAS

## ROLE OF STAKEHOLDERS AS CO-CREATORS DURING RURAL AREAS DEVELOPMENT INNOVATION PROCESSES

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Back in 2015 the document “Transforming our world: the 2030 Agenda for Sustainable Development” (Transforming Our World, 2015) was agreed and adopted globally. The vision presented for “transforming our world for the better” is based on five values (the “5 Ps”: People, Planet, Prosperity, Peace, and Partnership) and 17 Sustainable Development Goals (SDGs). The second Sustainable Development Goal "Zero Hunger" challenges the world to link food production and consumption in a way that is appropriate to local circumstances and enables everyone to enjoy healthy food that is produced sustainably and contributes to other sustainable development goals. Social innovation, involving and ensuring stakeholder participation, is crucial to achieving the goals. The *research aim* is to predict the role of stakeholders as co-creators during rural areas development innovation processes.

The conceptual basis of the paper consists of the theories of sustainable development, stakeholders' activism, and social partnership. The research used the methods of analysis of scientific literature, documents, good practice examples, systematization, parallel method, etc. This paper reports on the results of participatory process, developed around 10 workshops, involving key players of the rural areas management in regional level in Lithuania.

Researchers Linda J.L. Veldhuizen, Ken E. Giller, Peter Oosterveer, Inge D. Brouwer, Sander Janssen, Hannah HE. van Zanten, M.A. Slingerland (2020) have identified one of the key challenges in achieving the Sustainable Development goal 2 – Missing middle between food production and consumption, and between globally defined goals and local implementation practices that may hinder progress towards SDG 2“. The authors highlights that Missing Middle (Fig. 1) includes a food production-consumption and a global-local axis and can be bridged through joint action pathways. The isolation of food producers and consumers at different levels of food systems (local, national, transnational) is called the 'missing middle'. This limits the areas of influence of individual rural and urban development actors and prevents them from addressing common environmental, human, economic, etc. impacts. Each actor in the food system has a role to play in achieving SDG 2 and can only achieve SDG 2 when their actions are coordinated. person, which are interrelated.



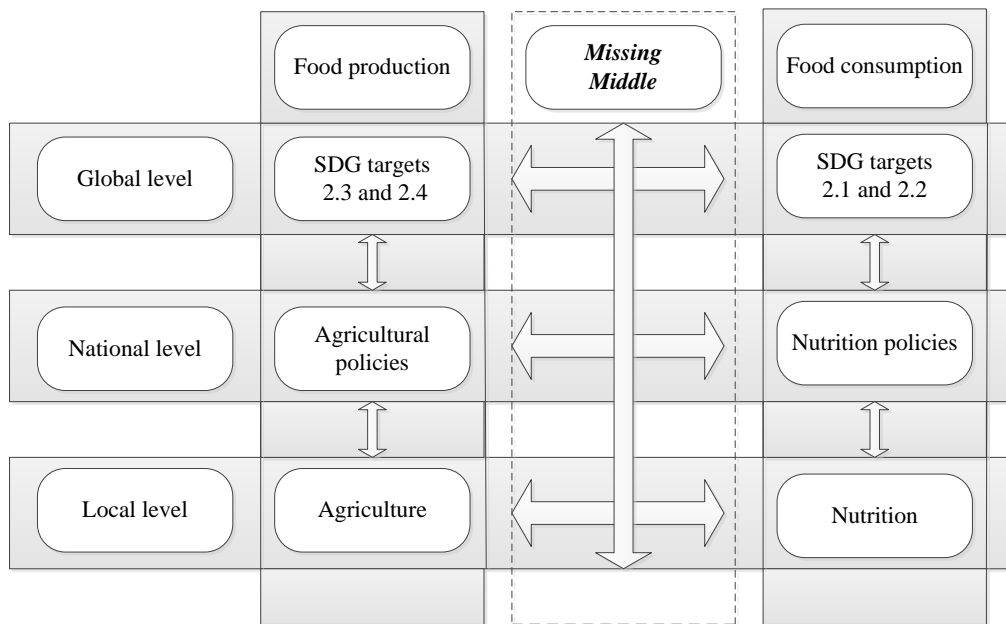


Fig. 1. Representation of the Missing middle in Sustainable Development Goal 2 (Veldhuizen, Giller, Oosterveer, Brouwer, Hannah HE., Slingerland, 2020)

Globally, food systems face a variety of sustainability challenges, and the need to reform the food system is increasingly recognized. However, there is still a lack of knowledge about the ways of transformation and how they will respond to different regional socio-ecological contexts.

There is a need for multilevel governance to achieve the goals of sustainable development. Different approaches to change management and collective decision-making are needed to identify which actions of individual stakeholders together contribute to the desired future for all. In order to avoid the complexity of managing territorial change and changes in the food system, this process could be initiated by involving relevant stakeholders in specific cases who have the power (power and legitimacy) to implement the necessary changes in a transparent manner.

Missing middle in local level between the agriculture and nutrition. Short food supply chains have been popularized and encouraged for several years. So far, however, the share of food produced, processed and consumed in a given geographical area is very small. The organization of the short food supply chain is a more private matter, depending on the development strategy chosen by the farms, the knowledge and competence of the farmer. The organization of local food system is a more public matter, depending on public-private partnerships, stakeholder knowledge and expertise, and a favourable legal and political environment.

Links between agriculture and food production can be created by design and developing a local food system that can change the direction of development of certain villages and farms. The local food system, based on short food supply chains can contribute to the SDG 2. The communication plays an important role in stakeholder involvement and participation processes and ensures the viability of both

processes. What is needed for communication in the local food market to run smoothly? One of the basic assumptions are a co-creation process, which can be called learning, improvement, joint activity or product development - everything that increases the added value created together.

Creating value through interaction between producer, consumer and community based on the triple helix method and co-creation process. Direct interactions, such as short food supply chains, local food systems that can be supported by creating physical, virtual, mental contacts, are like “windows” through which actors in the food supply chain can enter the customer’s value creation sphere and become value co-creators. The customer, as a value creator, always perceives it uniquely and sets it according to his individual experiences and contexts, but the producer should create certain conditions for dialogue, it is more complicated if the producer and consumer do not have a similar attitude, access to honest information, similar values.

In co-creation process (Fig. 2) at local level have to participate a lot of different stakeholders from different levels: policy makers, farmer’s organizations, upstream and downstream actors in the value chain, and financial institutions, NGO and others. The Living Lab paradigm helps create open and interdisciplinary environments. According to the participatory research approach, the stakeholders may accept challenges and create solutions but the focus should be clearly placed on the vision, strong leadership, sustainability of the autonomous character, and a community cultivating a strong sense of challenges and the principles of sustainable development (Guzmán et al., 2013).

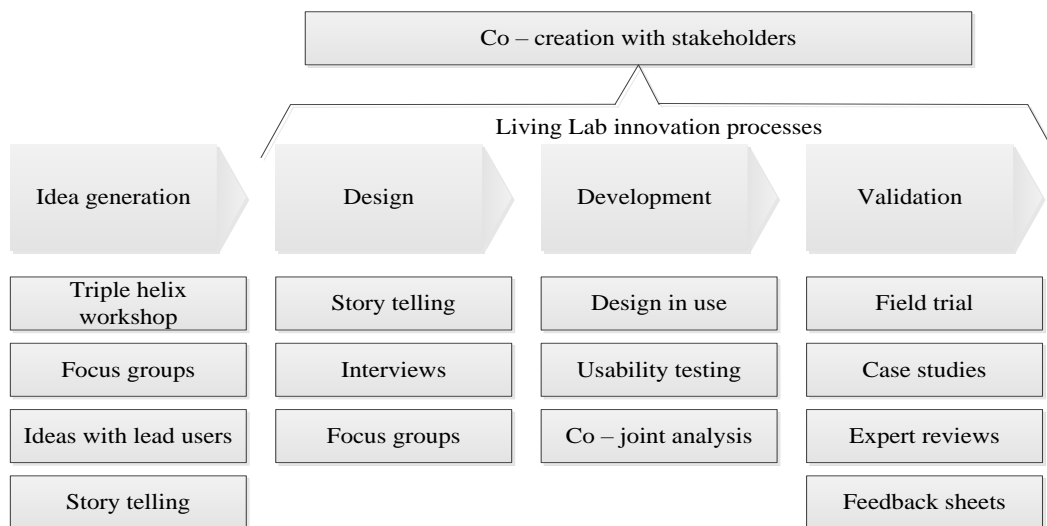


Fig. 2. Role of stakeholders as co-creators during rural areas development innovation processes: case of local food system

The key characteristics of open innovation platforms include assessment of the rural context as an opportunity to create competitive advantages; a strong territorial approach; development of services and produce that are intended to improve the quality of life in the rural area (Smart Countryside Study, 2017;

Digital Villages, 2017). Once the options have been chosen, the desired local food system has been set up and tested, all relevant stakeholders should clarify their action plans along this common path.

### **Conclusions**

Economic phenomena agriculture and nutrition always interconnected, and there is a great lack of a proactive approach to managing them in geographical areas. Short food supply chains are the basis for the development of the local food system, and the latter is a condition for the development of short food supply chains. The local food system is a complex of interconnected processes linking agricultural production and food production, processing, distribution, consumption and waste management in order to improve the quality of life of the local community in terms of improving the living environment, strengthening the local economy and social and cultural integration.

The challenge of achieving Sustainable Development Goal 2 is Missing middle between the agriculture and nutrition, which can be bridged through co-creation process. Living Labs, created in local level, can ensure a sufficient critical mass of stakeholders with a high degree of involvement in the project. Idea generation, design, development and validation can be main functions of stakeholders as co-creators during rural areas development innovation processes.

**Key words:** *local food system, sustainable development. co-creation*

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# **THE CONCEPT OF INNOVATIONS IN APPROACH OF NOVELTY, VALUE CREATING, INTERACTION PROCESS AND SOCIAL PROGRESS**

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Countries and businesses focus on processes optimization aiming to minimize cost and increase profit. The main keyword for achieving it is usually “innovations”. Innovations is one of the most popular trends in most economies and businesses. The paradox is that there is the lack of understanding the concept both in business and science. The concept of innovations is not a new topic in the research literature. The problem is that the definition of innovation is constantly evolving and there is no clear definition. Researchers have not agreed on how innovations are defined, what it is and what economic impact innovations have. Different authors present different approaches, emphasize different criteria or aspects of innovation content. The definition of the concept of innovation remains a serious subject for a discussion.

The aim of this article is to define the concept of innovations and to identify changes in the concept by reviewing the scientific literature. The method of scientific literature analysis was used to achieve the goal.

An analysis of the literature revealed that the concept of innovations was first introduced in 1934. The forefront scientists, who analyzed innovations, defined them as novelty. J. Shumpeter’s view that innovation is anything new in a product, activity, or organization was a solid background for further researches. From the economic perspective it is stated that innovation is a new activity that determines economic growth. In many definitions of innovation, novelty is a key element, but it is not necessary something new to the world, it can be something new to a company. The concept was developed further and other groups of approaches emerged, emphasizing less specific and more abstract factors in innovations definition.

Other researchers argue in one way or another that innovation is a process of interaction within a company. Innovation can occur in one particular organization, but it is often the result of the interaction of several actors. In particular, small and medium-sized enterprises rarely have knowledge resources, they need to collaborate with other companies in order to share competencies, create synergies and be able to innovate. Knowledge is created and transferred internally or transferred from one entity to another, and it will be an innovation to the host unit. The synergy of knowledge inside and outside the company creates favorable conditions for innovations. This interaction leads to innovation within the company.

The third group of authors describes innovation as value creation. It is treated as a development of a competitive advantage. The explanation of the definition of innovation through value creation is very abstract. The definition encompasses everything that creates value and increases competitive advantage.

Later, the concept of innovation was developed in a more abstract way and described through the aspect of social progress. The concept of innovations is defined as a process in which innovation does not occur in a linear way, but is characterized by complex feedback transmission mechanisms and interactive communication. Innovation is seen as an expression of human creativity and non-traditional thinking, not the result of economic development, but a source for sustainable economic and social progress.

All approaches defining the concept of innovations are different. None of the groups denies the other groups' theoretical statements, but emphasizes different aspects. Today, the concept of innovations can be defined as a company or user-initiated process of economic, managerial, psychological or technological renewal of a company that creates greater added value and competitive advantage.

**Key words:** *innovations concept, innovations in economics.*

## THE EFFECTIVENESS OF THE FISCAL POLICY ON ECONOMIC GROWTH: A SYSTEMATIC REVIEW APPROACH

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The purpose of the study is to explain in what measure fiscal policy is effective for economic growth and which are the channel of transmission of its effects from a theoretical perspective and empirical research. For obtaining the results we applied a systematic review of literature by collecting published papers between 2005-2018, regarding fiscal policy and economic growth, and analyze them. The objective of the systematic review is the following: establishing the link between fiscal policy and economic growth, analyzing fiscal policy through the transmission channels, the effects of economic growth on fiscal policy. To select the relevant literature we perform the analysis based on EbscoHost research platform.

By applying the systematic review, the results obtained reveal that in general, the expansive impact of fiscal contraction is remarked, especially when government spending is slow or indirect, rather than increase indirect taxes. Also, the automatic stabilizers are effective for macroeconomic shocks, but not enough to fully offset them. Fiscal policy generates both short-term and long-term effects on economic growth. The response of an economy to various stimulus measures depends on factors such as dimension and openness, and institutional factors as well.

Another statement that can be concluded from this research is that the instruments that the state applies with the help of fiscal policy to stimulate economic growth are the following: financing of direct investments, efficient provision of public services to ensure the necessary conditions for economic activities and financing of public activities. The relevance of the research is based on fiscal policy and economic growth all over the world and is well noted that the importance varies from country to another.

**Key words:** *fiscal policy, economic growth, short-term effects, long-term effects*

## **DETERMINING THE SOCIO-ECONOMIC DISCOUNT RATE FOR INVESTMENT PROJECTS INCREASING THE COMPETITIVENESS OF SEAPORTS**

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A typical way to approach long-term discounting is to calculate a ‘certainty equivalent’ social discount rate (SDR), a single rate which embodies uncertainty in the SDR primitives. Yet even though uncertainty is taken into account, such calculations assume a fanciful level of predictive power, since they assume perfect knowledge of the relevant probability distributions. In the context of intergenerational decision-making, the probabilities associated with different future states of the world are thought to be ambiguous at best, and at worst unknown. Consequently, the certainty equivalent discount rate is itself uncertain.

Determining the correct SDR is mostly important for the projects that have high net costs in the early years and high net benefits in later years (Moore et al., 2013). Although the problematic of determination of SDR has been started to consider in scientific literature in the XX century, this question still has not been solved.

The aim of the research is to analyse the main approaches to determining the socio-economic discount rate and consider them in relevance to investment projects increasing the competitiveness in seaports.

In the course of the analysis on approaches to determining the SDR the systematic, comparative and logical analysis of the scientific literature has been employed. The theoretical data processing method has been used to summarize and present conclusions and recommendations.

Researchers actively discuss about the suitability of various SDR determination methods (Scarborough, 2011; Moore et al., 2013; Burgess, 2013; Burgess, Zerbe, 2013), calculate SDR for various countries (Evans, Sezer, 2002, 2005; Evans, 2004; Kula, 2004; Zhuang et al., 2007; Shelunstsova, 2009; Florio, Sirtori, 2013; Halicioglu, Karatas, 2011) and compare them with official rates (Evans, 2004).

Frequently the five-percent SDR suggested by the European Commission is applied preparing the investment projects financed by the EU. The need of SDR determination is evident from the results of many researches based on examples of EU countries (Netherlands, Germany, France, Slovakia, UK, Hungary and so on). The researchers showed that the SDR level fluctuates between 1.13 and 8.1 percent. Such diapason of the calculated SDR makes doubt about the validity of the recommendation to apply the uniform 5 percent SDR for all EU countries.

Four alternative approaches of SDR determination are presented in the scientific literature, i.e. social rate of time preference (SRTP), social opportunity cost of capital (SOC), weighted average approach and shadow price of capital (SPC). The SRTP approach is based on the idea that the fundamental goal in welfare economics is to maximize the utility of society (Moore et al., 2013). The SRTP is the rate at which a society is willing to renounce a unit of current consumption in exchange for more future consumption (Zhuang et al., 2007). This rate equals the current and deferred value of consumption for society.

Different SRTP determination methods are presented in the literature. By the first method the SRTP is determined considering the interest rate of Government bonds or other low risk securities. The second and the most often mentioned approach of the SDR determination refers to the economic growth model of F. P. Ramsey, British economist. Although the SDR calculation by the classical formula of Ramsey is not complicated in mathematical viewpoint, the main problems are related with the determination of SRTP parameters.

The second approach of SDR determination, i.e. the SOC approach is based on the fact that available resources are scarce, and private and public projects compete with one another for funds. According to this approach, the return of public sector investments has to be not less than the return of private investments. The SOC can be determined as marginal pre-tax rate of return on riskless private investments (Zhuang et al., 2007).

In addition to the SDR determination approaches mentioned above, the other two approaches, i.e. weighted average approach and shadow price of capital approach are mentioned in the literature. They can be used for inter-temporal discounting, but they are rarely applied for evaluation of investment projects (Guide to Cost-Benefit Analysis of Investment Projects, 2014).

In addition, the scientists that analyse questions of public projects cost-benefit analysis discuss about the need to apply the SDR that declines in time evaluating the long-term investments (more than 50 years) more often (Spackman, 2004; Moore et al., 2013). Its outcomes are sensitive to the size of discount rate (Hepburn, 2006). The application of decreasing SDR for evaluation of the long-term investments is argued by changing interests and viewpoint of society (Moore et al., 2013) as well as uncertainty of economic state in the future (Hepburn, 2006). The burgeoning literature on the term structure of Social Discount Rate (SDR), reviewed by Gollier (2012) and Arrow et al. (2014), though has been highly influential at a policy level. The message coming from these contributions is that, for risk free projects, the term structure should be declining with the time horizon. This view is exemplified by a Policy Forum article in Science, in which it is argued that where we are uncertain about the future 'there are compelling



arguments for using a declining discount rate schedule' (Arrow et al., 2013, p. 350). As a consequence of these theoretical advances, declining discount rates (DDRs) can now be found in government guidelines in the UK and France, influence recommendations in the US (Cropper et al., 2014), and lie behind recent advice given to the Norwegian, Danish and Dutch governments. In the UK, DDRs have been used in the governmental economic analysis of the High Speed 2 (HS2) rail link.

Taking into consideration that investment projects increasing the competitiveness of seaports often are of national level importance, the SRTP and SOC approaches should be main and most suitable approaches to determine the SDR. The SOC approach is suggested to be applied only when the estimation of SRTP is not available or clearly unreliable. Because of the long term social impact of investment projects in seaports, I suggest using DDRs when evaluating the social welfare generated by such projects.

**Key words:** *socio-economic discount rate, seaports, competitiveness, investment projects.*

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# ANALYSIS OF UNIQUE COMPETENCIES FORMATION IN THE INTERNATIONAL ORGANIZATION: A QUALITATIVE RESEARCH

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Modern and rapidly changing environmental conditions presupposes that organizations have to be extremely flexible and responsive to change, and have to manage their tangible and intangible resources more effectively. Thanks to the management of such resources, organizations acquire specific, unique competencies. Effective development and managing of an unique competencies enable an organization to gain a competitive advantage in a rapidly changing marketplace and generate ever greater added value in the long term. This point is very important in the global, international context. The basis for the organization's unique competencies formation is the use and management of intellectual capital.

Thus, the *scientific problem* is formulated by the question - How to analyze the process of unique competencies formation of an international organization?

The *research aim* is to analyze the aspects of the unique competencies formation of the international organization in the case of Lithuania.

*The research methods:* the analysis of the unique competencies concept and formation aspects is based on the analysis of scientific literature. The empirical analysis and evaluation of the unique competencies formation aspects is based on the method of qualitative research – a semi-structured individual (in-depth) interviews. Content analysis is used to process the data obtained. The method of logical analysis was used to present the conclusions of the empirical research.

**Main results and findings of the study.** The most important factor in an organization's competitive advantage is the ability to learn faster than competitors. In this way, the organization develops and can acquire unique competencies, gain a hard-to-copy competitive advantage. After analyzing the different concepts of organization's competencies, the author offers her own treatment: an *organization's competencies* are a symbiosis of the knowledge, abilities and skills of the participants in organization's internal and external environment.

It has also been found that there is a *close link* between competencies formation and *intellectual capital* management processes. In order for organizations to be creative and superior in their ideas, the desired excellence must be achieved through intellectual capital. Because intellectual capital is a *hard-to-copy resource*, its possession and management leads to hard-to-copy, i. *unique, competencies* development. After analyzing the structure of intellectual capital, the main parts are distinguished: human, organizational (process and innovation) and relationship capital. In the context of the field concept, human and organizational capitals can be attributed to the *internal environment* of the organization, and relationship capital - to *the relations with the external environment*. Whereas effective

management of intellectual capital presupposes the formation of the organization's unique competencies, it can be said that human and organizational capital creates *internal competencies* of the organization, and relationship capital - *external competencies*.

The author has created the model that allows to evaluate the forming process of an organization's unique competencies through **six areas**: 1) creative leadership; 2) management of personnel creativity; 3) integrity of processes and information technology; 4) support for creativity; 5) strategic management; 6) system approach. It is worth noting that these areas correspond to a certain component of intellectual capital: such areas as the *creative leadership* and the *management of personnel creativity* generate the human capital; the *integrity of processes and information technologies* and the *support for creativity* generate the organizational capital; and *strategic management* and *system approach* generate the relationship capital. The first four areas create internal competencies, and the next two - external unique competencies of the organization.

**The empirical research** is based on the system approach to investigate the maximum possible number of manifestation characteristics of the object under investigation. In this way, the probability of acquiring a general knowledge of the object investigated increases.

A *case study* method was selected for the research to analyze the activities of one or several subjects in one group. This research method can be applied both in developing new scientific knowledge and in solving various *practical situations*. Attention is paid to the *subtlety* and *complexity* of the individual case.

*The validity of the choice of the case study research method and the research subject*: 1) the Lithuanian maritime business organization under investigation is a part of a multinational enterprise group (the Group), which consists of organizations from Denmark, Sweden, Germany, Finland, Holland, England, France, Russia, Spain, Poland, Estonia, Latvia, and Lithuania; 2) the Group has been operating for more than 150 years, i.e. has a successful management experience; 3) the Group's recent activities are influenced by external environmental factors, which implies a need for more effective management of creativity.

The Group's divisions (27 branches from various countries) are divided in the Group's own organizational structure not so much geographically but *functionally*. Therefore, in the case of qualitative research, the Lithuanian maritime organization was also analyzed *in the context of the entire Group*. A total of 11 respondents participated in this research (and 2 additional respondents in the pilot research). All respondents are managers and/or leaders, experts in their profession. Respondents are coded for the purpose of confidentiality, and only their codes (R1 – R11) are used in the work.

In order to be able to assess the situation in the context of each area, the author proposed **appropriate dimensions**: 1) *creative leadership* has the following dimensions: qualities of a manager as a creative leader (qualities that shape *key* and *strategic competences*);

2) *management of personnel creativity* has a) *motivation for creativity* (internal – external; personal – group – organizational); b) *creativity training* (individual – organizational); c) *formation of creative skills* (creative thinking; solving of non-standard problems);

3) *integrity of processes and IT* has: a) *processes* (process tools and management systems integrated in organization); b) *integrity of IT systems* (IT introduction, application, and compatibility across processes in different management areas);

4) *support for creativity* has: a) *organizational structure* (type, and specificity; application of teams; personalization (knowledge exchange) + codification (knowledge storage)); b) *organizational culture and climate* (values, attitudes, networks; tolerance, time management, no fear of mistakes, physical space);

5) *strategic management* has a) creating and developing a creativity (innovation) management strategy; b) using creative *thinking* and creative *methods* to form strategies;

6) *system approach* has ideas and projects focused on creating an *open social environment* (strong communication (social relations), and collaboration with stakeholders (suppliers, partners, etc.)).

The research produced matrices that separated topics (connections), categories, codes, and subcodes. The following table shows a summary of the research results (emphasis on subcodes). The interpretation and conceptualization of the research data revealed that the topic of *management of personnel creativity* has most of the subcodes (31 in total), while the topic of *system approach* has least of the subcodes (6 in total). This shows the level of importance of each area, i.e. the respondents have identified these categories of topics *as relevant*.

Based on the determined total values of the subcodes, an *index (weight factor)* for each topic was calculated, where the sum of the subcodes of each area (topic) is divided by the maximum amount of subcodes (for example, 14/31; 31/31; 19/31, etc.). This makes it possible to rank the values of each area of the unique competencies formation.

Another important result is the total sum of subcodes in the context of the internal and external competencies formation (the organization pays much more attention to the formation of its *internal competencies* - 91 subcodes in total).

Summary of the research results

Type of Intellectual capital	Topics (connections), categories and subcodes of INTERNAL competencies formation	Sum of the subcodes	Weight factor (Index)
Human capital	1 topic. Creative leadership	14	0.45
	2 topic. Management of personnel creativity	31	<b>1.00</b>
Organizational capital	3 topic. Integrity of processes and IT	19	0.61
	4 topic. Support for creativity	27	0.87
<i>Total sum of the subcodes:</i>		91	
Type of Intellectual capital	Topics (connections), categories and subcodes of EXTERNAL competencies formation	Sum of the subcodes	
Relationship capital	5 topic. Strategic management	16	0.52
	6 topic. System approach	6	<b>0.19</b>
<i>Total sum of the subcodes:</i>		22	

Importantly, if the use of internal and external competencies (of all agents in the organization and its external environment) becomes the dominant principle, the flow of knowledge between agents increases significantly due to the *synergy effect*. Such a network of agents (participants) acquires the character of an *informal management mechanism*, as trust becomes crucial in the organization's value system.

#### **Theoretical and practical implications of the work:**

1. The research conducted has deepened the knowledge of organization's competencies and allowed developing methodology for the assessment of unique competencies based on intellectual capital.

2. Qualitative research method was used to investigate and evaluate aspects of unique competencies formation of the international organization in the case of Lithuania. The organization pays much more attention to the formation of its internal competencies.

3. The conceptual model developed and approved during the research is suitable for medium (50 to 249 employees) and large organizations (250 employees and more). In addition, the model is more suited to service providers due to the lack of clarity of the product, the involvement of the customer in the product development, and the flexibility and unexpectedness in providing services.

#### **Conclusions:**

1. The concept of organization's competencies is formulated. Organization's competencies are a symbiosis of the knowledge, abilities and skills of the participants in organization's internal and external environment. It was found that the organization's competencies can be divided into internal and external. It has also been found that there is a *close link* between competencies formation and *intellectual capital* management processes.

2. The international organization in the case of Lithuania pays much more attention to the formation of its *internal* competencies. If the use of internal and external competencies becomes the dominant principle, such a network of agents (participants) acquires the character of an *informal management mechanism*, as trust becomes crucial in the organization's value system. In this way, the organization can more effectively achieve a competitive advantage.

**Key words:** *organization's competence, competitive advantage, intellectual capital, international organization, management.*

# IS THERE AN IMPACT OF DEFENCE SPENDING AND ECONOMIC SECURITY POLICY VULNERABILITIES ON ECONOMIC WELL-BEING AND GDP IN NATO AND EU MEMBER COUNTRIES?

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The main purpose of the proposed research paper is to highlight the existence of a correlation of efficient defence spending according to the existing studies on economic development. This study was carried out by applying the methodology of systematic review considering the countries' strategies for allocating defence budgets in NATO and EU member countries and the economic security policy of these countries between 2001-2018. The Web of Science databases were used, taking into account specific research descriptors characteristic of these fields. The analysis took into account the search string for each country in the list and the results obtained in the studies analyzing defense spending and GDP and were followed with interest. In the vast majority of countries that carry a well-established and organized defence policy, the effects of defence spending on the economy and GDP are positive, very few being negative or insignificant. Thus, I think it is imperative that future studies should focus on continuing to analyze all the factors involved and that contribute directly or indirectly to the observance of international treaties and agreements concluded in all other areas of government. It is still considered by specialists that a strong defence strategy leads directly to an economically developed state.

**The main purpose of the research** is to highlight the impact of the way the defense budget is allocated in the EU and NATO member states and the influence of the foreign policy carried out in these states on the economic development, taking into account that an efficient strategy of allocation by the authorities of the money is directly reflects the economy of the country. Overall, Europe is the second largest military spending, after the USA. However, defense budgets in Europe have declined in recent years, while other global actors (China, Russia, Saudi Arabia) have upgraded their defense to an unprecedented level. In 2015, the US invested more than double the total expenditures of EU member states in the military field.

In most studies, the existence of a correlation between military expenditures and GDP is analyzed, their impact being different affecting the entire economic well-being, labor force, social and economic environment depending on the countries analyzed. The analysis is conducted in the context of the military policy alliance specific to the North Atlantic Treaty Organization (NATO).

**Research methodology.** The established research method is mainly the "Systematic Analysis Methodology". A systematic review of the literature, the use of electronic databases based on key words for a specific description of our research for the period 2001-2018 that led to the use of primary care education results of the title and summary of the papers. Of the 55 research papers we have found in the



first search step, only five studies effectively highlight the correlation between the main objectives pursued by the EU through ENP instruments and the effects in partner countries. The results of analyzes and verifications in the literature allow us to conclude that in all these studies, researchers have started from the partial character of the effect cycle resulting from multivariate analyzes.

**Conclusions.** The analysis concludes that the field of defence and the allocation of resources in this sector, their efficiency and a correct security policy between the Member States or within the same state can have important political implications, with effects on the macroeconomic area of the NATO and EU member states.

**Acknowledgement.** This work was cofinanced from the European Social Fund through Operational Programme Human Capital 2014-2020, project number POCU/380/6/13/125015” Development of entrepreneurial skills for doctoral students and postdoctoral researchers in the field of economic sciences”.

**Key words:** *defence spending, economic security, GDP, systematic review.*

## CONDUCTING CLINICAL RESEARCHES IN SMALL POPULATION COUNTRIES: CASE STUDY OF LATVIA

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In the health care industry, one of the significant research and development activities are clinical trials of medicines are one of the essential steps in the development of new medicines which is a crucial research activity with the potential to improve the quality of health care and control costs through careful comparison of alternative treatments. In the clinical research process, the different stakeholders are involved - inventor, contract research organizations, scientific and medical institutions, researchers and patients in many countries around the world. Clinical research is a long-term and expensive process for developing new medicines and expenditures for clinical trials are more than half the cost of drug development. For the university hospitals and other scientific and medical institutions, clinical research is a business of the provision of services for pharmaceutical companies to evaluate costs and efficiency of treatment. Over the last decade, the US has been a dominant player in this research and development activity market. However, the main activities are gradually shifting from Europe to China and Brazil. Countries such as Latvia, Lithuania and Estonia, with a small population, also have a specific niche in the clinical research service market.

Concerning clinical trials of medicines, there is no longer a myth that patients are “trial rabbits”, due to the strictest possible regulation of clinical trials of medicines developed in the last decades. However, a new myth has emerged in society that the only beneficiaries of clinical trials of medicines are pharmaceutical companies and some researchers of clinical trials of medicines who have obtained orders from pharmaceutical companies. However, clinical trials of medicines are a specific market sector that is very important, especially in countries with a small population. As a result, the perception of clinical trials of medicines has changed rapidly, from a business with a narrow stakeholder base to a lifeline to the global economy.

Although the population of Latvia is small, there is a small but stable increase in clinical trials of medicines. On an average per year, in Latvia 67 clinical trials of medicinal products and 264 clinical trials has authorized. Fast increase the number of permits issued for clinical trials of medicinal products took place in 2004, which resulted in a rapid increase in the number of ongoing clinical trials in 2005 and 2006. Such an increase in clinical trials could be related to accession to the EU. Latvian pharmaceutical clinical trials market is small, and within trials, mainly second and 3rd phase studies are dominated. This fact is related to the need to collect data on a certain number of people at each stage of clinical trials in order to be able to register a new medicine. The GlobalData Intelligence Center predicts that global trends

in the distribution of clinical trials by medical sectors will not change in 2020. The leading industry in clinical trials remains Oncology (20.5% industry-sponsored clinical trials and 11.3 non-industry-sponsored clinical trials), Central Nervous System (9.2% industry-sponsored clinical trials and 8.5 non-industry-sponsored clinical trials), Infectious Diseases (5.6% industry-sponsored clinical trials and 4.2 non-industry-sponsored clinical trials) and Cardiology (2.9% industry-sponsored clinical trials and 4.9% non-industry-sponsored clinical trials). In the last ten years, the distribution of permitted clinical trials in Latvia has been different - Oncology, Pulmonology / Allergology / Physiotherapy, Psychiatry / Neurology and Endocrinology.

Factors that determine the attractiveness of Latvia and other countries with small populations to pharmaceutical business in the field of clinical trials can be visible in a global context. The pharmaceutical business is very profitable, so investment in pharmaceutical R&D is also increasing every year, which means an increase in the number of new products. There is a growing number of clinical trials of new drugs in the world, which has reached the 3rd phase of clinical trials. At the same time, the number of potential researchers and subjects remains constant or decreases. As a result of the rapid increase in the number of studies, countries with small populations are becoming increasingly interesting for conducting clinical trials because of the growing demand for such studies in the 3rd phase.

Another factor determining the attractiveness of countries with small populations for clinical trials is the rapidly growing requirements for drug registration data.

In the 1980s, an average of 1,500 people was involved in one drug clinical trial, in the 1990s 4,500 people, and in the 2000s, one drug application contained information about 7,000 healthy volunteers and patients.

The next factor determining the involvement of countries with small populations in clinical trials of medicinal products is population characteristics. The results of research obtained in high population density countries such as China, India and Indonesia cannot apply to the population of Europe and the United States. The capacity of these countries in terms of study participants and researchers, respectively, is stable.

Besides, it must take into account the health care financing system in the United States and Western European countries, where patients participate in clinical trials are not always motivated.

Sponsors of trials are interested in collaborating with medical researchers who have access to 'needed' patients, i.e. how medical researchers' hunt' takes place. The concentration of such doctors in the Baltic States is in clinical university hospitals.

In countries with a high population density, clinical research centres are often overburdened with many projects at the same time, in contrast to countries with a low population density and number. As a result, centres that can ensure rapid patient involvement do not provide adequate research quality.

The desire of pharmaceutical companies to involve a world-renowned researcher in a clinical trial has given rise to a phenomenon such as the “phantom investigator” such a phenomenon does not occur in Latvia, because the number of studies in the largest medical institutions per investigator is relatively small (1-6), and only a part of these clinical studies includes sub investigators.

The COVID-19 crisis, due to different problems of the execution of clinical trials during this viral pandemic, has the potential to disrupt new and ongoing clinical trials of various medical products. Medical research is not immune to the effects of physical distancing, strained healthcare systems, and an emotionally volatile environment affecting trial participants. Clinical trials this year are facing regulatory changes, participant safety issues, funding issues. As a result, clinical trials will flip from in-person clinical trials to remote trials. However, in the context of current COVID-19 pandemic, the world community wants to get a vaccine against it as soon as possible. As a result of two development trends, the clinical trial process in the context of COVID-19 will be severely affected. First, study sponsors may be forced to prioritize between COVID-19 and ongoing clinical trials. Secondly, there is a shortage of medical staff in the EU and elsewhere to provide first aid to COVID-19 patients, so that medical staff will be diverted to fight the epidemic. Third, due to quarantine and social distancing orders, the functioning of existing CFPs can be significantly affected. Therefore the European Commission, the European Medicines Agency (EMA) and the National Heads of Medicines Agencies (HMA) have published new recommendations for sponsors on how to manage the conduct of clinical trials in the context of the coronavirus disease (COVID-19) pandemic.

The aim of the study is to find out the size and characteristics of Latvian clinical research services and to highlight the factors that determine the attractiveness of sponsors for clinical research in such countries. The empirical basis for the research is statistical data of The State Agency of Medicines of Latvia and experts' interviews. In the paper - scientific methods as comparative analysis, empirical analysis, statistical data processing, including the deduction and synthesis, are used. Based on the research it can be concluded that main factors that determine the attractiveness of such countries for conduction of clinical researches are competitive advantages in drug registration requirements, population characteristics for clinical trials on the one hand and availability of researchers and doctors in comparison with main research centres.

It is proposed to set up a specific state support system for the mechanical establishment of the scientific transfer of clinical trials. Further research would be related to the clinical research market research in the three Baltic States.

**Keywords:** *clinical research; Small population countries; Clinical trials market.*

## ECONOMIC PRECONDITIONS OF CLUSTERIZATION

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In modern business, the formation of clusters is becoming a major challenge for companies, organizations of different kinds of activities, and governments. In many developed countries, clustering is nowadays seen as an economic phenomenon promoting economic growth and development, attracting innovation and investment in the research and experimental development, and promoting introduction of new technologies. By bringing businesses, public and educational institutions together, clusters provide access to specialised resources, and due to the emerging specialisation, cluster members and, at the same time, individual regions, industries and national economies, gain a competitive advantage.

*An unexplored issue.* In Lithuania, clustering is at a relatively early stage compared to other rapidly developing and developed countries. Although the scientific literature has paid considerable attention to the activities of clusters, the issues of economic preconditions of clusterization have not been sufficiently explored.

**The aim** of the article is to analyse the economic precondition of clusterization.

**Research methods:** systematic, comparative, and logical analysis and synthesis of the scientific literature.

After the analysis of the scientific literature, it can be noted that different authors interpret a cluster according to the field and theme of their research. The concept of clusterization is related not only to the tendency of businesses, institutions and other entities to be geographically concentrated, but also to the formation of close cooperation relations and economic benefits conditioned by vertical and / or horizontal integration. A cluster is a group of interconnected organisations, including suppliers, manufacturers, science, education, government, financial and other institutions, whose main principle and goal is to increase efficiency, competitiveness and innovation, to share knowledge, to develop innovation and technologies, and to create new products and services. Examining the sources of the scientific literature and the accomplished research and studies on the subject of clusterization, it can be also observed that different authors provide quite different interpretations of the concept of precondition. On the basis of the accomplished analysis, it is appropriate to distinguish the economic preconditions of clusterization to increase productivity, innovation and export development. When motivating the choice of these preconditions, it is necessary to study the reasons for their formation and trends in the context of business clusterization. The processes of clusterization ensure the elimination of the main reasons limiting the competitiveness of companies and facilitate entry into foreign markets. Due to business co-operation

there are more favourable conditions to increase efficiency of the supply of goods and services, thereby contributing to increasing competitiveness.

**Keywords:** *Cluster, clusterization, competitiveness, economic preconditions of clusterization.*

## ECONOMIC ADVANTAGES OF BLOCKCHAIN TECHNOLOGY IN E-PROCUREMENT

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This article aims to review economic advantages of the one of the most modern cutting edge technologies, namely blockchain for e-Procurement. **Problem** is to search and select proper technology that could accept current challenges in e-Procurement related to globalization (increased amount of stakeholders, international transactions with different legislation), increased amount of non - structured data, different level of technological advancement, residual risks related to fraud and human errors. **Methodology of the Research** – analysis of the scientific articles, analysis of best practice use cases, comparison, analytical descriptive and generalization methods. It shall be noted that due to the topic's novelty and practical application authors have put a lot of focus on practical sources.

Procurement as an economic concept constitutes one of the most essential drivers for economic development and innovation. As e-Procurement (including its part – Supply chain) is a concept consisting of plenty of different processes (analysis – gathering requirements for demand/product design, sourcing – selection of vendors, contract management cycle – negotiating, concluding and implementing the contract, payment settlement and inventory management including product's shipment), therefore specific advantages per such major different processes are explained. Technological background of Blockchain is provided – in essence this is technology which empowers creating distributed or decentralized in economic and legal world ledger (in IT world log) to record the transaction. Even literal analysis of this technology allows to draw a conclusion that we are speaking about chain of blocks - or blocks of information within one logical chain. The changes made by the various parties are assembled and stored in the database at regular intervals as bundled packets called 'blocks'. Blocks contain the useful data (initiated by the owner – or node) and technical information for encryption, so called hash. The block after initiated by one participant is sent to all participating nodes and their content and hashes will be accordingly verified by all participating nodes. Such nature of this technology implies features as public/transparent, verifiable, immutable/extremely reliable decentralized ledger. As it brings solid state of trust between different stakeholders, blockchain technology is extremely useful when we do speak about variety of market players involved in multiple transactions among them, especially when we do speak about value capture. The origins and the purpose of the transactions could vary, but for economic sciences main priority is again the value – capturing value and registering any modifications - tracking it (like owner, quantity, price, etc.). Another distinct advantage that is valid for all processes is cost efficiency (reduction of rigid processes, no third parties' intermediaries' fees, less paper consumption). Assumptions and pre-conditions of Blockchain application are provided. So far knowledge about

Blockchain as well as regulation of this sphere are still not sufficient to get maximum benefit from its application in economical processes. Nowadays main drivers of this technology are still IT corporations and IT consultants (one of the pioneer in this sphere is IBM which already integrated this technology to its offering designed specifically for Supply chain and Logistics). It shall be also noted, that the more precise and tight integration with companies' IT systems (ERP, Sourcing, Supply Chain, Payment) is achieved, the more benefit Blockchain can bring. In designing such integration certain attention shall be put also on revising and updating operational processes, that shall be more flexible and agile across all organization. In analysis phase Blockchain can efficiently improve communication process between different departments/stakeholders participating in product design by providing real time, transparent the most recent product's backlog, updated and agreed on by parties. This phase shall be considered as a separate project – so relevant project management tools and processes shall guide and facilitate this activity. During sourcing phase Blockchain ensures involvement of very wide trusted vendor's base, therefore essentially contributing to whole efficiency of e-Procurement on one hand (company being able to select the best price vs quality ratio between increased variety of options) and on another hand ensuring more smooth compliance KYP (Know Your Partner) and KYS (Know Your Supplier) procedures. On Contract management – absolutely new concept of self executing smart contracts could be introduced on Blockchain basis, however so far it can cover only limited functionality, and any non standard clause shall be still governed by manual human interaction. Article's main conclusion is that due to the main characteristics of Blockchain technology (safety, transparency, reliability, speed and cost efficiency) payment settlement and products' shipping tracking/inventory management are eProcurement's phases that could benefit from this technology the most, among others. Regarding payment – Blockchain appeared and got its wide commercial recognition as part of Bitcoin cryptocurrency, so this logically explains success of such later application in payment sphere in general. Product 's tracking in supply chain as well as common inventory management is e-Procurement process that could potentially have the biggest roadmap of Blockchain development. In conjunction with another rising technology – IoT (Internet of Things) it would allow to disrupt whole logistics industry by introducing new standards of product 's delivery and stock's management. It shall be also noted that there are many other benefits of Blockchain. Yet, the true scope of the Blockchain technology is unlimited. It is absolutely a remarkable breakthrough in the history.

**Main results and findings of the study.** Based on the above findings according to the authors it goes without any saying that Blockchain indeed has a distinctive positive impact on eProcurement – main economic advantages are efficiency (speed, performance, error free, cost savings) and security due to the nature of this technology. However the strength of this impact varies as per different e-Procurement stages.



**Theoretical and practical implications of the work.** For Product's shipping and Inventory management authors recommend using Blockchain along with the IoT to get maximum advantage from this synergy – which is predominant and the most promising research sphere for Blockchain today.

In Payment settlement positive experience of Blockchain application from crypto currencies (primarily Bitcoin) shall be considered.

Bitcoin application in Smart contracts is preferred to introduce more higher automation level, however nowadays this can be applied only for standard contractual clauses, while for non - standards human interaction is still needed.

In Sourcing Blockchain would allow to expand the set of available vendors which in turn directly affects efficiency of e-Procurement.

Advantages of Blockchain application in analysis phase are typical of such application in IT projects, that in general constitutes significant amounts of savings.

**Conclusions.** Authors' opinion – with current technological level it's highly recommended to extend Blockchain application in Product's shipping and payments, while other e-Procurement phases would be able to fully enjoy Blockchain in recent future due to the need of more interoperable IT systems.

**Key words:** *Blockchain, eProcurement, Supply chain, Technology application.*

## RESEARCH OF HOUSEHOLD FINANCIAL HABITS CHANGES DURING COVID- 19 QUARANTINE

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The economy is characterized by fluctuations, and economic growth is always followed by economic slowdown. These are normal stages of the economic cycle, but their fluctuation is influenced by different factors. According to Coita (2019: 110), today's economic research focuses on the analysis of human behavior and, in particular, how people make decisions in response to environmental stimulus. According to Girdzijauskas, Štreimikienė and Mackevičius (2009: 76), there is an economic cycle - a certain fluctuation, which manifests itself in the general economic activity of the country. The economy, going through a business cycle, goes through a period of growth with an accompanying downturn. Therefore, the financial decisions made also depend on in which cycle the economy is. This statement is confirmed by the fact that after each economic crisis, a great deal of attention is paid to increasing the financial literacy of individuals (Lusardi and Mitchell, 2014: 7). However, it is difficult to predict the exact start date of the economic downturn. Households may face financial challenges at various stages, for example after childbirth, job loss, or economic downturn and so on. Some challenges can be predicted, but most of them (economic crisis, Covid-19 virus spread and so on) - not. The rapid spread of the Covid-19 virus will affect not only the social life of the households, but also will have influence on their economic and financial stability. Announced quarantine in Lithuania and other countries of the world will be a challenge not only for the health systems of the countries, but also for their financial systems. As a result, many countries around the world are adopting various economic stimulus packages.

This quarantine also affects the financial stability of households and affects household behavior. Some companies, realizing that millions of households around the world are facing the challenges, offered various packages of financial planning to adapt to economic challenges (EVERFI, 2020: 1). A survey conducted by this company found out that 59 percent of employees cite financial challenges as the main cause of stress. In addition, only 4 out of 10 respondents can cover the unexpected increase in costs.

Day et al. (2020: 18) pointed out that the spread of the pandemic has disrupted most businesses. The grocery stores try to supply only the most demanded goods. Even Amazon.com, as one of the largest outlets, has suspended orders for non-essential goods to meet demand for the most in-demand goods (e.g., medical supplies, household goods, etc.) (Day et al., 2020: 18). A study by Hultgren (2020: 1) found that consumers change their shopping habits in response to a pandemic. Cleaning supplies, protective clothing, filtration products, groceries, snacks are purchased more often (Decline in ..., 2020: 1). There has been an increase in the number of cancellations of various service bookings (RLJ Lodging Trust, 2020: 1), 89.6 per cent of respondents having a reduced desire to go shopping or visiting public places

(Consumption Desire, 2020: 4). A study by Hultgren (2020: 1) also revealed that households were more likely to search for information related to changes in financial and stock markets: the most popular keywords were Dow, SP500, and the stock market today. In addition, the number of online lenders to households has increased (Daniels, 2020: 3) to fill the need for credit for middle-class consumers.

The financial decisions made by households depend on many factors. Bruhn (2019: 335) distinguishes three categories of factors; Jabeen et al. (2019: 31) show that emotions, beliefs, and bias affect the decision-making process. Studies have shown that population health, in terms of life expectancy, infant, child, and maternal mortality, is positively related to economic well-being and growth (Robalino et al., 2002; Bhargava et al., 2001). The recent increase in pandemics (HIV / AIDS, Ebola, etc.) is a matter of great concern. According to Qiu et al. (2016/2017: 4), there have been many significant pandemics and pandemic-related crises in human history that have had a huge negative impact on health, the economy and even national security in the world. Households have to cope under a certain financial strain and this strain examines financial management practices of households. There is no doubt that 2019-2020 the world-wide virus COVID-19, which has forced people to quarantine, will also affect the global economy and households' behavior. It should be emphasized, that there is a lack of research analyzing COVID-19 influence on household behavior. So, the **scientific problem** can be formulated as follows – how households' financial habits change during COVID-19 quarantine.

The **objective** of the research: changes of financial habits.

The **aim** of this research is to analyze the changes of households' financial habits during COVID-19 quarantine in Klaipeda city and district.

**Research methods:** analysis of scientific literature, systematization, generalization, survey, descriptive and comparative statistical analysis. Quantitative study: the empirical data had been collected by interviewing Klaipeda city and district households. The research analysis was processed using the Statistical Package for the Social Sciences (SPSS).

**Main results and findings.** The study had showed that 75.7 per cent of households of Klaipeda city and district had savings up to 6 months; respectively 32.2 per cent had savings up to 3 months, 21 per cent up to a month, and 21.5 percent - up to 3 months. It was investigated that household financial habits had changed during this quarantine. Households' purchases amount and buying frequency had reduced, but quantities had increased. What is more, 10 per cent of respondents started buying in online stores.

The analysis of the results of survey revealed that one third of households' does not feel financially secure. In addition, households with unemployed people more often do not feel financially secure. Respondents who feel financially secure have not only savings but also other financial assets. More than half of households could survive on their savings for only up to 3 months or less. A statistically

significant relationship exists between households with unemployed persons and savings; such households have savings for a shorter period.

A statistically significant relationship exists between households' education and financial liabilities: 75.2 percent of those with higher education have financial obligations. Income and expenses of most respondents decreased during quarantine. Households are concerned about rising food prices and falling incomes. In addition, almost half of the respondents believe that they will face financial difficulties in the near future. State support would be important for almost 70 percent of households, but due to non-compliance the requirements, a smaller part of them (almost 42 percent) will apply for this support.

**Theoretical and practical implications of the work.** Examined theoretical and empirical assumptions and presented empirical analysis presented revealed what factors influence changes in households' financial behavior. There was identified whether households of Klaipeda city and district were prepared for unexpected economic fluctuations, or their financial security depends on their financial liabilities. Planned state support influence on household financial stability was also examined.

**Conclusions.** The level of financial literacy is still low, but it can be observed that households more responsible are making various financial decisions. Available financial liabilities increase the vulnerability of households to adverse shocks. Retaining jobs is not only important for the functioning of the economy, but also has a decisive impact on the economic, social and health situation of households, especially in times of economic downturn, when unemployment is rising drastically. An increase in the unemployment rate can affect the consumption of goods and services, investment and saving decisions. The financial decisions made by households depend on environmental, social, and personal factors, the phase of the economic cycle. Furthermore, the world is experiencing an increase in pandemic crises, which have a negative impact on the financial security of households, health, countries' economy, and national security in the world.

Research showed statistically significant relationship existence between households with unemployed persons and savings; such households have savings for a shorter period. A statistically significant relationship exists between households' education and financial liabilities. Households are concerned about rising food prices and falling incomes. In addition, almost half of the respondents believe that they will face financial difficulties in the near future. The change in households' financial habits can be explained by the fact that half of households decided to postpone previously planned large purchases, their purchasing habits also changed: they buy less often and in larger quantities, buy only basic food and household goods, and buying in online shops increased. It was found that persons with higher university education more frequently use home delivery service than persons with other education. State support would be important for majority of households living in Klaipeda city and district.

**Key words:** *financial habits, household behavior, survey, COVID-19 crisis.*

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## INCOME INEQUALITY, FISCAL POLICY AND OVERALL LIFE SATISFACTION IN THE BALTIC STATES

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Income inequality has received widespread attention in the scientific literature. Income inequality has a significant impact on the health and education levels of the population, as well as it is increasing social tension and crime rates. To date there has been little agreement on the impact of income inequality on the economic growth, however, in the long run, factors such as population health and educational attainment have a significant impact on the potential output. There is less research on the impact of income inequality on people`s overall life satisfaction, however, several studies claim that income inequality reduces satisfaction with life. Whereas decreasing satisfaction with life negatively influences people`s health.

Income inequality is a major challenge in the Baltic States. In Lithuania and Latvia, income inequality expressed in terms of the Gini index based on disposable income, in 2018, was among the highest in the EU, lagging only behind Bulgaria. In Estonia income inequality was slightly higher than the average in the EU. Taking into account negative aspects of income inequality on several social indicators, the governments need to reduce income inequality with appropriate fiscal policy. Similar results are shown by population`s overall satisfaction with life in Lithuania and Latvia, which were among the lowest in the EU, in 2018, while population`s overall satisfaction with life in Estonia was slightly below the EU average.

The aim of the research is to assess whether income inequality has a negative impact on people`s overall life satisfaction and to evaluate how fiscal policy has affected income inequality and overall life satisfaction in the Baltic States.

The scientific methods used in the research: analysis of scientific literature on income inequality, its impact on population`s overall satisfaction with life, as well as analysis of scientific literature on the impact of fiscal policy on income inequality, empirical analysis of data, cross-sectional regression.

The results of the research show that fiscal policy has reduced income inequality, expressed by the Gini index based on market income, by an average of 30% in the Baltic States between 2005 and 2018, reaching its highest level in the aftermath of the financial crisis of 2008-2009, however, detailed analysis is needed whether discretionary fiscal policy reduced income inequality or operation of automatic fiscal stabilizers. By using a cross-sectional regression for EU countries, the author concludes that there is statistically significant, negative relationship between income inequality and satisfaction with life among a population, however, statistically significant relationship between fiscal policy and population`s satisfaction with life has not been found.

**Key words:** *fiscal policy, income inequality, life satisfaction.*

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## SECTION SUSTAINABLE REGIONAL DEVELOPMENT

### CLIMATE CHANGE AND ITS INTERACTIONS WITH ECOSYSTEMS, PEOPLE AND EDUCATION

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Over the past epoch of growing technology the international and national research communities have developed a progressively clearer picture of how and why Earth's climate is changing and of the impacts of climate change on a wide range of human and environmental systems. The global climate emergency proceeds, now is the time for universities to become leaders for global action against climate change by pledging to teach students to prepare humanity to mitigate the effects of the wave of extinction events to come. Higher education institutions need sufficiently integrate climate change knowledge into education and researchers must sufficiently publicize their research. The principles for the enhancement of experiential learning in higher education suggest how experiential learning can be applied throughout the educational and development programs including curriculum development and experiences in knowledge of climate change processes and necessary adaptation. Research has been done on what knowledge and skills are needed for the next generation to face the challenges of climate change. To the mind of research participants, the most important practical skills for future specialists would be knowledge of computer technologies, new technology application, practical skills, awareness about the latest achievement in the field of climate change and adaptation management.

Climate change issues are of a major importance in the modern world and these problems to be monitored and examined on the global and national level involving national organizations, business and industry, research institutions, including the different education levels.

How can universities contribute to climate change mitigation? The main activities are really related to the main mission of universities: to teach, to research, to educate, to provide knowledge not only to students but also to society.

Therefore, the main activities would be the following:

- (a) Bringing the research activities of the Universities closer to solving the problems of climate change and representing the issues of climate change in the activities of various scientific organizations and associations; Implementing measures to promote the sustainability of the

green / blue economy (using the most advanced / renewable energy technologies, green transport, waste sorting, etc.);

- (b) Developing and implementing innovative solutions that would reduce emissions, energy costs and contribute to climate change mitigation measures in Lithuanian industry / agriculture;
- (c) Paying more attention to publicizing the results of climate change research (participating in public activities, organizing campaigns with students, city municipalities, publicizing the results of climate change research, and etc.)
- (d) Integrating climate change topics into the study process.

There are priorities among which - safe and secure region (to strengthen societal resilience to disasters and hazards), and sustainable and prosperous region (to strengthen the region' capacity to adapt to climate change).

The aim of this presentation also present result of AdapTM Erasmus project. It is to ensure the design and implementation of an interdisciplinary degree study programme “Smart Environment and Climate Change Management” (SECCM) through conduction of joint interdisciplinary research, devoted to the synergy between theory and practice in sustainable development, in order to support EU and Egypt universities with the integration environment and climate change management.

**Keywords:** *Climate change, Globale change Sustainable Development, Education*

## "BE[E] SUSTAINABLE" - EXAMPLES OF MEDIA CAMPAIGNS CREATED TO PROTECT POLLINATORS

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The aim of this research is to analyse media campaigns created to raise awareness about endangerment of the bees. Methods used in the research are: case study and critical analysis.

Food security is one of Sustainable Development Goals. Bees and other pollinators play a key role in the conservation of biological diversity, food production and the global economy. Bees' population is decreasing (Colony Collapse Disorder, CCD) due to human activity. There are many awareness initiatives such as "The Grand Bee Day" ["Wielki Dzień Pszczół"] in Poland, helping to protect bees by entertainment and education of people.

Media campaigns analysed in the paper include *inter alia*:

1. "Bee-Boy Dance Crew" by Häagen Dazs - the video released in 2008 reached 2 million views in just 2 weeks on YouTube, Yahoo, Vimeo and Daily Motion,
2. "McHive" in Sweden – in 2019 McDonald's was promoting fully functioning beehive that is a miniature to-scale restaurant,
3. "Kujawscy Zapylacze" in Poland – an informative campaign about bees involving local-based food producer

In accordance with 2013 CONE Communications Research and ECHO Research<sup>1</sup> 91% of consumers were likely to switch to a brand that supports a good cause, given similar price and quality. Aligning with a good cause is not just a type of advertising it is also an effective business investment. Supporting a worthwhile cause can strengthen reputation and create a long-term impact. It's been in use for over 40 years. Brands use media as a marketing tool, especially social media, to bring attention to socially important topics while still promoting their products. A type of marketing or advertising that focuses on social issues combining a brand with a cause to produce profitable and societal benefits is called Cause Marketing. Social media campaigning can be an effective way for companies to gain attention and create trust. Important thing is that the cause supported by the company should be authentic, seen more as a purpose, and not just a marketing strategy.

**Key words:** pollinators, bees, environment, Sustainable Development Goals, media

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<sup>1</sup> <https://www.conecomm.com/news-blog/2013-global-csr-study-release>

## SUSTAINABLE DEVELOPMENT IN GERMANY IN HISTORICAL PERSPECTIVE

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The main aim of the paper is the analysis of socio-economic and environmental factors affecting Germany's policy of sustainable development in a historical perspective. The author outlines development of the German social market economy (*soziale Marktwirtschaft*) and explores political, social, economic and ecological issues of sustainable development in Germany. The analysis covers the period from the creation of the Federal Republic of Germany in 1949 up to modern times. The author uses historical method to examine phases of post-war economic progress of Germany. The sources used are selected documents of federal government about sustainable development.

After the creation of the Federal Republic of Germany, the country underwent an economic metamorphosis over the next few years. However, the German "economic miracle", which in the long term has provided the country with a dominant role in Europe for years, would not have happened without the help of the US received then under the so-called Marshall Plan. It is also worth noting that Germany's post-war economic boom came at a time when standards related to environmental protection were at a much lower level in Europe than currently, which is especially important in the context of the need to meet present environmental requirements by developing countries that are trying to reduce their economic distance to the richest countries in the world.

However, with time, environmental issues began to play an increasingly important role for German society, also in political discourse, which resulted in, inter alia, the success of The Greens (*Die Grünen*) - at the beginning of 2020 they celebrated their 40th anniversary on the German political scene. After the reunification of Germany in 1990, this country is also increasingly trying to create its positive image on the international stage, convincing the world of taking actions to achieve sustainable development.

In 2002, the German federal government presented a document entitled „Perspectives for Germany – Our Strategy for Sustainable Development”, with most important goals to achieve it. In recent years federal government has also committed to achieve the objectives of the UN contained in the so-called Agenda 2030, adopted by Member States in 2015. Germany, as other states, is working to implement 17 The Sustainable Development Goals (SDG). Berlin has addressed the issues in a number of international organizations. Hence, Germany's National Sustainable Development Strategy (*Deutsche Nachhaltigkeitsstrategie*) adopted in 2016 and updated two years later, was fully based on SDG. The strategy includes: necessity to reduce greenhouse gas emissions by 55% (in comparison to 1990) till 2030, necessity to reduce air pollution by 45% (in comparison to 2005) till 2030, organic farming constituting 20% of food market till 2030, and food with government Eco-label constituting 20% of food

market till 2030. It also anticipated that renewable energy will constitute 18% of the gross final energy consumption. One of the biggest challenges is adjusting legal principles with the requirements of sustainable development.

In recent years Germany has set itself ambitious goals related to the policy of sustainable development, but in order to achieve them in the near future they must undertake much more effort than before. Due to the dynamically changing situation in the world, recently mainly related to the outbreak of the coronavirus pandemic, it is difficult to predict to what extent these issues will affect the degree of implementation of the previously defined sustainable development goals in the following years.

**Key words:** *Sustainable Development in Germany, German social market economy, Germany's National Sustainable Development Strategy.*

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# IS THERE AN IMPACT OF DEFENCE SPENDING AND ECONOMIC SECURITY POLICY VULNERABILITIES ON ECONOMIC WELL-BEING AND GDP IN NATO AND EU MEMBER COUNTRIES?

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**Abstract.** The main purpose of the proposed research paper is to highlight the existence of a correlation of efficient defence spending according to the existing studies on economic development. This study was carried out by applying the methodology of systematic review considering the countries' strategies for allocating defence budgets in NATO and EU member countries and the economic security policy of these countries between 2001-2018. The Web of Science databases were used, taking into account specific research descriptors characteristic of these fields. The analysis took into account the search string for each country in the list and the results obtained in the studies analyzing defense spending and GDP and were followed with interest. In the vast majority of countries that carry a well-established and organized defence policy, the effects of defence spending on the economy and GDP are positive, very few being negative or insignificant. Thus, I think it is imperative that future studies should focus on continuing to analyze all the factors involved and that contribute directly or indirectly to the observance of international treaties and agreements concluded in all other areas of government. It is still considered by specialists that a strong defence strategy leads directly to an economically developed state.

**Introduction.** The main purpose of the research paper is to highlight the impact of the way the defense budget is allocated in the EU and NATO member states and the influence of the foreign policy carried out in these states on the economic development, taking into account that an efficient strategy of allocation by the authorities of the money is directly reflects the economy of the country. Overall, Europe is the second largest military spending, after the USA. However, defense budgets in Europe have declined in recent years, while other global actors (China, Russia, Saudi Arabia) have upgraded their defense to an unprecedented level. In 2015, the US invested more than double the total expenditures of EU member states in the military field.

**Literature review.** In most studies, the existence of a correlation between military expenditures and GDP is analyzed, their impact being different affecting the entire economic well-being, labor force, social and economic environment depending on the countries analyzed. The analysis is conducted in the context of the military policy alliance specific to the North Atlantic Treaty Organization (NATO).

**Methodology and data.** The established research method is mainly the "Systematic Analysis Methodology". A systematic review of the literature, the use of electronic databases based on key words

for a specific description of our research for the period 2001-2018 that led to the use of primary care education results of the title and summary of the papers. Of the 55 research papers we have found in the first search step, only five studies effectively highlight the correlation between the main objectives pursued by the EU through ENP instruments and the effects in partner countries. The results of analyzes and verifications in the literature allow us to conclude that in all these studies, researchers have started from the partial character of the effect cycle resulting from multivariate analyzes.

**Conclusions.** The analysis concludes that the field of defence and the allocation of resources in this sector, their efficiency and a correct security policy between the Member States or within the same state can have important political implications, with effects on the macroeconomic area of the NATO and EU member states.

**Keywords:** *defence spending, economic security, GDP, systematic review*

### **Acknowledgement**

This work was cofinanced from the European Social Fund through Operational Programme Human Capital 2014-2020, project number POCU/380/6/13/125015” Development of entrepreneurial skills for doctoral students and postdoctoral researchers in the field of economic sciences”.

## TURKEY'S KURDISH QUESTION: OPPORTUNITIES AND PREDICAMENTS

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**Abstracts.** Kurdish question is one of the Turkey's ethnic issues that have not been solved over a century. The issue has been identified in variety of ways including terrorism, economic instability, education, identity and so on. The Kurds form the largest ethnic group in Turkey, comprising over 20 percent of the population<sup>2</sup> mostly in eastern and south-eastern of the country. Prior to the foundation of the republic, the Treaty of Sevres ensured the Kurdish autonomous territory<sup>3</sup>, however such demands were disavowed in Lausanne. Eventually the Lausanne treaty drew the current border of the modern Turkey,<sup>4</sup> and the republic was established on the principles of one nation, one flag, and one language.<sup>5</sup> Such developments then consequently led the uprising emerged among the Kurds in different years. Sheikh Said<sup>6</sup>, Ararat<sup>7</sup>, and Dersim<sup>8</sup> rebellions are one of the most influential uprisings demanding the autonomous rights of the Kurds from 1925 to 1938. Thus, the Kurdish question came forth and has become one of the prominent ethnic issues. It is also crucial to mention Dersim and Zilan<sup>9</sup> massacres following some the uprisings.

After a stagnation period, the Kurdish mobilization against the state once again appeared on the scene in 60s. Several organizations were founded on different strategies yet on the same question. On the other hand, the state perpetuated its policy against the Kurds using different tools, such as language, culture, and identity. Moreover, the 80's was relatively one of the most difficult stages of the modern Turkey. By the coup in 1980, the military has taken power over the country and eliminated almost all the ideological circles, including leftists, Islamist, and all the Kurdish organizations that had emerged before.<sup>10</sup> However, few years after the coup, the Kurdistan Workers Party (PKK) which was found in 1978, initiated its first armed campaign against Turkey in 1984<sup>11</sup>. With the actions of the PKK, the Kurdish question has gone through certain stages that led the state engage military forces. Although there

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<sup>2</sup> Federation of American Scientists, [https://fas.org/asmp/profiles/turkey\\_background\\_kurds.htm](https://fas.org/asmp/profiles/turkey_background_kurds.htm)

<sup>3</sup> Treaty of Sevres, Article 62, Available: [https://wwi.lib.byu.edu/index.php/Section\\_I\\_Articles\\_1\\_-\\_260](https://wwi.lib.byu.edu/index.php/Section_I_Articles_1_-_260)

<sup>4</sup> Lawrence, M., *The Treaties of Peace 1919-1923*, vol. II, Carnegie Endowment for International peace, New York, 1924, p.989

<sup>5</sup> Constitution of Republic of Turkey, Articles 2 and 3, <https://global.tbmm.gov.tr/>

<sup>6</sup> Arfa, H., Kurtler, Avesta, Istanbul, 2006, p.48

<sup>7</sup> Kutschera, C., Kurt Ulusal Hareketi, Avesta, Istanbul, 2013, p.113

<sup>8</sup> Ibid., p.148

<sup>9</sup> Mikaberidze, A., *Atrocities, Massacres, and War Crimes*, Vol:A-L, ABC-CLIO, 2013, p.746

<sup>10</sup> Cormier, P., *The Left in Turkey, A Fragmented History*, Ifri, France, 2014, p.18

<sup>11</sup> Kurdistan Workers Party, <https://www.britannica.com/topic/Kurdistan-Workers-Party>



have been several alternatives to bring a solution to this question, the attempts from both sides the Kurdish political entities and the state, were inconclusive. Despite the initiatives taken in 2009, the unsuccessful strategies led to another conflict era, such as Trench operations in 2015.<sup>12</sup> Evidently, the question still remains as an unsolved ethnic problem of Turkey.

*Objectives of the research:* Socio-political, historical, and ideological factors that caused the Kurdish question in Turkey from the foundation of the republic to the present time.

The *aim* of this research is to discover how the Kurdish question challenges the stability in the country in terms of both the state and the Kurds.

In order to achieve this aim, the tasks were formulated as:

1. Analysis of approaches toward defining the Kurdish question;
2. Reviewing the historical background of the issue;
3. Analysis of the Kurdish issue in contemporary Turkey.

*Main questions* of the research: Although the questions of the research are basically constructed on the objectives it is useful to point out the crucial ones, as follows:

1. What is the socio-political, historical and ideological background of Kurdish issue?
2. How does the PKK change the perceptions towards defining the Kurdish question?
3. How does the Kurdish question challenge the stability in the country?

*Research methodology:* The general structure of the research is a case study. The analysis of the research is based on empirical research methods. A comparative method is conducted for the comparison between the tendencies regarding the development of the issue. The method also helps to reveal the approaches toward the issue in terms of identity, social, and political means. In order to find out how various agreements, documents, decisions, and reports were significant for the case, it is carried out the analysis of the documents. In addition, a descriptive method helps to disclose the developments and details of analyzed events and processes. Finally, the qualitative content analysis to examine the events and developments and media analysis to engage the news that is related to the events were conducted.

**Keywords:** *Turkey, Kurds, PKK, Ocalan, AKP*

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<sup>12</sup> *Turkey's PKK Conflict*, International Crisis Group, <https://www.crisisgroup.org/content/turkeys-pkk-conflict-visual-explainer>

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Turkey's PKK Conflict, International Crisis Group, <https://www.crisisgroup.org/content/turkeys-pkk-conflict-visual-explainer>

**ASSESSING THE IMPACT OF TOURISM ON ECONOMIC,  
SOCIO-CULTURAL AND ENVIRONMENTAL ASPECTS  
IN THE CONTEXT OF CURRENT TOURISM VOLUME TRENDS**

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In 2018 tourism accounted for 10.4% of Gross Domestic Product (GDP), generated over 300 million job places (World Travel and Tourism Council, 2019). Tourism creates new employment opportunities, generates income, stimulates economic activity and attracts investment in tourism-related business. Tourism development can make a significant contribution to tackling unemployment, emigration and promoting economic growth. However, today the world is facing a situation where tourism is constantly and rapidly growing. It is estimated that the total number of international tourists will reach 1.8 billion by 2030 (Calderwood and Soshkin, 2019). This means that some tourist destinations may no longer be able to accommodate such tourist volumes. Therefore, researchers of the tourism sector have increasingly referred to the term overtourism, which describes the maximum number of people who can visit a tourist destination at the same time without damaging physical, economic and socio-cultural environment (Peeters et al., 2018). Still, in 2015, at the summit of United Nations, more than 150 heads of state and government endorsed 17 sustainable development goals (United Nations, 2019), three of which mention tourism and measures to promote sustainable tourism. Thus, it is important to evaluate the tourism phenomenon in an unambiguous way monitoring the current situation and trends. The impact of tourism needs to be evaluated from an economic, socio-cultural and environmental perspectives. It can be assumed that tourism is a significant part of economic development, which can have multiple consequences if tourism industry is not given enough attention or can bring added value if solutions are to be found to properly manage the tourism phenomenon.

**Problem.** Tourism is seen as an accelerator for economic growth. For a long time, the focus has been on the positive impact of tourism growth on economic development (creating GDP, job places, attracting investments, improving infrastructure, etc.), leaving aside the negative effects (use of resources, negative impact on natural environment, locals, etc.). Today, in the face of environmental problems, the concept of sustainable development is receiving more attention. Interpretation of the impact of tourism can no longer be only positive. In recent years, the term overtourism, which may be interpreted as the result of travel destinations exceeding their tourist capacity, has been introduced in scientific literature. Beyond this range, tourism can cause significant damage to the quality of the landscape, air and water, as well as to the living conditions of the population, leading to economic inequality and social exclusion.

Therefore, the problem causes the need of evaluating the impact of tourism on economic, socio-cultural and environmental aspects in the context of current tourism volume trends.

**The aim of the research:** to evaluate the impact of tourism on economic, socio-cultural and environmental aspects in the context of current tourism volume trends. **Research object:** impact of tourism in the context of current tourism volume trends. **The tasks of the research:** to examine the impact of tourism on economic, socio-cultural and environmental aspects; to analyse the tourism volume trends introducing the concept of overtourism; to assess the challenges of tourism in the context of current tourism volume trends. **Research methods:** analysis and synthesis of scientific literature, statistical data analysis, situational modelling.

**Results.** The analysis and synthesis of the scientific literature revealed positive and negative effects of tourism, which can be assessed by distinguishing three main dimensions: economic (higher employment opportunities, tourism income, higher prices of goods and services, more expensive livelihood, etc.) socio-cultural (rise in living standards, wider choice of activities, socio-cultural conflict between tourists and locals, loss of peace, etc.) and environmental (better environmental protection, destruction of local ecosystem, excessive burden on infrastructure, etc.). The predominance of negative impact is particularly evident in environmental terms. Changes in tourism volume are estimated using the Butler tourism cycle model and modelling statistical data. There were 113 million tourists in the world in 1960, 320 million tourists in the world in 1980, 809 million tourists in 2000 and 1.4 billion tourists in 2018 (United Nations World Tourism Organization (UNTWO), 2019). According to the World Travel and Tourism Council (2019), in 2018 tourism accounted for 3.9% increase of world GDP in travel and tourism sector and 3,2% increase of GDP throughout the whole economy. The analysis revealed that the volume of tourism is constantly increasing. The further growth of tourism is predicted. The concept of overtourism, which describes the maximum number of people who can visit a tourist destination at the same time without damaging the physical, economic and socio-cultural environment, is emerging. Overtourism is estimated by calculating the ratio between number of tourists and number of locals (based on the statistical data by the UNTWO, 2019 and World Bank, 2020). The most significant tourist dominance in 2018 has been revealed in Spain (47 million inhabitants and 83 million tourists), France (67 million inhabitants and 89 million tourists) and Italy (60 million inhabitants and 62 million tourists). According to the World Tourism Organization, Turkey, Thailand, the United Kingdom, Germany, Mexico, the United States and China are among the most visited countries in the world as well. In terms of individual locations, the tourist dominance is likely to be even more pronounced. For example, only Hong Kong had more than 29 million visitors in 2018, Bangkok – more than 24 million, London – over 19 million, Paris – over 17 million, New York – more than 13 million, Istanbul – more than 13 million,

Rome – more than 10 million tourists, and etc. (based on CNN data, 2019). It has been assessed that growing volume of tourism increases the negative tourism impact.

**Conclusions.** The scientific literature highlights the positive and negative effects of tourism, which can be classified into three main dimensions: economic, socio-cultural and environmental. The most obvious negative impact has been observed in environmental dimension. Statistical data analysis confirmed that the volume of tourism is constantly increasing. The further growth of tourism is predicted. The concept of overtourism, which describes the maximum number of people who can visit a tourist destination at the same time without damaging the physical, economic and socio-cultural environment, is emerging. Overtourism, estimated by calculating the ratio between number of tourists and number of inhabitants, in 2018 has been evident in Spain, France and Italy. The annual number of tourists exceeds the population in many of the most visited city destinations in the world. The analysis confirmed that in the context of the current tourism volume trends, with the increasing amount of tourism and the phenomenon of overtourism, the negative impact of tourism is also increasing. Therefore, in order to preserve healthy economic, socio-cultural and natural environment, mitigate the negative impact of tourism and promote the benefits, it is necessary to find solutions to manage the phenomenon of tourism. This may serve as a basis for further research into the phenomenon of tourism.

**Keywords:** *tourism, impact of tourism, tourism volume trends, overtourism.*

## DOES GOOD GOVERNANCE ENHANCE CITIZENS' HAPPINESS?

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This paper aims to study the correlation between happiness and quality of governance through an empirical analysis realised on Northern and Southern European countries, over the period 2012-2016. Considering that good governance is accomplished through prosperity, effectiveness, absence of violence, rule of law and control of corruption, when referring to happiness, the concept has different means to reach it. Therefore, we will evaluate happiness through the quality of life index and we expect that the good governance of every country would be strongly linked to happiness, suggesting that citizens and government should exist in harmony.

The countries analysed were Bulgaria, Denmark, Greece, Poland, Romania, and Sweden. The data was collected from the World happiness report and Quality of life index. The methodology employed refers to correlation and regression analysis. The dependent variable used is quality of life and the independent ones are GDP/capita, democratic quality, perception of corruption and freedom to make life choices. The main results indicate that the overall sample considered the standard of life increased and that citizens became happier over the period analysed. However, from the quality of governance indicators, a significant decrease was observed over the years for democratic quality. Based on the regression models employed all the explanatory variables are important in determining the variance in the quality of life. Moreover, while the perception of corruption indirectly impacts the quality of life, the rest of the independent variables (democratic quality, freedom to make life choices and GDP per capita) have a direct influence on quality of life.

Recent studies evidenced that the links between good governance and the quality of life should be considered at the national and international levels. Furthermore, the public authorities are encouraging the monitor and control of specific mechanisms to enhance accountability for both, the individuals and private entities. Although our study should be further developed by considering a larger database, and even a comparison between developed and emerging economies, based on the empirical analysis realised, we conclude that countries need good governance to have happy citizens and to sustain the economic development.

**Keywords:** *happiness; quality of governance; correlation; Granger causality; European countries.*

**Acknowledgement:** This work was cofinanced from the European Social Fund through Operational Programme Human Capital 2014-2020, project number POCU/380/6/13/125015 “Development of entrepreneurial skills for doctoral students and postdoctoral researchers in the field of economic sciences”.

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## **PROTECTION OF HUMAN RIGHTS AS A TASK OF LOCAL GOVERNMENT IN THE POLISH LAW**

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Local government is a fundamental tool for decentralization and socialization of state power. It is a service structure towards the local government community, created to meet the needs of its residents and to realize their freedoms and rights. The essence of local government is independence, resulting from the implementation of the principle of subsidiarity. It is the local government community - through the elected authorities - that decides what is a collective need which needs to be met by the efforts of the community as a whole and with the help of which tools this need will be met.

Increasing the role of local government units in the protection of human rights is possible through processes aimed at further decentralization of state management. Responsibility for public affairs should be borne by those authorities that are closest to the citizens. However, it is not only about the effectiveness of public activities, but also the assumption that the most important value of every state organism is man and as an individual, it is the basis of all public administration activities, and therefore human rights must be the highest value in this matter. Decentralization is a permanent feature of the country's political culture built on proper statutory solutions, in accordance with the constitutional principles of the Polish political system. Its limits are determined by the systemic consequences of the principle according to which the Commonwealth is a common good of all citizens, which means the need to maintain a balance between the needs and local interests reflected in the competences conferred on local communities and the needs and interests of a supra-local nature. The limits of decentralization also arise from the citizens' right to good administration, which is based on the Charter of Fundamental Rights of the European Union. It is characteristic that in decentralized structures it is much easier to meet the various needs of citizens, and on the other hand it is in such structures that it is much easier for citizens to exert influence on the functioning of "public authorities". It therefore helps to increase the protection of human rights.

Human rights are universal moral rights of a basic nature, belonging to every individual in their contacts with the state. A special role in relation to the protection of human rights is also social participation, realizing the implementation of basic human rights in terms of existence in a democratic state of law and influence on the "governments" (according to the *demos kratos* principle), i.e. the implementation of the constitutional principle of participation in creating state policy and participation in exercising power on the ground.



The purpose of this publication is to analyze legal acts regarding the protection of human rights implemented by local government. The author characterizes issues relating to the protection of the rights and freedoms of the individual in a democratic state ruled by law, with particular emphasis on the role of local government administration. An administrative institutions can lead to violations of the rights and freedoms of the individual but can also take actions that lead to increasing their protection. The subject of consideration is also the reconstruction of the human rights protection model - shaped at the level of local government - based on the Constitution and local government enactments. In addition, it should be noted that the author assesses the legal solutions in force that determine the model for shaping the limits of human rights protection on the basis of local government and formulates in this regard the postulates of desired directions of changes.

The verification of assumptions was carried out through a detailed - conducted taking into account case-law - dogmatic analysis of constitutional principles: decentralization, subsidiarity, independence of local government units and the democratic state of law and its constituting principles, including the principle of trust in the state, as well as ordinary legislation with particular regard to laws government. In addition, the relationship between the constitutional structure of independence of local government and instruments that serve to protect human rights shaped as part of the functioning of local government and the practice of their application was analyzed. Therefore, this publication is a presentation of the principles and mechanisms of local government administration in the context of determining the importance of human rights in contemporary national conditions.

Two methodological approaches were used in the research: formal and dogmatic and institutional and legal. The formal and dogmatic method was used to analyze the applicable provisions of the Constitution, local government law and other normative enactment, including: the Law on assemblies, Educational Law, the Act on access to public information or the Act on supporting the family and the foster care system. The method was also used to examine the views of doctrine representatives regarding the issues discussed in the study. In turn, institutional research focused on the legal status and competences of local authorities, which allowed to determine the scope of independence and independence of individual local government units in the context of human rights protection.

It should be postulated that the legislator initiate actions to increase the independence of local government. Self-government decision making and responsibility will contribute to the creation of a democratic state and civil society. At the local level, social and economic networks are formed, and new social structures are created. Particularly noteworthy is the postulate to increase civic participation, which aims to create an effective system to meet social needs - the tasks of the state or other entities exercising public authority must meet social needs. In addition, social participation enables (facilitates) the selection of such activities and methods of their implementation that will most reflect social needs, which

determines the achievement of social acceptance for the activities of public authorities and the trust of citizens as conditions for the effectiveness of its activities. The benefits of citizen participation in public life of local government units are diverse and multidirectional: it provides accurate identification of social problems and allows for finding acceptable ways of solving them. Including the population and non-governmental organizations in social processes also serves to build a system of social control over the activities of public offices and institutions. The existence of social participation stimulates and develops awareness of responsibility, without which it is difficult to achieve a high level of decision-making quality and effective management. Thus, it has a qualitative impact on the protection of human rights.

The postulate of implementing by the legislator of instruments supporting the cooperation of local government units with other non-state entities is also noteworthy. The cooperation of local government administration with non-governmental organizations can be of various types: preventive (its essence is to avoid the occurrence of a specific phenomenon, or minimize its negative consequences) or reactive (it assumes activity aimed at solving a problem having a local dimension).

**Keywords:** *human rights, local government, decentralization, participation*

# **YOUTH ENTREPRENEURSHIP ACTIVITY IN RURAL GREEN TOURISM DEVELOPMENT: THE CASE OF UKRAINE**

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The purpose of the study is determination the role of entrepreneurial potential of young people in the development of rural green tourism as a way of obtaining alternative additional sources of income and prerequisites for further socio-economic development of rural areas. The subject of the study is youth, as the most active working group. It is outlined that youth is a notion which definition is constantly changing under the influence of civilizational changes. Studies of trends in the rural labor market in terms of agrarian sector modernization and the impact of world trends in transforming the role of rural territories have been taken into account. At the same time, rural youth is seen as an accurate indicator of the socio-economic problems in public life; this is the spread of unemployment and, as a result: poverty, the demographic crisis, forced labor migration and emigration.

In Ukraine, the problem of youth employment is urgent, especially in rural areas. Thus, in recent decades there has been a mass outflow of young people to urban settlements. In 2013, 6.15 million people lived in rural areas, while in 2019 youth aged 15-34 made up 8.4 million people of the total population of Ukraine, the reduction in the number of this category of population was 25.8%. The youth unemployment rate is 11.2%, but there are differences within this group by the place of residence - urban and rural.

The highest rate of unemployment is identified among young people aged 15-24 who is looking for the first job after graduating or during studying. Most educational institutions are located in urban areas, which subsequently leads to jobs being searched in the city. This is also one of the reasons why young people do not return to the countryside. According to young people aged 15-34, 41% of them said that they are already entrepreneurs, 39% want to become an entrepreneur, 6% of them plan to open their businesses, but the main problem for them to open own business is an initial capital necessary.

Demographical issues, labor market situation in rural areas and survey of entrepreneurial activity and motivation in case of youth are highly important for stakeholders in tourism sphere, especially for local governments, for regional economic development, possibilities in regional labor markets in rural areas.

Studies of trends of Ukrainian youth employment have been taken into account, including employment in the countryside, which formed in the context of deep structural changes in the economy. These changes are associated with a reduction in the number of jobs in the agricultural sector, the

development of industry and services mainly in urban areas. Therefore, diversification of economic activity is an important factor in the return of young people to rural areas.

As noted in the works of Ukrainian researchers on the diversification of economic activity in rural areas, the issues of stimulating the development of entrepreneurship in rural areas as a basis for creating a network of new jobs for the rural community, attracting investments, etc. remain problematic. The development of entrepreneurship in the agricultural and industrial complex, including rural tourism, is one of the ways of solving the youth employment problem. Sectors that contribute to the creation of rural youth owned business are farming, tourism, the revival of folk crafts and traditions of craftsmen, the creation of non-agricultural businesses in the country, especially in the field of social services for tourists and rural population, including. women's entrepreneurship, public works organization.

In order to find ways to activate the entrepreneurial potential of rural people, the study develops and presents a model of entrepreneurial labor in rural areas. Entrepreneurial labor market in rural areas includes two main factors: sociocultural (economic, management, psychological and status motivators), entrepreneurial climate (community support and state support and encouragement, internal motivators). They form entrepreneurial potential and activity, and influence business climate in rural areas.

In the study, the authors rely on an assessment of the potential of rural green tourism in Ukraine, which is significant. The notion of rural tourism is considered in the Law of Ukraine "On Tourism" as one of tourism types. The definition, features and relevant legal framework has not been sufficiently developed for today. Regulation of relations in the field of rural tourism is outlined in the Law of Ukraine "On personal farm households", which states that the use of property of private farms may be connected to raw materials processing and agricultural products storage, as well as provision of services for its sales, including the organization of activities in the field of rural green tourism.

This form of recreation is provided in private farms in rural areas using the property and labor resources of private farm households, with the stay in the owner's own house or a separate guest house, on the territory of the farm. There are several types of rural green tourism: rural tourism, agritourism and ecological (green) tourism, each of which is associated with the use of natural factors and resources, preserved areas, the organization of subsidiary plot, the use of tourists in agricultural work, traditional crafts.

The experience of Poland is the most relevant for Ukraine in assessing the role of rural green tourism in the development of entrepreneurship in rural areas.

The study identifies the features of entrepreneurial activity in the field of rural green tourism. The main directions of youth entrepreneurship in rural green tourism are identified, in particular: development of new forms of business, employment in rural green tourism, specific for young people (greenways, eco-museums, etc.); formation of new types of business entities (online agencies and online consultants);

promoting the comprehensiveness and enhancing the level of service provided in rural green tourism, forming a virtual service sector (eg geocaching).

The report focuses on the study on promoting the directions of realization of youth potential in rural green tourism business. National and regional programs of support for youth entrepreneurship in rural areas were analyzed. Support from international government projects, social programs of multinational companies, private initiatives, etc. is significant. There is only a small number of really functioning non-governmental youth and children's organizations in Ukraine as a whole that are concerned with the problems of rural youth.

The specific examples show the peculiarities of labor motivation and highlighted opportunities of its increase in entrepreneurship in rural green tourism, taking into account the fact that being an active creative part of society, young people are not only objects of social action, but also subjects in the community processes.

It is proposed to create conditions for activation of youth entrepreneurship in rural green tourism: formation of an effective and efficient legislative framework for regulation of the rural green tourism market, first of all, in the field of taxes, credit system, control and monitoring of the activity of business structures; state support at all levels, in particular, to create conditions for strengthening the role of local self-government actors in the implementation of rural youth support programs; strengthening the family institute as a favorable environment for the development of family farms that will create a product of rural green tourism; involvement of international and national non-governmental organizations and private initiatives in support, promotion of entrepreneurial activity among young people, promotion of partnerships, exchange of experience; development of a set of practical measures for social and professional orientation of rural youth, training, retraining, consolidation and improvement of skills of young people in rural areas, in particular, the role of educational and scientific institutions (creation of business incubators, business centers, business schools, internships, clusters, etc.) and some other conditions.

Modern youth, as a specific socio-demographic group, is a reserve for the reproduction of labor force in the agricultural sector and is a strategic resource for the development of rural areas through the entrepreneurship in various fields including the field of rural green tourism.

The researches carried out by authors will help to solve the problems of practical improvement of economic activity organization of private farms in rural areas, rural youth policies and employment programs and diversification of rural territories development in general.

**Keywords:** entrepreneurship, youth, rural green tourism, Ukraine, personal farm households.

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## PHILOSOPHICAL ANALYSIS OF SUSTAINABLE REGIONAL DEVELOPMENT: WEAK VS. STRONG SUSTAINABILITY

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Nowadays, the concept of sustainable development has been defined in a variety of ways, but in practice it has three dimensions – economic, environmental and social ones. The word “sustainability” has become a global buzzword as a potential solution for many international, regional, and local problems facing society today: overpopulation, diseases, political conflicts, infrastructure deterioration, pollution, and unlimited urban expansion under limited resources’ availability. The United Nations World Commission on Environment and Development (WECD, 1987) coined a definition of sustainable development, which is probably the most well-known in all of sustainability literature: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Another issue related to sustainable development is whether an as high economic growth as possible always is the best way to increase life satisfaction and happiness. These issues are also related to whether we are talking about weak or strong sustainability. Promoters of weak sustainability in a larger extent accept to substitute natural resources with man-made capital whereas promoters of strong sustainability argue that it is necessary to treat natural resources and man-made capital separately. The term sustainable development itself is the equivalent of the proper measure of all things, sought by classical philosophers in order to define the man’s deeds in the world. Issues related to sustainable development such as the approach to natural resources and how to manage responsibility for future generations are related to different philosophical theories. Therefore we analyze different philosophical theories and their relation to sustainable development.

**The main aim** of the article is to investigate, to analyze and to present the influence of classical consequentialist and non-consequentialist philosophical ethical theories and main challenges to the concept of sustainable regional development.

**Analyzed problem** / object of the research: impact of classical philosophical ethical theories on the concept of sustainable regional development.

**Objectives of the research:** 1) to reveal the historical context and philosophical assumptions of the idea of sustainable regional development; 2) to reveal the difference and fundamental meaning of the concepts of weak and strong sustainability; 3) to analyze the fundamental philosophical significance of classical consequentialist and non-consequentialist philosophical ethical theories and challenges to the idea of sustainable development.

**Research methods:** systematic scientific literature analysis, comparative, logical text analysis, methods of generalization and theoretical reconstruction.

**Keywords:** *philosophical challenges, sustainable development, ethical theories.*

## LEGITIMATION OF DEMOCRACY UNDER THE CONDITIONS OF CRISIS: THEORETICAL APPROACH

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**Problem statement.** In the process of justification and legitimation of the democratic political order, the most important role is played by sovereignty, representation, participation, and equality. Due to the appreciation of sovereignty and its representation, participation, and equality, democracy is considered superior to authoritarian regimes, but when it is faced with ensuring these principles, democracy starts to be questioned both in the society and in the scientific discourse.

In mature liberal democracies, dissatisfaction with democracy is expressed by criticism of the democratic institutions of a particular country, but at the normative level (at the level of the individual citizen and a system as a whole) democratic values are strong, most citizens trust in democratic values.

At the beginning of the 21st century, there is an increase in political and sociological research on democracy, where the criticism of liberal democratic systems is developed. Assessments of the current state of democracy range from contradictions and erosion to crisis, decline in legitimacy, and delegitimization. In the public space, the viability of the liberal model of democracy is questioned, alternatives to liberal democracy are discussed.

The **aim** of the present article is to answer the question if the discourse of the democracy crisis has an impact on the legitimacy of democracy. How do the sciences of sociology and politics reflect the narrowing of sovereignty (demos), the erosion of representation, the decline in political participation and the threatening rise in inequality; and how do they affect citizens' democratic attitudes, their belief that democratic order is valuable and right?

**Used research methods.** The paper presents the debates of sociologists and political scientists on the crisis of democracy. The ideals of representative liberal democracy - sovereignty, participation, and political equality - are evaluated by using a methodological approach of political philosophy, integrating various aspects of legitimacy into the overall legitimacy of democracy.

One of the first works on the crisis of democracy was *The Crisis of Democracy* (1975). Its authors drew attention to the internal challenges of democracy, complicating the quality of democracy, as well as its legitimacy. From the 1960s the theorists of "the crisis of legitimacy" warned about the challenges to the development of the democratic welfare states. According to Habermas, the threat to democracy comes from 4 stages of legitimacy crisis, which is composed of economic, rationality, legitimation and motivation crisis. In the recent research, different discourses (political theories, public, deficit of democracy) and challenges (financial capitalism, supranationalism, socio-economic inequality) (Bellamy,



Merkel, 2013) of the democratic crisis are distinguished. The crisis is linked to the broader context of transformations, changes, and alterations (Ercan and Gagnon, 2014); the inner characteristics that can lead to the crisis of “immanent” democracy are also considered (Carothers, 2019).

**Main findings.** The crisis of democracy is often interpreted as a crisis of the traditional model of representative liberal democracy. Liberal democracy is not capable of realizing the fundamental ideals of democracy - the sovereignty (self-governing) of a nation (demos) and political equality. Crouch (2004) has indicated the weakening of representation and sovereignty in the modern democracy as the manifestations of post-democracy.

Researchers also consider the negative consequences of universal suffrage, *such as* irresponsible voting, ignoring rationality, and lack of knowledge. At various levels of representation of complex societies, it is difficult to discover and maintain the links between the voter and the representative. Political absenteeism no longer ensures a legitimate majority. Democratic government faces a dilemma: what interests to pursue if they are not expressed, what interests to represent if they are not transferred. Growing socio-economic, income and wealth inequalities within and between societies complicate the assurance of the core value of democracy - political equality. When analysing the impact of different inequalities on political inequality, researchers emphasise the need to explore the inequality of opportunities. It is also important to assess generational inequality; the power and impact of the rich, global wealth and income inequality; gender inequality; racial inequality; religious inequality.

Globalization and liberalism are seen as key factors in the crisis of democracy. A global (neoliberal) model of democracy, characterised by liberal values and globalization processes, is no longer able to respond adequately to the challenges of the 21st century.

The growing sense of injustice in the society deepens the crisis of democracy, raises more and more questions about the normative (moral), social and other forms of legitimacy of liberal democracy. At the normative level, there is an “external standard” of democracy in relation to people and communities, with the help of which both ordinary citizens and scientists assess the reality of democracy, criticize its shortcomings, inconsistencies, deficits and deformations.

At this level, the discourse of the crisis of democracy actualizes the distinction between procedural and substantive justice. In the public space, proponents of procedural justice currently occupy the positions of the defenders of the liberal foundations of democracy. In their belief, liberal democratic procedures and rules ensure the minimum of legitimacy (universal consensus) that can be achieved in modern hyper pluralistic societies. Critics of liberal democracy talk about the undermined foundations of democracy - the disappearing demos, the erosion of sovereignty. They do not question the moral or normative legitimacy of democracy, but appeal to the limitations of procedural justice and its weakness. Absenteeism undermines the legitimacy of the procedure. Low voter turnout means that decisions are

made not by the majority and these decisions regulate functioning of the whole society. For sustainability of democracy, they consider output (result) as much more important than the input.

**Conclusions.** In the democratic reality of the 21st century, the gap between citizens' expectations and reality is deepening. Democracy fails to meet the ideal of democracy; its development is complicated, straggle and stuck. Public opinion surveys still show citizens' acceptance of the fundamental values of democracy, but dysfunctional institutions is a threat for fundamental values of democracy.

Democracy today operates under contradictory conditions, making its development and direction difficult to perceive and predict, and this is particularly evident in the studies of democracies seeking additional epithets and adjectives that allow the deviation from liberal democracy to be still described as a continuation of democracy.

Democracy does not work in isolation from social, economic, cultural, ecological conditions; it is a tool that helps to reach an agreement under those conditions. In the dialectics of the interaction between subjectivity and objectivity, lies the confusion, uncertainty, and immeasurability of today's democratic legitimacy. Democratic change is as necessary as the need to solve problems therefore the discussion of the transformation of democracy and democratic crises is never-ending and constantly returning to the scientific discourse.

**Keywords:** *Crisis of Democracy, Legitimation, Sovereignty, Representation, Inequality.*

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## EXPRESSION AND DEVELOPMENT OPPORTUNITIES OF SOCIALY RESPONSIBLE CONSUMPTION: THE CASE OF ACADEMIC YOUTH

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The society is increasingly focusing on the ecological and social problems and consequences of consumption. The negative effects of consumption on the environment and society encourage people to consume more responsibly and to make more careful choices about the goods they buy. Businesses aim to conserve natural resources, reduce the harmful impact of production on nature, take care of improving staff working conditions, and participate in various social initiatives in order to achieve consumer friendliness.

Responsible consumption is a broad concept that has not only an environmental dimension but also an economic, social and health dimensions. The trendy side of responsible consumption is variable since it depends on the sensitivity of consumers. A responsible consumer can be defined as a person basing his acquisition, usage and disposition of products on a desire to minimize or eliminate any harmful effects and maximize the long-run beneficial impact on society. Some responsible consumers will focus on the ecological side of their consumption, trying to choose seasonal, organic and ecological products. Others will focus on the impact that their choices will have on the economy by choosing locally produced products. There are also the ones who'll choose their products according to what's best for their health. Responsible consumer tends to make conscious and deliberate choices in the products they consume and support socially responsible businesses. In order to support responsible consumption, it is important to analyze the experience of consumption in different groups of society and means that can make impact on consumption practice.

**The aim of research** is to survey academic youth practice in responsible consumption and possibilities to strengthen responsible consumption. In the article we raise problematic questions: Are academic youth responsible consumers? How does responsible consumption forms and entrenches between academic youth?

**The methods of the research.** Analysis of scientific literature sources, systematization, synthesis, generalization, and comparison were applied in the theoretical part. Quantitative research and data processing methods were applied in the empirical research. Students of two higher education institutions (Klaipėda University and Klaipėda state university of applied sciences) were invited to participate in research. 264 respondents (age interval 19-25 years) filled in questionnaires. The collected empirical data were processed using the SPSS (Statistical Package for the Social Sciences) programme. In the data

processing, descriptive statistics was used, such as percentiles, mean, mode and standard deviation. The data was also processed by one-factorial dispersal analysis (ANOVA). To assess the reliability, or internal consistency, of a set of scale, Cronbach's alpha coefficient was used.

**Main results of the research.** The research indicated that 80 percent of respondents consider themselves as socially responsible citizens, and only about 20 percent of respondents believe that they are not socially responsible citizens. The study revealed that responsible consumption is very important for some of research participants. 40 percent of respondents' sort rubbish. More than 65 percent indicate pay close attention to the quality and price of the product when choosing goods in the store. More than 50 percent of respondents save electricity, water, sell or donate unnecessary clothes or other items. However, responsible consumption is not only linked to concerns about environmental impacts (environmental protection), but also to much more general social problems. And according to the date of this study, it can be noted that most young people are not involved in local community activities; very small proportion participate in volunteering or are blood donors. Very rarely academic youth choose local producers, organic, recycled or environmentally friendly products.

78 percent respondents would be responsible for taking care of self-esteem and their health, more than 50 percent as well as taking care of other people's well-being, and feeling guilty about environmental damage. Respondents indicated such measures of dissemination of information on social responsibility and their affection on their behavior: socially responsible advertising (63 percent); information on packages (50 percent); social movement and piquet (32 percent); organizations' reports on social responsibility (19 percent).

It is evident that socially fair and responsible consumption is spread today. Young people respond particularly intensively to global challenges, but the research reveals that there is still a lack of effort to contribute to responsible consumption. The study shows the need to engage more intensively in local communities, volunteering or other initiatives to address more general social challenges. By using responsibly, we reduce the negative environmental impact of our activities and contribute to the implementation of positive social change.

**Keywords:** *responsible consumption, academic youth, environment.*

## BETWEEN DARK TOURISM AND SUSTAINABLE TOURISM

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Nowadays it becomes more and more popular various forms of tourism that encourage tourists to visit extreme, terrifying or tense places, so the understanding of such visitors' experiences becomes important for sustainable tourism development as well. The research aimed to conduct the study on dark tourism and sustainable tourism visitor experiences in the Cold War Museum, located in Zemaitija National Park, Lithuania.

The following research methods have been employed when conducting the research: comparative analysis and synthesis of scientific literature on dark and sustainable tourism, as well as the thematic analysis was chosen for the empirical study. The thematic analysis, selected for this study, according to Clarke and Braun (2013), is very flexible, as having no limits to any particular theory or system, so it let to reveal the visitor experiences of Zemaitija National Park Cold War Museum. As data for the thematic analysis were selected TripAdvisor visitor reviews, written about Zemaitija National Park Cold War Museum, i.e. two specific objects experiences were selected for data analysis: Cold war museum's and Zemaitija National park's visitors reviews (all visitor reviews included to the study from TripAdvisor platform were written from November 2014 to November 2019).

Theoretical analysis has shown, that sustainable and efficient functioning of tourism should focus on four key conceptual aspects of sustainable tourism as possible perspectives for the development of sustainable tourism: sustainable society, sustainable environment, sustainable economy and sustainable culture. Therefore, the principles of sustainable development should be applied to various tourism type activities, both in the development of long-term and short-term strategies or programs, as well as developing dark tourism. Thematic analysis of visitor experiences at Zemaitija National Park Cold War Museum let to identify twelve themes combined to three thematic groups, named as: "Between Space and Uniqueness", "Between History and Experiences", "Between Dark and Sustainable Tourism". The analysis has shown the importance of interaction between dark and sustainable tourism. Based on theoretical and empirical research, the suggestions for dark and sustainable tourism development have been refined, allowing not only to expand the visitors flows, but also to deepen the unique visitor experiences.

**Keywords:** *dark tourism, sustainable tourism, visitor experiences.*

## METHODS OF INNOVATIVE MANAGEMENT IN THE CONTEXT OF FORMATION OF CORPORATE SOCIAL RESPONSIBILITY

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**Introduction.** Today's business organizations face major challenges in reconciling business' and societal goals. Business leaders striving for business sustainability are no longer satisfied only by their personal needs: profit, image and self-realization. What is important for a modern leader is to know how to contribute to solving the social and economic problems of the whole society (Remmersas, 2002; Čiegis, 2004). Therefore, the triple effect has to be taken care of: benefits for the organization, benefits for the employee and benefits for the environment and society. (Grazulis et al., 2015). Employees who enter such an organization become participants of the implementation of these goals and aspirations. For this reason, organizational management tools become particularly important. However, the problem is the scientific literature does not sufficiently analyze: how management methods should change in an organization; which of the old methods are no longer appropriate and which could be reoriented towards socially responsible ones? How should employees be informed about the new goals of the organization? What is needed to keep their motivation from falling? The aim of the research was to analyze the methods of an innovative management that help to form social responsibility in business organizations and provide recommendations to managers. The objectives was: 1) To single out the stages and means of an innovative management method that forms social responsibility; 2) To analyze the influence of specific business organization management methods in the context of social responsibility formation, providing recommendations.

**Aligning the value base is the first step in the approach of an innovative management.** The management approach used by an organization should first and foremost help all its members to achieve common goals. It is therefore particularly important to find out whether those objectives are understood in the same way and whether they are based on the same values (Dioschon et al., 2019; Bishop, 2013). Reconciling the values of individual members of the organization with the values of the organization is like a guarantee of temporary stability in the constantly changing and unstable life of the organization (Messikomer et al., 2010; Kaptein, 2015). However, this harmonization is also associated with unavoidable difficulties. This is usually due to the fact that employees do not always understand the interrelationship between different values. The solution is a discourse. This communication model

involves all employees of the organization without exception: their communication improves, everyone becomes involved in decision-making processes (Vveinhardt et al., 2018; Vasiljeviene, 2006). Applying discourse in advanced organizations, so-called “soft” management technologies are developed, which help to optimize the management of organizations, improve work organization and administrative skills of managers (Trevino et al., 2000).

**A combination of organizational management tools that helps to shape innovative management methods.** Changing the tools of management begins with changing the *model of communication*. Most business organizations have long been accustomed to recognizing collaboration only in a "top-down" tone (Eplay et al., 2018, Prokopenko, 2013). In this case, the "middle tone" of employees remained unnoticed, which is significant for all processes in the organization. Without changing the wrong model of communication in organizations, conflicts of roles and hostility among employees arise. In such a situation, employees find it difficult to realize their direct responsibilities within the organization (Goria, 2014; Verbos et al., 2007). When it comes to *means of motivation* of employees, many authors point out that the inability to actively promote employee loyalty is often a major reason for an organization to influence the broader, more social thinking of its members. Motivation methods that are most often used in organizations are distinguished into: coercive force, reward power, identification power with the organization, expert power, legitimacy power. None of the presented methods ensures effective training of employees for the higher goals of the organization related to social responsibility. Managers often underestimate the importance of non-financial motivation (Nygaard, 2017). Therefore, it is not behavior control that is offered, but the programs of behavior formation and promotion. Organizations can use a variety of financial and non-financial incentives and their combinations. The most commonly used incentive is money, as it is considered to be the most effective one. Monetary motivation: (a) is not beneficial unless combined with other incentives; (b) is effective only in the short term; (c) is not justified if it is not linked to the acceptance of responsibility (Eplay et al., 2019). Non - financial incentives are: 1) Public praise, recognition, promotion. These measures shall be kept under constant review in the light of trends of changes (Messikomer et al., 2010); 2) Additional measures: time, equipment, information and exposure power. Liability for the use of these measures must be defined by sanctions. Otherwise, inefficient use and abuse will not be prevented (Woods et al., 2011) ; 3) Promoting a positive vision, emphasizing prosperity, hope, optimism (Fatima, 2016). There is a risk of "pushing too hard". Lithuania mostly belongs to those cultures that are not traditionally characterized by success and the ethics of self-confidence. Possible consequences: indifference and passivity of employees (Freitakienė, 2001).

**Research methods and the results of the study process.** The following methods are used in the work: descriptive, comparative method, analysis of scientific literature, semi-structured interview, standardized questionnaires. The study was conducted in one business organization that sells food in 15 stores. 67% of the organization's employees participated in the study.

When analyzing the *compatibility of the organization's employees and the organization's values, understanding of common goals*, it was found that: a) lower-level employees (almost 100%) do not know the organization's values and main goals, which makes it difficult for most of them to understand the concept of social responsibility; (b) management believes that employees are indifferent to the processes taking place in the company: they do not want to work with managers to solve problems related to the implementation of social goals. An analysis of the issues related to the *model of communication* in the organization revealed that: a) as many as 98% of the lower-level surveyed employees face various issues related to social responsibility on a daily basis. About 25% of employees know how to deal with these issues. Some of them (8%) turn to their supervisor, and the majority (17%) turn to the company director; b) the main solution is to "transfer" the problems to the company's management. This fact is confirmed by the constant emphasis of the management that it bears an excessive burden of control. An analysis of the responses to the interviews and questionnaires related to the *application of motivational measures* in the organization revealed that: a) according to the management: "Employees are paid not only for their results". The object of the incentive was the employee's initiative and suggestions related to better customer service. However, employees are still indifferent to the results of their work, even their attempts to appropriate company assets have been recorded; (b) meanwhile, lower-level employees indicated that only 48% of respondents believe that their work in the organization is valued. An analysis of the impact of the *manager's example* revealed that: a) as many as 92% of lower-level employees see management's efforts and actions to implement social responsibility ideas in the organization. However, it was noted that they do not understand everything and are therefore not able to respond adequately to management expectations; (b) management believes that lower-level employees are more likely to be indifferent to social issues, lack of initiative and willingness to contribute to organizational change.

**Conclusions and recommendations.** The organization has never *reconciled the values and core goals* of all employees and the organization itself. For this reason, employees and the management do not see a unified position in operations. Improper execution of tasks forces managers to strictly control all processes. The organization's *model of communication* is based on "form the top down" requirements and control over their implementation. Almost all employees face social responsibility issues at work, but only a small percentage knows how to address those issues. *The motivational measures* in the organization are applied without a coherent system. There are no objective criteria for assessing employee



initiative. Recommendations: 1) establishing a process based on mutual agreement - discourse, which becomes the main condition for cooperation; 2) the control and regulation used in communication must be refocused on self-control and self-regulation; a climate of strict order must be turned into leadership based on monitoring; 3) unanimous evaluation criteria must be the basis for the creation of an effective motivational remuneration system; 4) participating in social projects and programs, the purpose of which is not advertising, but the following motives: 4.1) setting higher goals of the organization; 4.2) changing public opinion on business functions; 4.3) promotion of government attention in areas that are relevant to the society; 4.4) increasing the identity of employees with the public organization.

**Keywords:** *Organization, management, social responsibility.*

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**THE APPLICATION OF EYE TRACKER IN INTERDISCIPLINARY RESEARCH  
COMBINING CONSUMER BEHAVIOR, PHYSICAL GEOGRAPHY,  
AND ENVIRONMENTAL PROTECTION**

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The first part of this research investigates the potential use of eye tracker as a neuromarketing tool and its adaptableness for interdisciplinary research combining consumer behavior and physical geography in general. The eye tracker tool is usually connected to the computer or any other device and it assists the researcher to analyze visual attention by showing where the participant is looking at. From the perspective of neuromarketing, it seeks to explore and associate visual attention with the cognitive and emotional responses of consumers (R. Santos, J. Oliveira, J. Rocha & J. Giraldi, 2015). Eye-tracker assists in the analysis of gaze points data which is collected on the beach photos with marine litter as a pilot (with a special focus on macro litter). The second part of this socio-economic research part is going to investigate consumer as a source of marine litter in the Baltic Sea, Lithuania coast. The final part aims to combine eye tracker research with semi-structured interviews which provide more in-depth insights about consumer behavior explaining the most significant causes why people are not taking responsibility for their household waste.

The overall aim of this Ph.D. research is to analyze the influence of daily household waste which causes a significant increase in marine litter. According to the "Marine Litter Socio-economic" study typical items founded on urban beaches usually are bottle caps, plastic bags, plastic food containers, wrappers, and plastic cutlery. In general, 48% of marine litter is caused by household-related waste and 70% of marine litter are plastics in the Baltic Sea (UN Environment, 2017; Helcom, 2018ad).

Current and future environmental protection and economic goals are inter-related and have to be achieved by using one vision of integrated process and communication strategy. United Nations already emphasized that it is a necessity to ensure sustainable consumption and production patterns in the nearest future (Sustainable Development Goals, Agenda 2030). Thus, the overall goal of all research parts is to find out and introduce awareness-raising activities among consumers that minimize marine litter and prevent waste generation behavior.

To sum up, it is interdisciplinary research that combines different areas: physical geography, environmental protection, and marketing with a special focus on consumer behavior and neuromarketing. As mentioned previously, it is the Ph.D. thesis research (in progress) of geographical sustainable consumption that analyzes the influence of daily household waste causing a significant increase in marine

litter. The first part of this research which is eye tracker adaptableness is going to be presented in this conference only.

**Key words:** *eye tracker; neuromarketing; marine litter; sustainable consumption*

## INFORMATIZATION OF PUBLIC ADMINISTRATION IN POLAND IN THE PERSPECTIVE OF INDUSTRY 4.0 AND SUSTAINABLE LOCAL DEVELOPMENT

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**The subject** of this study is to present the process of implementing the concept of e-citizen in Poland in the perspective of industry 4.0. In the global world, a significant part of public administration, including local government administration, aims to increase activity using Information and Communication Technology. This process allows introducing more efficient functioning of public administration, especially in the scope of providing services to the citizen. Changes in the functioning of public administration are forced by changes in ICT, in particular by those resulting from the current implementation of the concept of industry 4.0. The new concept of industry operations and public administration functioning also significantly changes the concept of sustainable development. Because of those changes, a citizen can efficiently settle his or her cases without leaving home and he or she can control the administration, especially in the area of environmental protection. The process of computerization of public administration also allows for a more rational use of public funds. ICT devices allow a citizen to gain greater knowledge about the activities of central and local authorities related to the state of the environment, health protection, benefits and financial assistance.

**The purpose** of the study is to show the current state of implementation of the e-citizen concept in Poland and to show which new initiatives are being taken in this area. However, the most important aim of this study is to analyze the citizen's electronic communication with the local government administration on the example of the Otwock County in the context of implementing industry 4.0.

The basic **research method** of this study will be the analysis of legal provisions and various documents, including national and local strategies for the development of e-administration. The second research method will be a description of changes taking place in the functioning of public administration.

**The result of the research** will be to describe not only the legal bases or development policies of public e-administration, but first and foremost to indicate its practical implementation effects. As part of the practical effects, the study will present examples of the effects of e-administration implementation in the Otwock County. In particular, the attention will be paid to the implementation of elements of computerization of administration by the local authorities, and how it affects local sustainable development.

**Theoretical and practical application of work.** This study is part of the global development of the information society. The use of Information and Communication Technology by the public administration related to the industry 4.0 is an important element of the information society. The results of this work can be used for comparative research in other local governments in Poland and European Union countries.

**Results.** The result of the research carried out in this study will be an assessment of the adaptation of public administration in Poland and in the Otwock County to the changes introduced in the virtual world by the industry stage 4.0.

**Keywords:** *sustainable development, public administration, e-administration.*

## ORGANIZATIONAL VALUES: TO BE OR NOT TO BE?

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**Introduction.** About values are talked in various media, and heard by ordinary citizens about the importance of values. According to many authors, values are beliefs and attitudes that shape an individual's behavior; they depend on the head of the organization, because usually the leaders of the organization choose the values of organizational culture and pass them on to subordinates. Values help to create an organizational culture and determine the formal and informal behavior of employees. K. J. Bunch (2009) notes that values give an organization an expression of certainty. Clearly defined values reduce ambiguity in behavior and “help” employees to make decisions. Understandably, values affect a person, his or her priorities, decisions made, and behaviors in an organization (Clegg and Baley, 2008). They guide people’s activities, including the choice of certain positions (Lee, Cartier, 2005). We raise a *problematic question*: are the organizational values used in organizations for better results and sustainability?

**Used research methods.** A partially structured interview was prepared for the study. The interviews were conducted in person with each manager of the organization. The average time spent on a conversation is 30 to 50 minutes. The interview was attended by 11 managers of different types of companies with work management experience ranging from 3 to 30 years. Two managers participated from very small organizations, two from small companies, three from large companies and four from medium-sized organizations. The interview was conducted in December 2019 - January 2020.

**Main results.** Respondents were asked to comment how organizational values are spread and known in organization. The answers we can classified to three main groups: values are formally exist, are not formed and values are known and passed on. In text you can read some expression of managers about values. *Values are known and passed on (in 5 organizations)*: “Values are communicated through interviews with employees and during meetings”; “Values are passed on through traditions, rituals, various ceremonies, celebrations, projects, knowledge of the history of the gymnasium, success stories of students and teachers”; “Verbal, few, clear, employees know”; “Known quality product and service. I remind employees to work constantly, waiting for a new client to appear “; “It simply came to our notice then. We talk to teachers, children, parents, social partners. During events, meetings are broadcast “. *Formally exist (in 3 organizations)*: “Values are not conveyed or emphasized”; “Values are not transferable. There is a lack of a human resources manager (s), the company is saving in this place”; “Used little, only written”. *Are not formed (in 3 organizations)*:

"It is difficult to say whether our organization has strict established values ... If quality elements can be considered as values, then yes, they are passed on to each employee and their importance is constantly emphasized"; "Apparently the quality of service to make guests feel right at home. We talk about it a lot"; "Directly how values are not formulated, but in reality the activity is characterized by caring for employees and customers, it is constantly reminded". It can be observed that educational institutions mostly contain elements of organizational culture, including values. In this regard, we must thank the Ministry of Education and Science, which a decade ago called on all educational institutions to develop an organizational culture. Even if not all organizations are guided by what was mandatory to compile, it still gives an impetus to change, to create, and finally to see what better results are possible in fostering an organizational culture. According to the two managers, it is in their schools that an organizational culture is fostered. And in other areas, the results are more modest. In Lithuania, managers only gradually realize that organizational culture can (and is) a non-monetary motivating tool for employees and sustainability for organization as well. And from the speeches of the managers we see that the emphasis is on quality (service, product) and this is named as a value. It is interesting to note that even those executives who argue that values are not singled out in an organization do mention the quality of work performed as a potential value. Quality is also mentioned by managers who say that employees know the values. We have noticed before that in Lithuanian organizations this is one of the most important values, unfortunately, we are not looking for anything else that can be valuable for organizations.

**Conclusions.** The results of this research were quite surprising that not enough attention is paid to the basis of organizational culture, values. When we open the websites of organizations, we will probably see in almost everyone that values are written, but they are not actually followed, they are not "alive". Often just written, and employees then don't even know what to expect from them. Plans are given, but without a value foundation, it is harder for employees to achieve them, but unfortunately management does not think about it. It is a bit disappointing, because the managers are educated, there are opportunities to receive both scientific literature and training on the subject, but even in Lithuania it is still a "new" topic. From the best organization practices we can state, that values can help to be organization more sustainable in different ways: motivate employees, show clear direction, have positive attitude about organization and better understanding about decision making.

**Key words:** *organization, values, sustainability*

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## HOW IMPORTANT IS SUSTAINABILITY FOR THE PERFORMANCE OF OIL AND GAS COMPANIES?

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Nowadays, companies are more focused on developing and implementing socially responsible strategies and policies to reduce any potential negative impacts on the society, economy, and environment. As the oil and gas industry is one of the most important in terms of its harmful effects on the environment, our study focuses on companies operating in this industry in the United Kingdom. Lately, more of these companies tend to invest and support low carbon activities, including renewables acquisitions, to follow one of the key sustainability trends, the one related to renewable energy. Moreover, they seem to pay more attention to human resource policies, promoting an inclusive culture, without differences of ethnicity, gender or disabilities. Nowadays, based on the objective related to gender equality within board members, the corporate performance faced some downturns, as companies seem to appoint the wrong board members to conform to the quota regulations or recommendations (increase the number of women in the board for quota-setting for women in leadership roles, or appoint young but unexperienced members to comply with the board diversity in terms of age).

Our analysis is focused on financial data as well as on information available in the annual reports and sustainability reports of the companies. The database is consisting of 31 companies and the period overviewed is 2006-2014. The descriptive statistics highlight the trend of corporate performance along with the main characteristics of the board in oil and gas companies operating in the UK. Next, correlation and regression analyses were employed to underline the importance that independent variables have on profitability. According to the main results, in terms of governance, oil and gas companies register higher performance when their boards have fewer members. In terms of CSR strategies employed to reduce the negative impact on the environment, although these are linked to important investments, they induce a higher corporate performance. Due to a lack of quantitative indicators that measure the effects of the sustainable practices within companies, an analysis based on the information included in sustainability reports may be subjective and dependent on the company transparency.

Considering the impact oil and gas industry has on environment, further research should analyse to what extent oil and gas companies comply with the latest climate goals such as reducing emissions, energy efficiency or the use of new technologies in order to evaluate the potential damage to environment.

**Key words:** *corporate performance; CSR; correlation; oil and gas industry; UK.*

**Acknowledgement:** This work was cofinanced from the European Social Fund through Operational Programme Human Capital 2014-2020, project number POCU/380/6/13/125015 “Development of entrepreneurial skills for doctoral students and postdoctoral researchers in the field of economic sciences”.

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## CHANGES OF SETTLEMENT SYSTEM IN EASTERN BALTIC STATES DURING XX-XXI CENTURY

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“One of the main objectives of the EU is sustainable regional development. Often Lithuania, Latvia and Estonia are viewed as a single region, but despite similar historical circumstances, countries differ from each other. These differences are also evident in settlement systems. Due to rapid globalization, free movement of inhabitants, the system of settlements is transforming and settlements are changing their functions. Currently, this process is extremely fast.

The aim of the research is to analyse the change of the settlement system of the Eastern Baltic States (Lithuania, Latvia and Estonia) during the 20-21 centuries. In this study, the settlement systems of Lithuania, Latvia and Estonia are analysed according to the NUTS 3 regional classification applied by the EU. The main statistical sources are census data conducted in the three Baltic States. The situation of settlements and population in individual periods is comparable (before the declaration of independence, as well as in 2000/2001, 2011 and 2017), in addition, the settlement systems of the states, their location and changes are analysed.

After the Second World War, the rural population began to decline. The villages declined as well (Vaitekūnas 2006). This was due to the departure of residents, relocation of single farms, land reclamation and other reasons. During the Soviet era, the largest city in the Eastern Baltic region was Riga (the capital of Latvia), home to more than half a million people. Other cities in Lithuania, Latvia and Estonia are marked as cities with a population of 100-500 thousand. The Soviet era was marked by an increase in the urban population: during this period, the urban population in the Baltic States increased from 30% to almost 70% (Cirtautas 2015). The economic situation in Vilnius was not as favorable as in Riga or Tallinn, so the industrial development in the latter cities was extremely rapid, which led to a demographic explosion and intensive urbanization of the capitals (Krupickaitė 2003).

After the restoration of independence, the rise in unemployment encouraged internal and external migration, the natural increase in population became negative, the family model and its perception changed, all of which led to a demographic crisis (Stanaitis 2002).

In Lithuania, the urban population decreased in all counties. On average, the country's cities in 2001-2017 decreased by 23% of the population. 3 settlements lost their city status.

Despite the fact that the number of rural population in Lithuania decreased, the relative share of rural population increased in the counties of Vilnius, Kaunas and Klaipėda. Most of the uninhabited villages are located in North-Eastern Lithuania, where sparsely populated villages predominate, but at

present it is noticeable that a large number of uninhabited villages appear in Northern and Central Lithuania (Kriaučiūnas et al 2013). Meanwhile, the growing city-centers attract the rural population.

In Latvia, all Republican cities have declined in population. The largest negative population change was in Riga, Liepaja, Rezekne and Daugavpils. Nevertheless, 33 % of all the country's citizens live in Riga (Centrālā statistikas 2020). Cities with up to 3,000 inhabitants predominate in the country. The growth of cities around the country's capital is currently emerging.

The rural population in Latvia is also declining. In this case, the Pierīgas region stands out. It is the only region in the country where the rural population has grown since 2000. In this case, the urban population decreased, but the rural population increased.

The urban population of Estonian county centers accounted for 90% of the total urban population in the country. Since 2000, the population of all county centers has been declining, only the change in the population of Tallinn has been positive. Estonia, like other Baltic countries, is facing rural decline. 31.5% of the population lives in rural settlements.

Thus, the urban population is currently declining in all three countries. Small towns with up to 50,000 inhabitants dominate. The urban system of Latvia and Estonia consists of less populated regional cities, as the urbanization process started earlier in these countries. However, the opposite is also observed - smaller cities alongside major cities are growing. In Lithuania, cities are growing alongside the three major cities, in Latvia and Estonia - alongside the capitals. The population of rural settlements is declining extremely rapidly. However, in all countries, rural populations are growing alongside major cities.

Forecasts indicate that three major cities in Latvia will shrink in the future. Tallinn is forecasting further urbanization and population growth, which should be the most significant in all three countries. The population of other Estonian cities should decrease. Only the population of Vilnius will increase in Lithuania, but the population of the remaining four largest cities will decrease.

All three countries are currently undergoing an intensive process of metropolitanization. The Riga metropolis is particularly challenging, as it requires the coordination of processes through an integrated approach and the reconciliation of the interests of the city, the metropolis, the region and the municipality (Skudra et al 2020).

Some scientists believe that large Lithuanian cities tend to agglomerate. Therefore, they propose to develop the models of these cities on the agglomeration, one city-core principle, without allowing large areas to be fully urbanized. In this case, these cities will be able to survive in the global space (Gudzinevičiūtė-Vilkelė 2011). Settlements with insufficient connections to cities will experience a rapid population decline. The migration of young people to other districts or cities will hamper rural economic development. Closing institutions, shrinking jobs, an aging population, and the socio-economic

difficulties of the districts - these problems may face the periphery. Villages will have to change their functions (e.g. the creation of recreational areas) and those that fail to transform will have to disappear. Only the largest intensive farms and entrepreneurial farmers will remain in the villages (Poviliūnas 2007)."

**Keywords:** *settlement system, Eastern Baltic States, Estonia, Latvia, Lithuania.*

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## SUSTAINABLE INVESTMENT: GLOBAL ANALYSIS

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**Theoretical background.** Traditional profit-aspiring companies have started to take more interest in understanding and managing business impact. Various stakeholders, governments, and non-governmental organizations demand that business contribute to solving various social and environmental issues. Sustainable investment has emerged as a potential solution to social and ecological issues by rendering the financial markets more accountable for such impacts. Veldman and Galman (2020) state that sustainability incentives revolve around three main factors: the demand-enhancing effect of sustainability investments, the effect of a product's ultimate sustainability level on the unit cost of production, the response of rival firms on each other's strategic decisions. It should be noted that, according to Wu and Pagell (2011), not all proactive investments in sustainability may pay off for decades. Carvalho et al. (2017) proposed empirical evidence that many consumers are willing to pay a price premium for a broad range of sustainable products. So, companies engage in investing in sustainable products. It should be emphasized that the concept of the term of sustainable investment varies. Escrig-Olmedo et al. (2017) assume that sustainable investment is considered a comprehensive term for what is known as responsible investment, socially responsible investment or ESG investment. Despite that some investors understand the basic concept, confusion about sustainable investing terms, its various approaches and even its impact, is widespread. Vanwalleghem and Mirowska (2020) mention, that investor motives for sustainable investment are not solely of a financial, but also of psychological and ethical nature. It should be emphasized, that some sustainable investment can induce companies towards more sustainable business practices.

Therefore, there is growing number of investors that include broader range of values while making investment decisions. This makes way for value-based investment or sustainable investment. Sustainable investing is understood as an investment approach that considers environmental, social and governance (ESG) factors in portfolio selection and management (Global sustainable investment alliance, 2018). Talan and Sharma (2019) states, that sustainable investment refers to the integration of environmental, social, and governance (ESG) factors in investment decision-making. According to Gutsche and Ziegler (2019), sustainable investments play an increasing role on financial markets. The principle of such investments can be based on several approaches: negative screens or best-in class screens. Norms-based screening, ESG integration, sustainability themed investing, impact/community investing and corporate engagement and shareholder action can be also included while analyzing sustainable investment (Global

sustainable investment alliance, 2018). It should be noted that various indices and funds dedicated to sustainable investment throughout the last few decades were introduced. For example, The Morgan Stanley Capital International (MSCI) KLD 400 Social Index (launched in 1990), STOXX Global ESG Leaders Index (launched in 1998), Dow Jones Sustainability Indices (DJSI) (launched in 1999), FTSE4Good Index (launched in 2001), and Johannesburg Stock Exchange (JSE) Socially Responsible Investment (SRI) Index (launched in 2004). Sustainable investment funds, like the Fidelity Select Environment and Alternative Energy Portfolio (FSLEX), The Teachers Insurance and Annuity Association of America-College Retirement Equities Fund (TIAA-CREF) Social Choice Bond Fund, Vanguard FTSE Social Index, and Parnassus Core Equity Fund have also been introduced in recent times. Meanwhile, Bauer and Smeets (2015) indicate that sustainable investments could be taken into account only if they are at least as attractive as other investments in terms of risk and return. Sustainable investors are willing to forego financial return in order to invest in line with their environmental values (Rossi et al., 2019). Brodback et al. (2019) during their analysis discovered that there is a positive relationship between investor altruism and the importance of corporate social responsibility in investors' decision making process. Vanwalleghem and Mirowska (2020) assume that this relationship is stronger for those investors who consider sustainable investment as a moral obligation and it's effective in protecting or improving environmental quality.

It should be noted, that cultural shifts and new regulations are shaping the landscape of sustainable investing. For example, according to France's Article 173 (Energy Transition Law), investors must explain how they incorporate ESG factors into their investment strategies. Because of this article, a majority of French institutional investors now manage their assets with ESG criteria in mind. Nordic countries consider sustainability and social responsibility a cornerstone of their cultural mindset. So, Nordic investors are increasingly integrating all three ESG aspects into their investments (Ghosh, 2020).

To summarize, investor motives for sustainable investment differ, demand for business to contribute solving social and environmental issues is growing, and various indices and funds dedicated to sustainable investment is introduced. So, the **scientific problem** can be formulated as follows – what are the differences of sustainable investment globally.

The **objective** of the research: sustainable investment.

The **aim** of the research: to analyze the dynamics of sustainable investment globally.

**Research methods:** analysis of scientific literature, generalization, global sustainable investment data 2013-2018 analysis, growth analysis of global sustainable investment assets, identification of global sustainable market characteristics.

**Main results and findings.** The global sustainable investment analysis showed that there are significant regional differences in sustainable investment trends. Nevertheless, there is captured growth of

sustainable investing assets globally. In all the regions except Europe, sustainable investing's market share has also grown. In 2018, global sustainable investment accounted for approximately 30.7 trillion dollars globally. According to conducted analysis, global sustainable investment increased approximately 20 per cent every year. The fastest growing regions are Japan, Australia/New Zealand and Canada.

Responsible investment now commands a sizable share of professionally managed assets in each region. It shows sustainable investing constitutes a major force across global financial markets as investors view sustainable companies as responsible, well-managed and forward-thinking – thus, good investments. Conducted analysis showed that the largest sustainable investment strategy is negative screening, ESG integration, and corporate action. These strategies accounted for 19,8 trillion dollars, 17,5 trillion dollars and 9,8 trillion dollars respectively in 2018.

**Conclusions:** Sustainable investment can be understood in various ways. Theoretical analysis has revealed that the concept of sustainable investment is sometimes used unambiguously as a responsible investment or socially responsible investment. Nevertheless, all these concepts incorporate environmental, social and governance factors in the investment process. Moreover, there was observed the growing demand for business to contribute to solving social and environmental issues.

Plenty of indices and funds dedicated to sustainable investment exists globally. There is captured growth of sustainable investment assets globally during analyzed period. In all the regions except Europe, sustainable investment market share has increased. But the growth is uneven in regions. This can be explained by differences in regulation and cultural shifts.

**Keywords:** *sustainability, sustainable investments, sustainable investing.*

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# IMPACT OF SUSTAINABLE DEVELOPMENT COMPONENTS ON SUSTAINABLE CONSUMPTION

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**Abstract.** The present article scrutinises the concept of sustainable development directed towards addressing the needs of the society and undertaking respective actions in regard to the components of sustainable development. Since sustainable consumption is related with producer and consumer positions, extra investments into more environment-friendly and less polluting technologies and observance of fair-trade stipulations, and the search for compromises between implementation of the goals of businesses and securing the life quality of society become important indeed. Responsible organisations, that pursue the creation of a green image based on sustainable business concept, are the producers of the goods and the suppliers of the services in line with the needs of a responsible consumer. Therefore, there is a constant search for a harmony between economic growth, environment protection, social justice and rule of law consolidation in order the balance of the progress and preservation of natural resources for future generations is maintained. The aim of the research – examination of an impact of sustainable development components on a sustainable consumption. The object of research – sustainable development components. Methods of research – critical analysis of scientific reference sources, abstraction and synthesis.

The paper consists of an introduction, three chapters, conclusions, references.

The first chapter is devoted to the analysis of the relevance of sustainable development. The concept and the meaning of sustainable development are described. The second chapter of the paper deals with the importance of sustainable consumption. The third chapter contains the impact of green organisation on consumption.

We concluded that the production and consumption habits must be changed. Sustainable development can be enabled via dealing with sustainable consumption issues. Responsible and sustainable consumption is topical on an organisational level as the sustainable development on a national or regional scale is impossible without sustainable development of organisations. An international concern about impacts on economic, social and environmental areas has prompted numerous organisations to focus their attention on their activities to become green. Responsible organizations that creates a green image and applies green business practices based on a sustainable business concept, are the producers of the goods and the suppliers of the services in line with the needs of a responsible consumer. This way the behaviour of consumers and producers will undergo changes and sustainable and responsible consumption will be achieved. In summing up, one may state, that for the sake of meeting the demands of the contemporary society, the processes need to be considered as an integral whole by securing necessary conditions for well-being of the society via combination of economic, social and environmental development.

**Key words:** *sustainable consumption, sustainable development, green organisation.*

## SECTION

### EDUCATION AND CREATION OF INNOVATION IN CHILDHOOD

#### **KLAIPĖDA UNIVERSITY CHILDHOOD PEDAGOGY STUDY PROGRAMME STUDENTS’ CONNECTIONS BETWEEN LEARNING PROVISIONS AND STUDY QUALITY**

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Higher education is an essential element of social, economic and cultural development, while scientific research and innovation play an important role in supporting social cohesion, economic growth and global competitiveness (*The Standards and Guidelines for Quality Assurance in the European Higher Education Area*, 2015). *Lithuania’s Progress Strategy 2030* (2012) highlights one of the key goals – learning society, to create an effective system of lifelong learning, effectively adapting information communication technologies and ensuring acquisition and development of knowledge and skills required for an active society. In the context of globalization of society, transformation of science and labour market, “the reason for the paradigm shift [of the higher education] – an aim to prepare a student to perform one’s role in society as best as possible, to realize oneself, to be an active citizen, who is able to improve in the workplace and meet expectations of the workplace” becomes evident (Lepaitė, 2012, p. 6). Therefore, the quality assurance in higher education is regarded as a priority goal of the Lithuanian education system (*Law on Science and Studies*, 2009; *The National Education Strategy for 2013-2022*, 2013).

The goal of the development of the Klaipėda city and western region of Lithuania is to have an innovative system of education and science, which meets the needs of the future economy, a developed and innovation-oriented education, science and business cooperation ecosystem, as well as an innovative specialist, who meets the needs of the future economy (*Klaipėda 2030: Vision, Development Scenario and Strategic Directions*, 2017). Hence, one of the essential objectives of KU is to ensure and improve the quality of studies of specialists. Study quality assurance is an ongoing process that is dependent on external monitoring and internal quality assurance mechanisms developed at each university. The organization of the study process is one of the main activities of a higher education institution, the

efficiency of which is determined by various factors (students, university teachers, interaction between them, infrastructure, etc.). The assessment of the quality of study process is relevant and valuable in updating study programmes by providing further opportunities for the improvement of the study process (Norvilienė, 2015).

Given the paradigm shift in higher education not only in Lithuania, but also in the whole of Europe, student-oriented studies are becoming especially relevant (Markevičienė, Račkauskas, 2011). The Bologna Process documents and the works of researchers (Loukkola, Zhang, 2010; Elassy, 2013; Ryan, 2015; Logermann, Leišytė, 2015; Matei, Iwinska, 2016; Merabishvili N., Tsereteli, Bellon, 2017) note the importance of the involvement of students in the quality assurance of higher education. According to B. Wächter, M. Kelo, et al. (2015) it is important to take into account the needs and expectations of all students, as well as to meet the expectations of all parties concerned, while supporting constant enhancement.

In spite of the extensive systematic and institutional research on study quality, there are no clear criteria for assessing the quality of studies. Study quality is assessed according to the selected criteria or tools developed by a researcher or groups of researchers: management level of higher education institution, compliance of the study programme with the current labour market, professionalism of university teachers, level of internationality, choice of studies, student support, assessment of the university's mission, aims and management, assessment of material resources, etc. The assessment of the quality of studies of the Klaipėda University *Childhood Pedagogy* study programme students requires to analyse students' attitudes concerning their satisfaction with studies. Problematic issues raised:

- what is the attitude of the KU *Childhood Pedagogy* study programme students towards the factors that influence the quality of studies?
- what are the connections between the learning provisions and the quality of studies for the KU *Childhood Pedagogy* study programme students?

**Research object:** learning provisions and study quality of the KU *Childhood Pedagogy* study programme students.

**Research aim:** to reveal the connections between learning provisions and study quality of the KU *Childhood Pedagogy* study programme students.

**Research methods:** analysis of scientific literature and documents, questionnaire survey, statistical data analysis.

The empirical research was conducted to reveal the connections between the learning provisions and study quality of the KU *Childhood Pedagogy* study programme students. 131 students of full-time and part-time first- and second-cycle studies were interviewed. Respondents were chosen by probabilistic sampling. The research data were collected using the written survey method. The original questionnaire

compiled by the authors was used for the survey. The questionnaire was developed in the google.forms environment and the link was sent to the personal e-mails of all 145 students, studying in the *Childhood Pedagogy* study programme. The questionnaire consisted of four parts of closed-ended questions. The data obtained during the research were processed using the SPSS software (version 24). The following methods of statistical analysis were used to examine data: descriptive statistics (frequencies, averages), Kruskal-Wallis, Mann-Whitney criteria, and Spearman's correlation.

### Conclusions

1. Works of researchers and education documents note the importance of the involvement of students in the quality assurance of higher education. Students' needs, expectations and priorities of study factors are important for the assessment of the quality of the KU *Childhood Pedagogy* study programme. Results of the empirical research revealed that students assess the quality of the *Childhood Pedagogy* study programme with higher rather than moderate or low scores: about half of the respondents assessed it with 4 points, and about a third – with 5 points. Students of the full-time session-based mode of studies assessed the quality of the study programme higher than those of the full-time or part-time modes of studies. A clear tendency became evident that older students (35 – 58 y.o. age group) assessed the study quality higher than younger ones (18 – 23 y.o. and 24 – 34 y.o.).

2. Most students choose the deep learning motive, which highlights the mature attitude of students towards their studies and the development of competences. Students, who pay for their studies themselves were more likely to agree that student motivation is an important study quality factor, compared to those students, whose studies are state-funded. Methods of reporting for individual work tasks and provision of information about the organization of the study process are more important for the students of the Master's study programme than for those of the Bachelor's study programme. There is a tendency that for those students, for whom the factor of *student motivation* is important, *interpersonal relationships with university teachers* are also important. There is also a moderate and statistically significant relationship between the *structure of the study programme* and the *curriculum of the study subject*, between the *university teacher competences* and *interpersonal relationships with university teachers*, as well as between *teaching methods* and *university teacher competences*.

**Key words:** *students' learning provisions, quality of the study, study programme.*

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**FACTORS THAT INFLUENCE THE QUALITY OF THE STUDY PROCESS:  
ATTITUDE OF THE KLAIPĖDA UNIVERSITY AND 1 DECEMBRIE 1918  
UNIVERSITY STUDENTS OF PEDAGOGICAL STUDIES**

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The *Europe 2030 Strategy* and other EU initiatives call for more excellence in Europe's higher education institutions in order to improve their performance, international attractiveness and competitiveness. In this context the relevance of quality in higher education gained momentum. The goals, principles and objectives of the European Education are sought to be implemented in the policy and practice of Lithuanian education. *Law on Science and Studies* (2009) and *The National Education Strategy for 2013-2022* (2013) place the quality assurance in higher education as the most important aim of the Lithuanian education system. One of the strategic goals of the *Lithuania's Progress Strategy 2030* (2012) is learning society; thus, it is provided to continue to create an effective system of lifelong learning, effectively adapting information communication technologies and ensuring acquisition and development of knowledge and skills required for an active society. The objectives of the education policy are also implemented in the main educational documents of Romania that deal with the quality of studies. *The Law of the National Education* (2011, 2019) provides the framework for the use of the fundamental right to lifelong learning under the authority of the Romanian state. The mission assumed by the law is to form, through education, the mental infrastructure of the Romanian society, in accordance with the new requirements, derived from Romania's status as a member country of the European Union and from functioning in the context of globalization, as well as of sustainable generation of a national human resource. Human resource that is highly competitive and capable of operating efficiently in the current and future society. Another document is the *Decision No. 915* (2017) regarding the modification of the Annex to the Government Decision No. 1418/2006 for approving the *External evaluation methodology, standards, reference standards and list of performance indicators of the Romanian Agency for Quality Assurance in Higher Education*.

The subjective attitude of students to various study quality factors and their significance is relevant to the assessment of the quality of studies in both, Lithuania and Romania. Students, who are active participants of the study process and contribute to the improvement of the quality of studies, are an important part of the university community. It should be noted that students have higher expectations and

their opinions draw attention to the problematic areas that require change (Galkutė, 2008). A number of studies have been conducted in Lithuania and Romania on the assessment of students' achievements, attitudes towards learning, issues of learning to learn, yet there is a lack of research works that directly address factors that ensure and influence the quality of the study process. Accordingly, the **problematic question** raised in the following article is: what factors influence the quality of the study process from the point of view of Klaipėda University and *1 Decembrie 1918* University students of pedagogical studies?

**Research object:** students' attitudes towards the most important factors that influence the quality of the study process.

**Research aim:** to reveal the most important factors for the quality of the study process from the point of view of the Klaipėda University and *1 Decembrie 1918* University students of pedagogical studies.

**Research methods:** analysis of scientific literature, analysis of documents, method of written survey, method of statistical analysis (using the IBM SPSS Statistics 22.0 software).

Theoretical definition of the study quality factors. A great number of studies have been conducted in Lithuania and foreign countries that reveal factors on which the quality of the study process depends. One of such factors is the curriculum of the study subject. According to S. Garmise, A. Rodriguez, et al. (2019), the acquisition of study quality and 21<sup>st</sup> century skills require broader didactic accents of the study process adapted for a more diverse group of learners that show the successful achievement of study objectives and expected learning outcomes.

Another factor that is important for the assurance of the study quality is teaching methods. Due to the rapid changes in the modern world, the higher education system has faced many different challenges. University is a place, where the quality of studies and scientific research is developed and based on the culture of trust, excellence, courtesy, and positive changes in an organization. It is an organization where more willing, thoughtful and creative individuals need to be trained in interdisciplinary areas. Accordingly, the application of teaching methods will be successful if a university teacher clearly understands the goals, objectives of modern education, knows the specifics of each method, its positive and negative features; will have mastered various methods, will link the curriculum and aims of education, and will flexibly and creatively model one's activities.

Factor of methods of reporting for individual work tasks by students also influences the quality of studies. Representatives of education science (Jovaiša, 2007; Bartusevičienė, 2010, Lepaitė, 2018, et al.) unanimously emphasize that feedback to students is a prerequisite of successful learning, and to university teachers – a mean to improve one's activities and communication with students. A university teacher should be actively involved in this process of providing feedback by encouraging students to express their opinion on the curriculum and teaching of the study subject.



Teacher competences are distinguished as one of the important factors that ensure the quality of studies. A. Stanescu (2016) claims that the relationship between teacher development and performance appraisal in higher education is an issue worth addressing. The culture of academic institutions was determined by changes of the external environment, thus teacher competences should be constantly improved. Many higher education teachers have a better understanding of the need to engage in critical self-reflection, ensure quality and improve educational training programmes. Professional development includes progress, and individuals must be involved in continuous professional development and training.

Student motivation is another factor that influences the quality of studies. As the student is the main recipient of services in the process of studies, one needs to be satisfied with the service provided and its quality. Therefore, it is very important that one's motivation is high, which also determines the right attitude. According to D. Leščinskienė, R. Balinienė, L. Kankevičienė (2016), "motivation while learning is one of the most important factors that determine success or failure, as study programmes are generally designed to be dealt with by anyone, who puts enough work and effort into it. Motivation is an important factor that enables students to continue learning, stay in learning and improve in it.

Students and university teachers are important people in a higher education institution, who are connected by processes of constant communication and cooperation in order to achieve common study goals, assurance of study quality. The teacher-student relationship is based on collaboration, where collaboration begins with communication. Educational relationship should be considered as an interaction where the teacher and student are engaged in a process of cognitive and emotional investment, and in which the teacher works alongside the students with the purpose of their development and the building of their status as students (Tăușan, 2016).

Material base is also an important factor for the study quality. The study of the Research and Higher Education Monitoring and Analysis centre (Galkutė, 2008) discusses the criteria for choosing a higher education institution, including the prestige of the higher education institution, the need for the study programme, prestige in society, possibilities to continue studies abroad, clear professional career opportunities, possibilities for self-expression, link between the study programme and personal interests, link between the study programme and favourite subjects

Research methodology. Research was carried out in collaboration with the academic community of Klaipėda University (hereinafter: KU) and *1 Decembrie 1918* University (hereinafter: 1DU) that conducts pedagogical studies. The research sought to determine the attitude of students of pedagogical studies towards factors that influence the quality of studies.

*Participants of the research.* 553 students participated in the research: 23.7% (131) from KU and 76.3% (422) from 1DU.

*Research organization and instrument.* The research data were collected using the written survey method. The original questionnaire compiled by the authors was used for the survey. The language of the questionnaire is English. Accordingly, the verified questionnaire was developed in the google. forms environment and the link was sent to the personal e-mails of all KU and 1DU students of pedagogical studies. In the structure of the questionnaire, two block of questions can be distinguished: demographic data of subjects and factors that influence the quality of the study process. The research sought to empirically and theoretically justify research methodology with separate aspects. L. Rupšienė, A. Rutkienė (2016) indicate that the quality of research is basically related to two parameters: reliability and validity. During the research, method of ensuring internal consistency has been applied by using the *Cronbach's Alpha* criterion. Since the value of the *factors that influence the quality of studies* scale's *Cronbach's Alpha* is 0.825, it can be assumed that the whole scale is a homogeneous and reliable tool for measurement. After checking whether reliability would increase by removing any of the variables, it was determined that the scale would change only by 0.005, thus, it can be claimed that the scale is a reliable tool for measurement.

*Data analysis.* The data obtained during the research were processed using the SPSS software (version 22). The following methods of statistical analysis were used to analyse data: descriptive statistics (frequencies, averages), *Mann-Whitney* and *Cronbach's Alpha* criteria.

## **Conclusions**

1. Theoretical analysis of factors that influence the quality of the study process revealed that the main factors are: *curriculum of the study subject*, which should concern the material needed to acquire 21<sup>st</sup> century skills, and ensure that students acquire the subject-specific and general competences provided in the study programme; *teaching methods* that should link the curriculum and goals of education, as well as flexibly, creatively model the process of studies, motivate to learn, initiate changes; *methods of reporting for individual work tasks*, where the unique role is played by: nature of these tasks; connections with other personal activities; university teacher motivation; organization of feedback; organization of self-assessment; reflection on activity, etc.; *university teacher competences*, which include aspects, such as the ability to link various learning contexts and disciplines, anticipate perspectives for critical reflection and learning from the past, anticipation and realization of various present and future alternatives; implementation of changes in the rapidly changing and multifaceted world; *student motivation*, which is a very important factor for the quality of studies and a factor that enables students to continue learning, stay in learning and improve in it, seek self-realization, progress, responsibility, evaluation, and success; *teacher-student relationships* that are important in enabling everyone to succeed, help to improve the emotional climate, tolerate others and positively assess oneself; *material base*, which determines not only the quality of studies, but also the choice of a particular higher education institution,

because material base is related to the prestige of the higher education institution, to the need for the study programme, prestige in society, an opportunity to continue studies abroad, clear professional career opportunities, possibilities for self-expression, connection between the study programme and personal interests, etc.

2. It is possible to claim that all factors distinguished during theoretical analysis were confirmed during empirical research as influencing the quality of studies. The absolute majority of students in the examined universities completely agree and agree with the following factors. Students of pedagogical studies at both universities mainly support the factors of *University teacher competences* and *Curriculum of the study subject*. Factor that was agreed to be the least influential for the quality of studies was *Interpersonal relationships with classmates*. The results of the research revealed that all distinguished factors are generally supported by the absolute majority of the respondents. KU subjects agree and believe that *university teacher competences* and *interpersonal relationships with one* are most important; agree and believe that *individual work tasks* and the *structure of the study programme* are important. Disagreement was expressed by respondents mainly about the factors of *individual work tasks* and *teaching methods*. Factors of *material base* and *interpersonal relationships with classmates* were not agreed with at all. IDU subjects fully agree mainly with the factors of *university teacher competences* and *teaching methods*. Factors of *curriculum of the study subject* and *individual work tasks* were supported. Factors of *interpersonal relationships with university teacher* and *interpersonal relationships with classmates* were disagreed and strongly disagreed with; exactly these factors that the subjects indicated were unaware of. In pursuit of the quality of studies in universities, it has been determined which factors are more important to students according to their demographic parameters. Statistically significant differences between the selection of factors and demographic data of students were examined. In general, it can be claimed that in relation to the cycle of studies, relationships with university teachers and classmates, organization of studies, and individual work tasks are important for Bachelor students, while for Master students only interpersonal relationships with university teachers are important. In relation to the mode of studies, the relationships with university teachers are important for all students, the methods of reporting for individual work tasks are also important for full-time students, and motivation and individual work tasks – for part-time students. According to the funding of studies, individual work tasks, material base, and information about the study process are important for those, who pay for their studies; interpersonal relationships with classmates – for students, whose studies are state-funded; and relationships with university teachers – for both groups. Students who carry out pedagogical work emphasize the material base, student motivation; those, who do not carry out pedagogical work – curriculum of the study subject; both groups place emphasis on the individual work tasks and relationships with university teachers. In regards of the age groups of students, the most important for the

youngest students are university teacher competences and relationships with university teachers and classmates; for the middle-aged group – individual work tasks, material base, and also relationships with university teachers; for the oldest respondents the structure of the study programme is important.

**Key words:** *quality of the study; factors of study quality, students' approach.*

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**A DYNAMIC EDUCATIONAL ENVIRONMENT:  
A FACTOR PROMOTING A PHYSICAL ACTIVITY OF PRE-SCHOOL CHILDREN**

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Movement is crucial at a pre-school age: it enables a child to gain experience, develop normally, grow up healthy, shape their own movement and health habits that in most cases continue throughout their lives. In recent years the tendencies of deterioration in health in pre-school children have been observed and they are associated with insufficient physical activity (hereinafter PA). An educational environment of a pre-school educational institution determines a physical activity of pre-school children.

In the scientific literature explored different educational environments the authors like Adaškevičienė (2004), Kahan (2016); Dymont, Coleman (2012), Nedovic (2013). Different educational environments are distinguished by concepts: teaching / learning environment (Lipinskienė, 2002; Karenauskaitė, 2006; Brazdeikis, 2009; Dumont, Istance, Benavides, 2010), educational environment (Jucevičienė, 2008; Valinevičienė, 2013 ir kt.), psychological educational environment (Muijs, Reynolds, 2011; Eggen, Kauchak, 2013), physical educational environment (Dodge, Colker, Heroman, 2008; Kučinskienė, Gerikienė, 2017) and many others.

**Research problem:** creating a dynamic educational environment in the context of promoting physical activity of pre-school children.

**The aim of the research** is to highlight the effect of a dynamic educational environment of a pre-school educational institution for a physical activity of children, and to disclose the main features of the dynamic educational environment.

**Research methods:** analysis of scientific literature and documents, the method of analysis of architectural examples, data analysis.

The report based on the analysis of scientific literature and documents defines the concept of a dynamic educational environment, which is treated as a space where synergistic interaction between architectural and educational dimensions promotes the activities of children and their PA enhancing the health of children and having a consistent effect on a personal maturity. The architectural dimension consists of the following elements: the function and the concept of an object (interior, exterior, landscape), architectural artistic–material expression, planned and spatial solutions, visual and functional relations, contextuality, construction solutions, etc. The educational dimension consists of the following elements: the objective of education, its content, educational methods, forms, means, relationship between a teacher and a learner, psychological atmosphere, etc. The educational process can be easily constructed

in a dynamic educational environment to achieve the integrity of activities in different areas of educational achievements: protection and enhancement of health, social, cognitive, communication, artistic, etc.

The method of analysis of architectural examples was selected for this research. Objects of pre-school educational institutions whose architectural solutions (interior and/or exterior and/or landscape) implement the concept of a dynamic educational environment have been analysed. The analysis of architectural examples was conducted in May–July 2019 by viewing 23 web portals online containing 154 examples of already implemented projects. The examples were divided according to the following selection criteria:

- architectural solutions of a pre-school educational institution and the concept of a dynamic educational environment enabling active activities and PA of children.
- novelty and modernity of architectural (interior, exterior, landscape) solutions (or their elements) of pre-school educational institutions;
- applicability (directly or by transformation) of architectural (interior, exterior, landscape) solutions (or their elements) of foreign pre-school educational institutions in Lithuanian pre-school educational institutions.

The analysis of scientific literature, documents and architectural examples has revealed the following features of a dynamic educational environment of a pre-school educational institution:

**1. Age-appropriate, flexible.** A dynamic educational environment must correspond to different stages of development and age of children, their interests and needs. Flexibility is an important feature of an environment enabling education of children with different educational needs (children with outstanding skills, children with special needs, girls and boys, etc.) by applying contemporary educational methods.

**2. Dynamic.** Internal spaces of an institution must be adapted for movement needs of children: long corridors, “labyrinths”, slides or replacing some stairs with slides. A dynamic educational environment created by architecture (interior, exterior, landscape) and its elements must promote a natural movement of children even when PA means are not applied. Such an environment enables a child’s understanding and active learning by combining intellectual, physical and artistic activities.

**3. Open.** Educational environment of contemporary kindergartens is created open and allowing to easier see one another. Children learn more through interpersonal communication, or by observing the activities of their peers or their teacher, discussing the environments, activities and behaviour observed. Children learn from their own experience and experience of others.

**4. Mobile and functional.** Conditions are created for transforming spaces quickly and according to needs, creating a “different space” according to functions (reduce it by separating it with curtains,

partitioning, transforming it into sleeping, leisure and other zones; expanding it by pulling partitioning, boxes with wheels together, etc., by adapting the space for movement, acting, dance and other activities). This way, both the educators and the children may change their environment according to their needs (to separate from each other or to stay together). By creating an isolated space in an environment, a child may be on his/her own for a while.

**5. Sustainable and material.** In a context of a future architecture, a sustainable use of earth resources must be highlighted (by using the roof of a building, all possible spaces), adapting the solar energy for different needs. It is desirable that a natural environment would be purposefully and creatively applied in the environment of an educational institution, and that for active movement and learning-by-doing, different materials would be used: sand, stones, water, etc.

**6. Containing obstacles and secure.** Obstacles (little hills, recesses, ditches, barriers, etc.) formed inside a building and in spaces outside allow children to use more energy when moving and put more effort when overcoming obstacles. Overcoming obstacles promotes psychomotor development in children: develops attentiveness, promotes thinking, trains coordination of movements, balance, reaction, etc. However, the instalment of obstacles must be well-considered and appropriate for the needs and skills of movement of pre-school children, and ensure safety of children.

**7. Cosy and playful.** The environment of the institution must be created to resemble home and be familiar to a child, but at the same time playful and colourful, satisfying the needs of pre-school children.

The architectural concept and its elements of a dynamic educational environment should promote a natural movement of children even when no educational PA means are applied.

## Conclusions

1. Dynamic educational environment, which is treated as a space where synergistic interaction between architectural and educational dimensions promotes the activities of children and their PA enhancing the health of children and having a consistent effect on a personal maturity.

2. The analysis of examples of foreign architecture of pre-school institutions and scientific insights highlighted the features of a dynamic education environment: specific to a child's age, flexible, dynamic, open, mobile and functional, sustainable and material, containing obstacles and secure, cosy and playful. The architectural concept and its elements of a dynamic educational environment should promote a natural movement of children even when no educational PA means are applied.

**Key words:** pre-school educational institution, dynamic educational environment, pre-school children, physical activity, factor.

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**SOCIO-PEDAGOGICAL ASPECTS  
OF THE APPLICATION OF BIBLIOTHERAPY IN A DAY CENTER**

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Bibliotherapy is used in children's day centers to in order to help children and adolescents from social risk families. There is evidence in scientific literature that the application of bibliotherapy in day centers is useful for strengthening self-sufficiency, and if applied purposefully, it enables to cope with psychological problems, promotes spiritual growth and qualitative development, raises self-esteem, self-knowledge, understanding, and frees from perceptions that require not to recognize personal unpleasant feelings. Professional application of bibliotherapy in day centers, by working with children and adolescents, creates assumptions to strengthen the motivation regarding self-cognition, self-development and learning. The aim of this work is to answer to the question of how bibliotherapy can be applied in social pedagogical activities at children's day centers (CDC). The purpose of the empirical research is to reveal the peculiarities of bibliotherapy as a social pedagogical aid for CDC. A qualitative research was carried out in order to reveal the new aspects of the use of the bibliotherapy method. The method of a structured conversation (an interview) was selected. This method of research has enabled to clarify the opinion of educators and parents whose children were provided with social pedagogical assistance towards the aspects of the use of bibliotherapy in providing assistance to the CDC. Informants: CDC staff (educators, social educators), the parents whose children receive social pedagogical support. While accomplishing the research, critical sampling was chosen. The interviews with the day center employees, who have been using bibliotherapy in their activities (for at least 3 years), and the parents, who by cooperating with educators use reading of books method at home in order to solve children's social pedagogical problems, were held. While preparing for the interview with the educators and the parents, *three questions* - topics were distinguished, referring to which the categories of research results have been formulated: the opinion of both educators and parents regarding the benefit of bibliotherapy method; the peculiarities of the application of the bibliotherapy method in CDC; aspects of cooperation between parents and educators using the bibliotherapy method for social pedagogical assistance. In the first category the following subcategories were distinguished: an educational conversation, the development of cognitive abilities, emotional experience, strengthening the learning motivation, enrichment of educational environment. In the second category, parents and educators revealed their experiences and insights while applying this method both at the children's day center and family. The following subcategories are identified in this category: individualised activities, regularity, text selection, integrity,

technology implementation method. In the category *cooperation between parents and educators while applying bibliotherapy method*, two subcategories were separated: of sample and of assistance.

After summarising the accomplished research, which aims at revealing aspects of the use of bibliotherapy method at CDC, it was noticed that according to the informants a focused cooperation between educators and parents in dealing with social pedagogical problems between children and adolescents is significant. Informants (parents and educators) see wide range of opportunities and benefits of applying bibliotherapy: as an option to enrich educational environment, to express children and adolescents' emotions, as a right context for educational conversation, as an excellent tool to promote development of cognitive skills and motivation for learning. According to the participants of the research, the success of applying the CDC method is determined by the integration of bibliotherapy as a method throughout the activities of the CDC, individualization, regularity, proper selection of texts, fluency in bibliotherapy, knowledge of its basics and personal example of educators and parents. The results of the research have a theoretical significance, as they justify the peculiarities of bibliotherapy as an innovative method of social pedagogical assistance in children's day centers. These results also have practical significance as can be used by children's day center staff while starting bibliotherapy to help children and adolescents overcome spiritual, social, psychological difficulties in everyday activities.

**Key words:** *bibliotherapy, children, teenager, Day Centre, parents, social educators.*

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**PRESCHOOL TEACHERS COOPERATION WITH PARENTS  
IN PURSUANCE OF CHILDREN'S COMMUNICATION COMPETENCE EDUCATION:  
PRESCHOOL TEACHERS' OPINION**

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The importance of teacher's cooperation with parents is emphasized in the documents of Republic of Lithuania: *The Concept of the Best Interests of Child Policy of Republic of Lithuania (2003)*; *The Education Law on Amending Law of Republic of Lithuania (2011)*; *Lithuania Progress Strategy „Lithuania 2030“ (2012)*; *The public strategy of 2013-2022 years (2014)*, there is emphasized that if we seek societal changes we need to communicate between each other and initiate the changes in the main environment of personal education – in family, education system, community. The theme of communication competence of preschool child is relevant in our days because it is difficult for frequent modern child to concentrate attention, to listen actively, to speak in full sentences, to recognize letters, to communicate positively. This is the reason why it is important for parent and preschool teachers to pursue attractive methods, ways, devices for children which set a child to cooperate benevolently.

**Research aim** – to explore the opinion of preschool teachers about the cooperation with parents in education of children's communication competence.

**The research methods** used in article: theoretical (analysis of scientific literature and documents); empirical (partially structured interview, analysis of content). An analysis of theoretical background of preschool teachers cooperation with parents in pursuance of children's communication competence education, showed that pursuance of children's communication competences education goes on in family and children's garden, this is why the preschool teacher if he wants to ensure the qualified education of every single child who is attending group, he should cooperate actively with parents of their pupils. The forms of cooperation with parents are emphasized in scientific literature which help notice problems of every single child's speech, speaking, communication, ascertain abilities and create conditions of inclusive education which ensure the qualified results in education of communication competences.

The analysis of theoretical literature and documents disclosed that educated communication competence in children garden does positive influence in children's achievements at primary school. There is an opinion of preschool teachers that children, whose preschool teachers cooperated with parents actively, have these possibilities of communication competence education: a) they are able to communicate with adults and peer; b) improve the ability of active listening; c) hear the aesthetically

valuable creations; d) get acquainted with letters and other signs of writing; e) improve skills of sound and letters connection; f) take place at paid educations; g) continue the education process at home; etc.

**Key words:** *cooperation, education, communication competence.*

# TEACHING STAFF VIEW ON KAZAKHSTAN'S ENGINEERING AND INFORMATION TECHNOLOGY HIGHER EDUCATION AT MASTER LEVEL

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**Problem statement.** The sustainable regional development as well as contemporary development of world economy focuses on the concept of digital economy.

In Kazakhstan, the Government Programme entitled *Digital Kazakhstan* (Digital Kazakhstan, 2017) was proposed by the President of Kazakhstan in his address "Third modernization of Kazakhstan: Global Competitiveness" to his Nation on the 31st January 2017. The goal of the Government Programme *Digital Kazakhstan* is the progressive development of the digital ecosystem in Kazakhstan.

Integration of the concept of digital economy as well as the Government Programme *Digital Kazakhstan* into a local market requires a number of highly qualified specialists, in particular engineers and Information Technology (IT) professionals, as enterprises and industry lack specialists with "hybrid knowledge and skills", namely a combination of knowledge and skills in IT and another professional domain that focuses on automatisisation of professional activity (Digital Kazakhstan, 2017, p. 14). Universities has to focus on ICT or, in other words, IT education at master level in order to increase the number of teaching staff with a scientific degree for IT education quality assurance (Ahrens, Gruenwald, Zascerinska, Zakirova, Yefimova, Kakabayev, Melnikova, & Aleksejeva, 2018). Traditionally, preparation of qualified specialists was delivered by the education sector, and, in particular, highly qualified specialists – by higher education institutions.

Higher education in the field of engineering and IT is shaped via needs analysis (Bassus, Ahrens, & Zascerinska, 2015). Conventionally, needs analysis is proposed to be carried out from four perspectives, namely

- experts' view,
- students' view,
- teaching staff view, and
- community view.

**Research aim:** The aim of the present paper is to analyse the needs of higher education in the field of engineering and IT at master level in Kazakhstan from teaching staff perspective underpinning elaboration of theoretical and practical implications for higher education in the field of engineering and IT at master level in Kazakhstan.

**Used research methods.** The research presented in the paper includes the use of theoretical as well as empirical methods. Theoretical methods imply analysis of theoretical sources and theoretical modelling (Ahrens, Zascerinska, & Melnikova, 2019). The empirical study was based on a questionnaire. Interviews conducted with academic staff teaching higher education in the field of engineering and IT at master level in Kazakhstan served as the basis for data collection.

The present research employs the qualitative methodology or, in other words, the course of the research and empirical study as content analysis is a qualitative process (Krippendorff, 2004). Qualitative process is a methodology mostly used within the interpretive approach (Thanh & Thanh, 2015). Interpretive paradigm is characterized by the researcher's practical interest in the research question (Cohen, Manion, & Morrison, 2003). The researcher is the interpreter (Ahrens, Purvinis, Zascerinska, Miceviciene, & Tautkus, 2018).

The guiding question of the empirical study was as follows: What are university needs in delivering higher education in the field of engineering and IT at master level in Kazakhstan from the perspective of teaching staff?

The purpose of the empirical study is to analyse the views of teaching staff at universities in Kazakhstan on engineering and IT higher education at master level.

The empirical study was carried out in October 2019. The present empirical study involved 10 respondents at International Information Technology University in Almaty, Kazakhstan.

Structuring content analysis assists in categorising the data in accordance to the previously determined criteria (Budde, 2005). In turn, summarizing content analysis seeks to reduce the material in such a way that the essential contents are preserved, but a manageable short text is produced (Mayring, 2004, p. 269).

**Main results and findings of the study.** The majority of respondents (7 respondents of 10 respondents who took part in interviews) consider the focus of higher education in the field of engineering and IT at master level in Kazakhstan has to be put on research as bachelor level of higher education in the field of engineering and IT in Kazakhstan imply more practical studies in comparison to the master level. Some respondents (5 respondents of 10 respondents who took part in interviews) also emphasized that the focus on research in higher education in the field of engineering and IT at master level has to be strengthened as higher education in the field of engineering and IT in Kazakhstan lack academic and teaching staff with a scientific degree in order to increase the quality of education in general and higher education in the field of engineering and IT in particular. For example, International Information Technology University in Almaty employs about 20% of academic staff with a scientific degree while overall higher education in Kazakhstan is presented by only 2% of the teaching staff who obtained a scientific degree.

Findings of the empirical study allow drawing a conclusion that universities delivering higher education in the field of engineering and IT at master level in Kazakhstan need to bring in more research focus in their study programmes.

**Theoretical and practical implications of the work.** Theoretical implications for sustainable regional development in the field of higher education in engineering and IT at master level imply needs analysis to be carried out from four perspectives, namely

- experts' view,
- students' view,
- teaching staff view, and
- community view.

Practical implications for higher education in the field of engineering and IT in Kazakhstan lead to focusing on research activities in engineering and IT studies at master level in Kazakhstan.

**Conclusions.** Research focus in master studies in the field of engineering and IT promotes university's teaching staff to obtain a scientific degree. University's teaching staff with a scientific degree in engineering and IT facilitates a faster incorporation of digital economy into the regional economy, thereby enhancing a sustainable regional development.

The present study has some limitations. A limitation is participation of only 10 respondents in the empirical study. Another limitation is that only study programmes in the field of engineering and IT at master level in Kazakhstan at one university were analysed.

The research question has been newly formulated: What is the IT industry perspective on university needs in delivering higher education in the field of engineering and IT at master level in Kazakhstan?

Future research will focus on involvement more respondents into the empirical study. A comparative study of universities' needs in higher education in the field of engineering and IT in Kazakhstan (from the perspective of the university, employers and accreditation agency) could be carried out as well as.

**Key words:** *digital entrepreneurship education, migrants and asylum seekers, methodic approaches.*

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## LEADERSHIP COMPETENCE OF PROGYMNAZIUM AUTHORITIES AS A FACTOR IN MAKING SCHOOL PERFORMANCE MANAGEMENT MORE EFFECTIVE

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The article focuses on the problem of leadership competence of progymnasium authorities of as a factor in making the school performance more effective. Quantitative research was conducted with the participation of 193 progymnasium teachers. The research revealed that the leadership competence of the progymnasium authorities significantly contributed to more effective school performance in terms of participation in projects, favourable conditions for teacher initiatives, participation of the community members in the self-evaluation process, creating conditions for teacher professional development, supporting and promoting initiatives, initiating the process of progress and achievements assessment, ensuring the coherence of the mission, vision, and values of the educational institution, involvement of parents /guardians, promotion of communication and cooperation between community members, and maintaining sustainable relations with social partners. The obtained research findings are to be considered as relevant for seeking active expression of leadership of the authorities and teachers and improving the effectiveness of progymnasium performance.

Rapid changes in contemporary society affect education which is directly related to the democratisation of society and performs the functions of cultural transfer, transformation, and social control. The effectiveness of educational institutions and the quality of education and life of each individual directly depend on the activity of education participants (Nzok et al., 2015; Orhan-Karsak, 2017).

Teacher *leadership* has been increasingly emphasised as one of the factors of change in educational institutions (Sotrey, 2016; Leithwood, Mitgang, 2012; Lewis, Hill, 2012). Leaders of educational institutions are expected to create such an environment and atmosphere in which educators will work more efficiently, students will willingly learn and strive for higher levels of excellence (Haynes et al., 2014), and personality development processes and preparation for life will be successful (Nemerowicz, Rosi, 2013 ).

Before 2012, a number of changes took place in the Lithuanian education system, one of them being the new structure of the school network legalised by the Republic of Lithuania *Law on Education* of the (Art. 41, paragraph 2, 2011) and the introduction of a new school type, i.e. *progymnazium*. Leadership became an aspiration at all levels of the education system, including progymnazium. The research topic was actualised by the provisions of the *National Education Strategy 2013–2022* (2013) and of the *Good*

*School Concept* (2015) to the effect that educational institutions must become learning communities, be characterised by leadership, and their need for a different management culture must be strengthened.

**Research problem.** The changes promoted research into the role of authorities in different school types and the impact of their leadership on more effective school performance. The problem of teacher leadership has been analysed quite extensively; however, there is a lack of empirical research into the phenomenon of leadership in the context of progymnazium. The research has been formulated by the question: *How does the leadership competence of the progymnazium authorities promote making the performance of that school type more effective?*

**Research object** is the leadership competence of the progymnazium authorities in the process of making the performance of that school type more effective. **The aim of the research** is to reveal the leadership competence of the progymnazium authorities as a factor of making the performance of that school type more effective. **The research methods** include analysis and synthesis of scientific literature and documents; questionnaire survey, statistical data analysis, and summation of the research findings.

**The theoretical part of the article**, based on research, focuses on three aspects of the problem: the phenomenon of leadership in an educational institution (Valuckienė et al., 2015; Yukl, 2012; Northouse, 2016; J. Storey (2016); R. Kapur (2018) et al.) ; effective performance management as an aspiration of modern progymnazium (Kazakevičius, 2014; Sokol, 2013; Nzoka et al., 2015; Cibulskas et al., 2011; Everard et al., 2014 et al.); and the relationship between the leadership competence of the progymnazium authorities and the school performance improvement (Marzano et al., 2011; A. Hargreaves et al. 2012; V. Šilingienė, 2012; Rajbhandari et al., 2015; Arman et al., 2016; etc.).

**Empirical research.** Following the *positivist* view (Creswell, 2009) that phenomena could be described instead of answering the question of whether they existed, a *quantitative study* was conducted to examine the links between the leadership competencies of the progymnazium authorities and making the school performance more effective. A *questionnaire survey method* was used for the research. The sample of the quantitative study consisted of 193 progymnazium teachers selected by *convenient selection*. A questionnaire (49) was developed for the study, based on the statements of R.J. Marzano et al., 2011; C. R. McCray et al., 2014; J. Storey, 2016; L. Ramonienė et al., 2012 about leadership as a factor in making the school performance more effective. *The research data* were analyzed and systematised using SPSS 20 program.

*The research findings* revealed that the role of the authorities was important for the management of the progymnazium performance. From the teacher's point of view, a significant consequence of the active involvement of the progymnazium community in the management of school performance was the activity of teachers and pupils, academic achievements of the pupils, encouragement of staff initiatives (verbal, creating conditions for professional development, and personal example and attention of the authorities).

As seen by the teachers, the authorities of their progymnaziums attached great importance to the assessment of the pupils' progress and achievements, regular internal evaluation carried out at the schools, and the process of self-evaluation of the performance management quality. The teachers noted that the authorities encouraged the creativity of the staff, created favourable conditions for the implementation of the staff initiatives, kept looking for ways to increase the progymnazium performance effectiveness through involving children's parents and social partners, and promoted cooperation between the community members of the progymnaziums. According to the teachers, the authorities had a high level of managerial competence, and the expression of their leadership competence had an impact on making the school performance more effective.

In the case of the current research, the age, education, and the acquired qualification category of the teachers of the progymnaziums were statistically significant in evaluating the leadership competence of the progymnazium authorities as a factor in making the school performance more effective.

*Research significance.* Progymnazium as a school type emerged in Lithuania relatively recently, its performance has its own specificity, and the topic of leadership in the context of progymnazium is currently relevant. The performed quantitative research is new and theoretically and practically significant for continuing the research in the phenomenon of leadership in progymnazium and making the progymnazium performance practice more effective.

**Key words:** *progymnazium, authorities, leadership competence, more effective performance.*

Social Innovations for Sustainable Regional Development  
Abstracts of reports of 16th international conference  
organized by Faculty of Social Sciences and Humanities  
at Klaipėda University

Klaipėda, 2020

SL1335. 2020 04 27. Apimtis 7,25 sąl. sp. l.  
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