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**THE POTENTIAL OF MASSTIGE AS A STRATEGY  
FOR PREMIUM PRODUCTS TO ENTER THE MARKET**

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***Abstract.** Recently, there has appeared a new concept in the field of marketing – mass prestige (masstige). Over the years, premium brands have been promoted in niche markets, being characterized primarily by exclusivity and rarity. A number of studies have questioned the relevance of the characteristics of uniqueness and rarity for status consumption, determining that the growth of brand value is possible with mass consumption. Mass prestige has been chosen by many companies as a new strategy for promoting premium products. However, mass and prestige are mutually exclusive concepts. Such a discrepancy between premium and mass character determined our interest in the scientific study of the new marketing concept of "mass prestige".*

**Keywords:** mass prestige, masstige, brand value, brand.

**Introduction.** Back in the early 20th century, scientists came to the conclusion that demand is influenced not only by price, but also by non-price factors. (Leibenstein, 1950). This contributed to the emergence of marketing as an independent discipline. One of the most important areas of marketing theory is the concept of brand equity (Keller, 1993; Yoo, Donthu, Lee, 2000; Yoo, Donthu, 2001; Pappu et al., 2005; Kumar, Paul, 2018). Brand equity is the total value of a brand as a stand-alone asset that can be

added to a company's balance sheet. The value of a brand increases when consumers are aware of its existence, experience a favorable attitude towards the brand, clearly understand its unique competitive advantages and retain them for a long time (Artushina, 2009).

The higher the level of brand equity, the higher its premium and the price that a company can set for a branded product. That is why one of the priority tasks of companies is to increase the value of their brands. Under a premium brand, we mean a brand of any product or service, which significantly exceeds the average values of a similar product in price, but at the same time has a sufficiently high quality and additional functions that are not available in the model range of the same manufacturer. This brand has its own history, legend of appearance and development, is instantly recognizable and has extremely good reviews, recommendations of the overwhelming number of buyers. Owning a premium brand is viewed by the consumer as owning an “expensive toy” with a stylish design, which is a thing that reflects the status of the owner, his sophisticated taste, sense of style, superiority and wealth.

Over the years, premium brands have been promoted in niche markets, with exclusivity and rarity as their main characteristics. (Miller, Mills, 2012; Walley, Custance, Copley, Perry, 2013; Zhan, He, 2012). Over the time, it has become apparent that in order to achieve sustainability, a brand must be accessible to the mass market (Kapferer, 2015). However, exclusivity and rarity are not associated with mass. This inconsistency of the concepts has determined the interest of scientists in the scientific study of the paradox of premium and mass character (Dion, Borraz, 2017; Gurzki, Woitschläger, 2017).

A number of studies have questioned the principle of rarity and have shown that brand value growth is possible on the basis of mass consumption of a premium popular brand (Fain, Roy, Ranchhod, 2015; Kapferer, Klipfert, Leproux, 2014; Kapferer, Valette-Florence, 2016; Phau, Prendergast, 2000; Kastankis, Balabanis, 2011, 2012, 2014; Paul, 2019). In the studies of Kastankis and Balabanis (2011, 2012, 2014), the characteristics of uniqueness and rarity are considered insignificant even for status consumption (which is the main principle of luxury consumption). On the contrary, the consumer will look for a brand that is known in the market and is recog-

nized by the market as prestigious, which will create the effect of the desired identity (Kastankis, Balabanis, 2011, 2012, 2014). This indicated the possibility of imparting a prestigious image to brands at various price levels (Kapferer et al., 2014).

The above mentioned changes have led to the emergence of a new concept in the field of marketing called "mass prestige" (masstige marketing), which involves a combination of mass and prestige. The concept of masstige marketing has already been considered by a number of scientists and proven as an existing strategy. However, the amount of empirical research in this area is limited. The existing empirical models relate to research in the field of masstige approach to brand management (Paul, 2019), measuring brand value, the relationship between masstige marketing and trust, customer satisfaction, and the intention to repeat a purchase (Hong, Lee, Yan, 2010). In the scientific literature, there are no studies in the field of masstige marketing conducted in relation to Russian consumers.

This article aims to register the existence of a masstige marketing strategy in the Russian market. To achieve this goal, we have set the following objectives:

- conceptualize the concept of "mass prestige";
- consider the practice of applying the masstige strategy in the Russian market;
- highlight promising areas for further research.

To achieve the set objectives at the first stage of our study, a theoretical analysis of previous studies, carried out by the authors who studied the concept of marketing of mass prestige, was done. For this, the content-analysis of foreign publications on the topic under study was carried out. Firstly, a semantic core in English was formed for searching publications by keywords in the Scopus and Web of Science citation systems. Further, more than 20 publications were selected containing a description of the concept of mass prestige, brand values, developed theoretical models, practical cases in the studied area. This number includes only those publications that contain the results of research based on the collection of primary data.

At the second stage, the marketing practices of implementing the masstige strategy in the Russian market were studied. We have reviewed the case of Francesco Donni's premium brand, and formulated acute problems for further research.

## Conceptualizing Mass Prestige Marketing

Mass prestige (masstige) is the mass consumption of prestigious goods, in which consumers are looking for high quality and are willing to pay a high price for it. For the first time, the concept of mass prestige was introduced by scientists Silverstein and Fiske in the article "Luxury for the masses" based on the study of US consumer behavior, published in the Harvard Business Review in 2003 (Silverstein, Fiske, 2003). Mass-prestige products (we will use a synonym masstige products) were defined as "luxury but affordable." In other words, they were perceived by consumers as premium products, while being offered to the market at prices between average and premium. The emergence of masstige products is due to the growing number of middle class consumers focused on purchasing high quality goods. Thus, luxury products become available not only to the super-rich, but also to middle-class consumers (Silverstein, Fiske, 2003).

Paul, in his research, considers masstige marketing as a new strategy for promoting premium brands (Paul, 2015, 2019), focused on increasing brand value through brand awareness, attractiveness, love and prestige (Paul, 2015). Companies pursuing a strategy of mass prestige keep prices for their products at a fairly high level, focusing on the rest of the marketing mix. The masstige strategy is based on the downward-building theory. Massiveness is defined here as "prestigious but achievable," as suggested by Silverstein and Fiske. Mass prestige marketing strategies often combine a high level of perceived prestige with a reasonable premium to attract middle-class consumers. These strategies are radically different from those pursued by companies offering traditional premium products to the market. The positioning strategy for traditionally premium products combines a high level of perceived prestige with a high price level to maintain the exclusivity of its brand.

In our research, by masstige marketing, we mean a marketing strategy when a company offers for the market a high quality product with a high level of perceived prestige by customers at a high price, which is affordable for middle class consumers. The client-oriented marketing strategy of the company is based on understanding the needs of clients, it involves describing the target market segment, differentiating the market offer, and developing a positioning strategy. Based on the developed strategy, as a result, the

company forms a marketing mix (Kotler, 2018). Let's take a closer look at these steps:

1. *Analysis of customer needs.* The consumption of masstige goods is primarily aimed at meeting individual needs. Mid-market consumers aspire to the increase in their emotional status. Self-actualization, self-acceptance and self-respect are important for them. Such consumers are confident that premium products will help them cope with the stressful situations they face in life, make better use of their time, and achieve their aspirations (Silverstein, Fiske, 2003). They look for products that "declare" who they are and who they would like to be, and that help them cope with the stresses of everyday life.

2. *Description of the target market segment.* When implementing the masstige approach, market segmentation is based primarily on the breakdown of consumers by income, which is reflected in the mass prestige marketing model proposed by J. Paul (Paul, 2015, 2019). In his model, Paul divided the market into three segments. The first is the high-income consumer segment, the second is the middle-income consumer segment, and the third is the low-income consumer segment (mass market).

Premium product marketing is oriented to the segment of consumers with a high level of income (Fig. 1). In the long term, companies can achieve significant brand value growth if they follow a strategy of "mass prestige" (Fig. 2). The mass prestige marketing model encourages firms, especially luxury goods manufacturers, to target not only the upper consumer segment, but each customer in the middle of the hexagon. Firms can sustain sales growth over the long term by targeting customers at the top of the bottom of the pyramid.

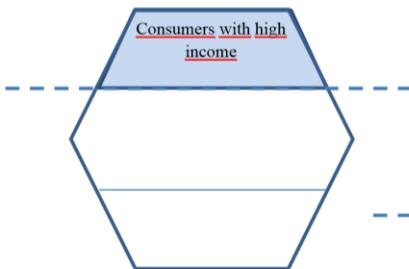


Fig.1 Target segment of consumers when promoting premium goods

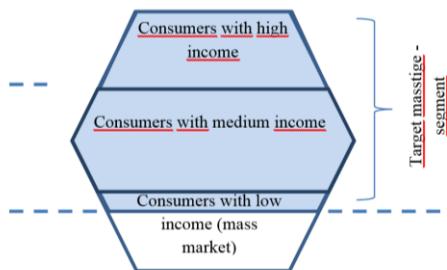


Fig.2 The Pyramid Model of Mass Prestige Marketing (Paul, 2019)

3. *Choosing a base for differentiation.* Consumers distinguish luxury goods based on six characteristics: high price, high quality, rarity, aesthetics, extraordinary, symbolic meaning (Paul, 2019). Many organizations are moving away from traditional ways of attracting consumers and are willing to implement new methods to reach new customer segments. Market penetration strategies leading to mass consumption of luxury brands create massive prestige among middle-class consumers. Consumer self-identification is at the heart of the consumption of popular luxury brands. This is the main principle of the strategy of mass prestige (Kastanakis, Balabanis, 2012, Paul, 2019). In this regard, it can be argued that the main principle of differentiation in masstige marketing is differentiation by image. Symbols such as the apple for Apple and Louis Vuitton mark provide strong company or brand awareness and differentiation from competitors in the minds of consumers.

4. *Choosing a positioning strategy.* Masstige positioning strategies combine prestige and reasonable prices to attract middle-class consumers. This strategy differs significantly from the traditional "more for more" luxury positioning strategy (Kotler, 2017), which involves maintaining high prestige and high price premiums to maintain brand exclusivity and uniqueness. Rolex watches, Mercedes cars, Louis Vuitton handbags and accessories – each of these products claims superior quality, craftsmanship, durability, and style and is presented on the market at a price beyond the reach of the average consumer. In addition to high quality, purchased goods give prestige to the buyer and symbolize status.

Mass prestige marketing is all about promoting premium yet affordable brands. Companies strive to build brand awareness, appeal, brand love and brand loyalty based on prestige. Premium, high-quality products are marketed to a large number of consumers, creating massive prestige, while the price remains high but affordable to the mass market (Paul, 2019). Based on this, we believe that according to the classification of positioning strategies proposed by Kotler (Kotler, 2018), the strategy of masstige marketing corresponds to the positioning strategy "more for the same". A good example of a masstige strategy is the withdrawal of a Lexus from Toyota.

Toyota introduced its Lexus lineup to the market with "more for the same" pricing compared to Mercedes and BMW. The first headline of an ad promoting Lexus read: "This may be the first time in history that a \$ 72,000 car has been sold for \$ 36,000." Toyota reported the high quality of its new

Lexus through rave reviews in automotive magazines and widespread video footage showing side-by-side comparisons between Lexus and Mercedes vehicles. Surveys have also been published showing Lexus dealers provide customers with a better sales and service experience than Mercedes dealers. Many Mercedes owners switched to Lexus, with Lexus re-buyouts equating to 60 %, double the industry average.

Trust and satisfaction have been found to influence consumer repeat purchases on a mass prestige market (Hong et al., 2010). Masstige positioning is critical for successful brand expansion and can have a synergistic effect on the value growth of both the main brand and other brands of the company (Kim, Ko, 2010). An indicator of long-term brand value is the masstige value. In other words, the higher the value of the brand's mass prestige, the higher the likelihood of the brand's success on the market. Consumers attribute lower value, hold less positive attitudes, and express lower purchase intent for products marketed through traditional downward brand buildup than for products marketed using a masstige approach (Riley et al., 2013).

5. *The development of a marketing mix of mass prestige* is discussed in detail in the works of Paul (Paul, 2015, 2019), and therefore we will not dwell on this issue within the framework of our article.

### **Marketing Practices for Implementing a Mass Prestige Strategy**

With the growing role of a brand as a carrier of a certain image, the adoption by companies, the strategy of mass prestige has become evident around the world and can be viewed in two broad categories:

- an born masstige brand (for example, Starbucks, Victoria's Secret, Apple);
- downward brand extension (for example, Mercedes Benz, Tiffany and Burberry) (Silverstein, Fiske, 2003).

Both of these approaches have proven successful, targeting a middle class who is willing and able to pay premium prices when persuaded to do so. Well-known global brands follow a masstige strategy – Louis Vuitton (Paul, 2015, 2019), Toyota, Honda (Paul, 2018), Apple (Kumar, Paul, 2018), Starbucks, Bath and Body Works, Kendell Jackson wines, Victoria's Secret, Mercedes , Tiffany, Burberry (Silverstein, Fiske, 2003). Leading

home care and personal care companies have shown annual revenue growth of 6 % even during the 2008 recession by adopting a masstige strategy (Vacirca, Imporzano, Coleman, Gupta, Jackson, 2013). In this regard, we conclude that masstige can be viewed as an effective strategy for development during a crisis. The masstige strategy becomes attractive to companies when entering the market of developing countries, since these countries have a huge mass market.

Marketing practices of many companies have shown that mass prestige is successfully used by marketers from different countries. Studies have shown that consumer self-identification is at the core of luxury consumption and is the main principle of the masstige marketing model (Paul, 2019).

In the Russian market, premium brands are represented by both foreign and local companies. Foreign companies include premium Starbucks coffee, Lexus car, Louis Vuitton bags, Swarovski jewelry, Dior cosmetics and many others. Some Russian premium brands are Rocs premium toothpaste, Henderson men's clothing, Ralph Ringen and Carlo Pazolini shoes, Love Republic and Zarina women's clothing.

We will consider the premium brand of exclusive footwear Francesco Donni, considered as such due to design and material, most importantly, the fact that the company's models are sewn in limited quantities. The brand of the Russian company "Bright" was romanticized and associated with Italian origin thanks to the beautiful legend about a young Italian shoe-maker who moved to Russia because of his love for a Russian girl. The beauty of Russian women became for him and continues to be an inspiration for the brand in the production of footwear. In this case it is possible to see the strategy of positioning and promotion strategy which involves a hint to the foreign origin of the brand, which is usually attractive to Russian consumers, and an emphasis on a value that is a part of Russian self-identity – the beauty of Russian women. Telling a story by the company to engage audiences and make its brand memorable and engaging helps the brand stand out and sell its product. The storytelling strategy relates to the consumer like a frame familiar from childhood: "A long time ago ... Once ... Once upon a time ... ", to which the consumer reacts with attention and attentiveness. Storytelling is at the heart of Francesco Donni brand. In addition, the company keeps to its story, consistently and gradually promoting the image associated with it. This gives it a special feature,

a distinction, that is not perceived as a marketing gimmick, but a firm image of the company.

*Product.* All footwear manufactured by the company undergoes a three-stage control system, which includes inspection of all the components, internal control over technological processes, and factory and consumer control at the final stage. This allowed the company to have the desired *place of sale*, branded stores were opened not only in the cities of Russia, but also in Europe, Brazil, and Southeast Asia. Besides, since 2008, in addition to the production of footwear, under the Francesco Donni brand, a clothing line has been launched.

*The price* for the company's footwear is quite high, as the company itself claims, this is an affordable price level for products of European quality. In addition, the company carries out campaigns to reduce prices: seasonal and when promoting on the Internet.

Overall, Francesco Donny brand has managed to balance a prestigious image with widespread popularity. It has succeeded in creating and maintaining a luxury brand message combined with mass marketing.

### **Further directions of research**

Within the framework of this article, we have implemented an important theoretical research task – we have determined the place of the strategy of mass prestige in the basic theory of marketing. We identified the target consumer segment and consumer needs, identified differentiation and positioning strategies that correspond to masstige marketing, and analyzed the implementation of the masstige strategy in the Russian market using a specific example.

Currently existing research examines consumer behavior in foreign markets of several countries, which is insufficient to generalize the theory in the field of mass prestige marketing. In the Russian literature, there are currently no theoretical and practical studies in this area. In this regard, research aimed at studying the marketing strategies of competing brands in the Russian market (for example, Apple iPhone and Samsung Galaxy), comparing which brand is more successful will be relevant. It is also important to analyze the value of mass prestige, compare the value of masstige indices for brands, compare the value of mass prestige of a brand in the producing country and in Russia.

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### **COOPERATION FORMS OF INDUSTRIAL COMPANIES AND SCIENTIFIC ORGANIZATIONS**

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*Annotation. This article is devoted to the study of the forms of interaction between industrial companies and universities in the implementation of innovative projects. We have analyzed the benefits of cooperation and types of that cooperation. We considered specific examples of the interaction of industrial companies and scientific institutions. The cases reflect the cooperation of institutions from different countries, such as Germany, the USA and Russia with large world famous companies: Nikon, Intel, Deutsche Telekom, SAP, Dell EMC. The selection and analysis of the considered cases was made on the basis of secondary information from open access. The examples reflect all the considered forms of cooperation between scientific institutions and industrial companies. The analysis of the cases revealed the*

*fact that basically institutions and companies interact in several forms at once, which makes cooperation more beneficial for both parties.*

**Keywords:** cooperation forms, universities, industrial companies.

**Introduction.** In our days competitive and rapidly growing industrial market make business seeks to use strategies, tools and methods that increase efficiency and effectiveness, while simultaneously improving product quality and minimizing costs. Joint projects of scientific organizations and industrial enterprises are one of the factors influencing the dynamics of the integration of innovative solutions, technologies and developments into the industry. The interrelated efforts of organizations lead to mutually beneficial results, both for industrial enterprises and for scientific organizations. Universities or research institutes are interested in cooperation with industry, because in order to apply theoretical knowledge, scientific organizations need the help of industrial companies that have an understanding of practical problems and can suggest the direction of scientific research that will meet market demands. On the other hand, industrial companies are interested in up-to-date theoretical knowledge and research, the use of which will give a competitive advantage. In addition, thanks to cooperation with scientific institutions, companies are able to attract future employees from among students.

This article is devoted to the study of the forms of interaction between industrial companies and scientific institutions in the implementation of innovative projects. We have analyzed the benefits of cooperation and types of that cooperation. We considered specific examples of the interaction of industrial companies and scientific institutions.

We considered specific examples of the interaction of industrial companies and scientific institutions. The cases reflect the cooperation of institutions from different countries, such as Germany, the USA and Russia with large world famous companies: Nikon, Intel, Deutsche Telekom, SAP, Dell EMC. The selection and analysis of the considered cases was made on the basis of secondary information from open access. The examples reflect all the considered forms of cooperation between scientific institutions and industrial companies.

The analysis of the cases revealed the fact that basically institutions and companies interact in several forms at once, which makes cooperation more beneficial for both parties.

## **Benefits of collaboration between industry and universities**

The cooperation between universities and industry positively effects on the society, universities and companies.

Benefits for society:

- getting the opportunity to purchase innovative goods that improve everyday life;
- lowering the prices of goods by reducing the costs of their production using technologies obtained through cooperation [13].

Benefits for companies:

- gaining access to technology and knowledge [10];
- gaining access to breakthrough innovative products, which ensures market leadership;
  - use of expensive research infrastructure;
  - joint projects with universities allows get access to the state funding of university research [3];
  - getting the opportunity to attract future employees from among students [11].

Benefits for universities:

- commercialization of the results of intellectual activity [17];
- benefitting from additional funding;
- benefitting from access to industrial equipment;
- obtaining benefits from licensing or patenting [9];
- obtaining opportunities for further employment for students [16].

## **The analysis of cooperation forms between industrial companies and universities in the implementation of innovative projects**

### **1. Consulting.**

This type of collaboration allows teachers to work with industry in their area of their interest. It helps to improve the results of interaction due to the presence of personal motivation. It also provides an advantageous opportunity for industrial companies to outsource some of their R&D requirements to leading authorities through institutions, thus avoiding the costs associated with setting up and maintaining an internal R&D department within the company. Thanks to cooperation with a scientific institution, the company, in addition, does not incur material losses for intermedi-

ate developments while achieving the main goal, when developing a new product or service. Thus, it is more profitable for an industrial company to use consulting services or use the knowledge gained by a scientific institution than to create its own R&D department within the company.

2. Joint research and development.

Many academic institutions offer industry and government the opportunity to collaborate in areas of mutual interest, creating a framework that defines the rights and responsibilities of each party to cooperation. This allows, on the one hand, the industry to gain access to expert knowledge, and on the other hand, it provides the academy with the opportunity to gain real experience in areas where a new product or service is a potential result of cooperation. In addition, it gives the industrial partner the opportunity to gain access to the special research results of the faculty [7].

3. Contract or subcontracting.

Contracts from industry, funding agencies, or government can be assigned to academies to perform work or provide specific services. Such projects can also be assigned to certain individuals in academies.

4. Personnel exchange between the academy and industry.

On the one hand, the training of industrial partners in scientific institutions leads to the development of the qualifications of the teaching staff by discussing mutual expectations and needs. On the other hand, employees of the industry get new knowledge to improve their skills or retrain another specialty.

Another way of cooperation is the integration of students into the industry that can take place in form of internships in the company, during excursions to enterprises or at trainings and lectures from enterprises. This type of interaction allows students to gain access to modern equipment, develop entrepreneurial thinking and personal qualities that allow them to communicate effectively with other people [15].

5. Spin-off companies.

Academic institutions can set up subsidiaries (spin-offs) with the support of intermediaries inside or outside the university. Subsidiaries use commercially perspective research results obtained at the university. They can be registered as small innovative enterprises or spin-off companies [22] and can be owned by persons who own intellectual property rights and patents for any systems, products or processes associated with the university.

6. Licensing.

A university may have patents that it does not want to use directly because they do not have the necessary infrastructure and further investment to do so. If an outside company is interested in using such patents, it becomes possible to enter into a licensing agreement with the institution for an agreed period. Industrial companies often require exclusive licenses because they keep the invention secret until the finished product goes to market. On the other hand, exclusive licenses restrict the diffusion of technology, so universities often include clauses in licensing agreements to protect the public interest and access intellectual property for future research and discovery [1].

### **Analysis of cooperation cases between industrial companies and universities**

#### **Technical University of Berlin and Deutsche Telekom**

One of the interesting examples of cooperation between industrial companies and scientific organizations is the interaction of the Technical University of Berlin and Deutsche Telekom in the field of innovations in ICT in the form of the so-called "Deutsche Telekom Laboratories" [8].

The mission of the joint Deutsche Telekom laboratory and the Technical University of Berlin can be described as follows: to conduct a demonstration study of innovative information technologies close to the market and the creation of telecommunication technologies.

Thus, Telekom Laboratories combines the know-how of Deutsche Telekom with the potential of leading researchers from all over the world. Telekom Laboratories is transforming the fusion point of today's knowledge into breakthrough, disruptive technologies of the future.

#### **Technical University of Darmstadt and SAP**

Another interesting example is the collaboration of the Technical University of Darmstadt and SAP in the form of "SAP Research", also called "SAP Living Lab" [21]. SAP Research is SAP's own research department, headquartered in Walldorf and scientists from the Technical University of Darmstadt, who have successfully collaborated over the years in several research areas, for example: "Working with knowledge in a highly dynamic environment", "New methods of software development". These areas of research are of particular strategic interest to SAP as they have a strong im-

pact on the usability of future products. Thus, as a result of cooperation, intelligent programs for business applications are developed that open new services to the user. In collaboration with over 30 leading universities, SAP Research explores new technologies around the world and examines them for potentially innovative software solutions or business models. At the same time, the leading role of SAP needs to protect the research results of applied technologies for the possibility of further development.

In addition, the German company SAP Research has two other partners in Brisbane (Australia) and Pretoria (South Africa), as well as three SAP research centers in Palo Alto (USA), Montreal (Canada) and Sophia Antipolis (France).

### **Cogswell Polytechnical College**

To increase the university's brand awareness in the region as an active and capable research partner, and to support the local economic situation by organizing trips to the business region, Cogswell College implements programs: Immersion, Laboratory of Ideas and Innovation [4].

The Immersion program, also known as the Silicon Valley Immersion Experience, is designed for international students and companies to research the professional businesses of Silicon Valley companies such as Skype, Flipboard, Google, etc. [5] During the five-day program, participants dive into the environment of innovation and entrepreneurship, gaining ideas and direct experience, which they implement in their business plans [18].

The Ideas and Innovation Lab at Cogswell helps students commercialize their research projects with the ultimate goal of "bringing them to the mass market." There are different support options: a business mentor, technical assistance, provision of workspace and equipment, and even access to knowledge in the Silicon Valley entrepreneurial ecosystem [6].

Research for the company. The AC Transit implemented a research project with college students. From concept design to delivery of results, students explored conveyors, made critical decisions, and handled problem-solving scenarios while working as a team on a project for AC Transit. Thus, the interaction within the research project provided an opportunity for students to work directly with industry professionals, which allowed them to develop client relationship skills and create impressive portfolios that reflect the competitive advantages for potential employers [23].

## Cooperation of NRU HSE with SberBank and MERA

On the basis of the Higher School of Economics in Nizhny Novgorod, there are the basic departments of the SberBank and the MERA group of companies.

The goal of the SberBank base department is to improve the level of knowledge of graduates by including special courses and master classes in the educational program, with emphasis on practice. Thus, they balance of fundamental theory and practical training for mastering a future profession. In addition, SberBank takes part in the final certification of graduates, and also acts as a customer and curator of students' project activities.

The goal of cooperation between the IT company MERA, the Nizhny Novgorod Institute of Information Technologies and the Higher School of Economics is to train future programmers [2]. Within the activity of the base department, a number of special disciplines are conducted, and the MERA also offers students practical tasks for immersion in the professional activity of the IT sphere.

Thus, the base departments of leading companies based on the NRU HSE are an excellent way to train highly qualified personnel. The advantages for the institute are high knowledge and skills of graduates, which are reflected in the rankings of the university. The advantage for companies is the ability to attract the best graduates to the ranks of employees.

## Northwestern University and Nikon

Nikon Imaging Center at Northwestern University Feinberg School of Medicine is engaged in the development of light microscopic equipment. The collaboration allows Nikon to introduce advanced imaging technologies at Northwestern University, use the platform for evaluating and testing new Nikon equipment, and transfer knowledge between Nikon employees, researchers and students at Northwestern University [20]. Thanks to the cooperation between the institute and Nikon, students and teachers have access to the company's modern equipment, for example, the Nikon A1R-MP multiphoton microscope.

The use of sophisticated and modern equipment requires special training, which is why the image processing center provides advanced training courses and individual trainings. Northwestern University also teaches an advanced microscopy course with Nikon.

In this way, Northwestern University's Nikon Imaging Center provides students with the hands-on knowledge that is the foundation for research and scientific discovery. Nikon Imaging Centers are state-of-the-art imaging facilities created as a partnership between key research institutions around the world and Nikon [12].

### **Cooperation between ITMO and Dell EMC**

Dell EMC has an extensive network of centers of excellence located around the world. One of the functions of the centers of excellence is to organize collaboration with scientific and educational partners from local ecosystem, including leading universities. So in 2012, ITMO University and the corporation signed an agreement [14], which provides for cooperation in training highly qualified personnel, support for future students, joint research and promotion of IT entrepreneurship.

Dell EMC offers different ways to interact depending on the student's level of study:

- Successful Freshman Scholarship. Company covers funding for a scholarship (charity project).
- Mentoring program for the second year students. The company provides a mentoring engineer who imparts knowledge and experience to students.
- Student projects in the third year. Students are offered tasks, the solution of which does not involve the direct participation of company employees. The company provides funding in the form of a grant.
- Internships in the fourth year with payment of wages.

Thus, the company provides the university with full project funding, expert support, and sometimes licenses for the necessary software and data center resources [19].

### **Conclusion**

Thus, the article reveals the advantages of cooperation between scientific institutions and industrial companies; we investigated the forms of interaction between them. We have analyzed examples of cooperation between companies and universities that allows us to conclude that the form of interaction directly depends on the goals of the company and the institution.

The considered examples reflect all the forms of interaction discussed earlier. Choosing forms for cooperation, both scientific institutions and companies should take into account the following nuances:

- Transfer of knowledge for industry employees or direct experience for students does not require the creation of additional separate organizations.
- In order to conduct joint innovation research it is necessary to immerse deeper into the work, for example, to create research centers or laboratories.
- Signed agreements and contracts between a scientific institution and a company allow fixing in advance all disputable issues, especially about the right to intellectual property obtained as a result of interaction.

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## **SME OF TOURISM AND HOSPITALITY INDUSTRY: CONSEQUENCES OF COVID 19 AND MARKET PROSPECTS**

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***Abstract.** The article examines the impact of coronavirus pandemic (COVID-19) on the tourism and hospitality industry. The situation in the Russian and Nizhny Novgorod tourist markets is assessed, the results of a study of small and medium-sized enterprises in the tourism and hospitality industry of Nizhny Novgorod are presented. A forecast of the prospects for the recovery and development of the industry for the near and distant future is given.*

**Keywords:** tourism, hospitality, small and medium business, COVID-19, tourist market, tourist and hotel enterprises.

The coronavirus pandemic (COVID-19) has already had and continues to have the most serious impact on the global economy. Consumer markets have been hit particularly hard, with total economic losses estimated at around \$ 3.8 trillion. US dollars or 4.2 % of world GDP (Lenzen et al., 2020). Among the most affected markets is the global tourism and hospitality market, the situation in which at the moment can be described as unprecedented: sales of tours and hotel reservations have decreased, previously planned trips have been canceled or postponed, the work of many enterprises in the leisure and entertainment industry related to the sphere tourism has ceased. The impact of the pandemic on the tourism and hospitality industry is projected to shut down 30 to 40 % of tourism and hospitality businesses, leading to unemployment of about 75 million people worldwide (Haywood,

2020). In the Russian tourist market, in the first half of 2020, the number of hotel bookings decreased by 75 %, the number of air flights decreased by 91 %, the revenues of tour operators fell by 85 %, and the total losses of the industry in Russia amounted to 1.5 trillion. rubles (Research by the Moscow Innovation Agency, 2020).

The high degree of negative impact of the coronavirus pandemic (COVID-19) on the tourism and hospitality sector is explained by the specifics of the production and consumption of tourism and hotel services. Hotel rooms or tours cannot be re-sold at a later date, so every cancellation of a reservation or trip results in a loss or under-earning for market participants and seriously affects their ability to fulfill obligations to tourists and their own staff (Gössling et al., 2020). Tough quarantine measures and efforts of governments of states to isolate the population in order to curb the growth and spread of morbidity led to the fact that industrial ties and chains of interaction in tourism were disrupted, and international tourism was replaced by national or even local tourism.

In the context of the sectoral crisis, the World Tourism Organization (UNWTO) has developed several groups of recommendations aimed at providing incentives for the industry to recover and prepare for future post-crisis operations. Each of the groups of recommendations contains a detailed list of measures to preserve existing and create new jobs, maintain the liquidity of participants in the tourism market, provide incentives for investment, strengthen tourism management at all levels, and increase the sustainability of its development (World Tourism Organization, 2020b). Measures taken by states at the national and regional levels also contributed to the mitigation of the negative impact on the tourism and hospitality sector caused by the coronavirus (COVID-19). For example, the Russian government developed and adopted a package of measures to support participants in the tourism market, which included:

- subsidies for tour operators to compensate for losses;
- reimbursement of airlines' expenses for the export of tourists from abroad;
- interest-free loans to pay salaries to staff;
- subsidizing the access of small and medium-sized businesses in the tourism and hospitality sector to borrowed funds at a preferential rate;
- deferral of making rent payments;
- moratorium on bankruptcy and inspections;

– suspension of measures to collect tax arrears of small and medium-sized businesses in the tourism and hospitality sector.

In addition, on August 21, 2020, a special program to support domestic tourism was launched in Russia, under which tourists traveling around the country in the fall or winter of 2020 will be able to return up to 20 thousand rubles spent on tourist vouchers or hotel accommodation (the special program «World of Travel», 2020).

However, despite the efforts made by the state, the tourism and hospitality sector in Russia continues to be in a state of crisis. According to information by the end of August 2020, the cost of accommodation for tourists turned out to be 2 times lower compared to the same period in 2019, the cost of purchasing air tickets was 34.7 % lower, and the cost of travel agency services was 10.8 % lower (project SberIndex, 2020). By information of Rosstat, in the spring and summer of 2020, the hospitality industry experienced a significant reduction in the production (and consumption) of services compared to the same period in 2019 (Table).

Similar trends across Russia can be traced in the regional tourism and hospitality market, most of which participants belong to the segment of small and medium-sized enterprises. From the 383 enterprises that carry out activities in the region to provide places for temporary residence (classifier code 55), 342 enterprises are micro-enterprises, 38 are small, 3 are medium-sized ones. From the 849 enterprises operating in the Nizhny Novgorod region, travel agencies and other organizations providing services in the field of tourism (classifier code 79), 837 enterprises are micro-enterprises, 12 are small ones.

Table

*The volume of services provided to the population for the period  
March-June 2020 compared to the same period in 2019  
(Unified Interdepartmental Information and Statistical System, 2020)*

	2020 year			
	March	April	May	June
Hotel services and similar temporary housing services	-19 %	-85 %	-88 %	-80 %

	2020 year			
	March	April	May	June
Services of travel agencies, tour operators and other booking services	-9 %	-95 %	-98 %	-92 %
Services of health resort organizations	-6 %	-91 %	-97 %	-91 %
Services of specialized collective accommodation facilities	-7 %	-91 %	-96 %	-90 %

To obtain the most complete and objective idea of the current situation in the Nizhny Novgorod tourism and hospitality market in August 2020, the Department of Service and Tourism of the Lobachevsky State University of Nizhniy Novgorod, conducted a direct e-mail survey among hotels and tourist enterprises that are members of the Association of Hoteliers of the Nizhny Novgorod Region and the Nizhny Novgorod Tourist League. The final sample size, represented by top managers (49 %), sales managers (38 %), and marketers (13 %), was 63 hotel and tourism enterprises: 27 enterprises (71 % of the total number of participants) from the Association of Hoteliers of the Nizhny Novgorod Region, 36 enterprises (84 % of the total number of participants) – from the Nizhny Novgorod Tourist League (24 travel agencies and 12 tour operators). The survey questions were divided into several categories:

- assessment of the current financial situation of the enterprise;
- tools for coping with the consequences of the coronavirus pandemic (COVID-19);
- specifics of interaction with staff, customers and contractors during a coronavirus pandemic (COVID-19);
- business development prospects after the end of the coronavirus pandemic (COVID-19);
- general characteristics of the business (field of activity, size and experience in the market).

95 % of those surveyed assessed the scale of their business decline as significant and critical. 60 % of respondents estimated the volume of sales decline in the range from 40 to 60 %, another 16 % of respondents indicated a decrease in the volume of production of services in the amount of more than 80 %. For 40 % of the respondents, the period

when the enterprise could exist on funds in the accounts, covering only fixed costs, was less than 30 days, another 44 % of the respondents indicated that they could hold out from 1 to 2 months. 75 % of enterprises interrupted operations amid the intensification of the coronavirus pandemic (COVID-19), while 40 % of them retained their staff. 20 % of enterprises did without a reduction in wages, 80 % of respondents resorted to cutting wages, using a shorter work schedule and sending staff on unpaid leave.

As anti-crisis measures to support business, enterprises indicated a forced reduction in staff (52 %) and a change in the strategy / concept of business development (44 %). A quarter of the respondents were forced to reduce the salaries of their employees, the same amount – on loans to pay wages in full. A third of the respondents announced plans to "improve customer focus" by improving the qualifications of personnel and expanding the range of services provided. 25 % of respondents indicated wider use of digital technologies as a tool to overcome the crisis, however, only 50 % of them were able to switch to online services (partially or completely) (the rest were not allowed to do this by the specifics of the business and lack of technical resources). 70 % of respondents were unable to convert their business to serve other areas, although they had had plans to change the business concept. To attract the necessary financial resources, 52 % of the respondents hoped for a preferential loan, 40 % hoped to get by with their own funds.

Among the government support measures that they managed to take advantage of, respondents mentioned (in descending order of frequency) a direct subsidy (65 %), a tax incentive (35 %), a loan (30 %) and a rental incentive (14 %). Only 35 % of the respondents did not face any difficulties in obtaining benefits. Among the obstacles to obtaining benefits were most often called the inconsistency of the main OKVED with the type of activity for which the Federal Tax Service provides an incentive, as well as administrative barriers – a large number of documents and the delay in their consideration. For 21 % of respondents, state support was effective and solved some current problems (payment of wages, rent and maintenance of an office, payment of bills), 72 % of respondents noted the insufficiency and ineffectiveness of state support. Despite the difficulties that had a serious negative impact on business (lack of finance, weak govern-

ment support, uncertainty associated with the epidemiological situation in the country and in the world), most respondents hope for a revival of the industry starting in the spring of 2021.

Obviously, in the post-pandemic world, the tourism and hospitality sector will undergo quite significant changes. First of all, tourism and hotel companies will need to pay maximum attention to strict adherence to the necessary anti-pandemic measures and adherence to the recommendations of healthcare organizations (Wen et al., 2020), encouraging medical personnel to acquire medical knowledge about the causes of the new type of coronavirus (COVID-19) and its methods. prevention and prevention. Potential tourists are likely will be guided by travel safety considerations during planning their travels and are likely will prefer domestic tourism to outbound tourism (Han et al., 2020). At the same time, some traditional tourist destinations risk losing their attractiveness for travelers and face difficulties in attracting new guests in the future (Zenker & Kock, 2020). The tourism and hospitality industry will also face new challenges in the areas of customer marketing and management. Market participants will have to deal with not retaining, but returning consumers, studying new consumer habits and preferences, researching the practices of introducing and using new safe service technologies (Gursoy & Chi, 2020).

Experts believe (Research by the Moscow Innovation Agency, 2020) that after the end of the coronavirus pandemic (COVID-19), tourism and hospitality will develop according to one of four possible scenarios (only one of which can be considered as favorable for small and medium-sized entrepreneurship):

1. Returning the pace of development of the industry to the pre-pandemic level (thanks to government support and the development of new sanitary and epidemiological standards).

2. Death of mass tourism (a critical reduction in the number of travelers with a simultaneous increase in the costs of disinfection enterprises in the industry).

3. Survival of only the largest market players (due to the wave-like return of the coronavirus (COVID-19) for several years, which will lead to the continued implementation of quarantine measures and the extension of border closures).

4. Total virtualization (automation of the main market entities, reformatting tourist facilities for a smaller number of tourists, cooperation of market participants with technology companies).

Regardless of which of the scenarios will eventually develop the tourism and hospitality industry, the following systemic changes await it (Research by the Moscow Innovation Agency, 2020):

- the emergence of new standards of hygiene, an increase in demand for travel insurance;
- personalization and change of the regime of tourist trips, combination of leisure and work;
- striving for a slower (conscious) consumption of tourist products, a responsible attitude to the preservation of ecosystems of destinations;
- outstripping development of domestic tourism, development of medical and automobile tourism, reduction of demand in the segment of business tourism.

The role of tour operators and travel agents in the market will change – from enterprises creating and selling a finished tourism product, they will become «travel consultants», providing tourists with up-to-date information on travel safety requirements and helping to create individual tours. The hotel market is expecting an increase in the popularity of individual accommodation options, changes in public spaces of hotels and the active introduction of innovations, automation and contactless technologies.

Thus, it can be argued that the coronavirus pandemic (COVID-19) has not only brought significant attention to all participants in the tourism and hospitality industry, but also significantly changed the contours of the future structure of the tourism market. At the same time, the prospects for small and medium-sized enterprises, which form the basis of the modern tourism system, look rather uncertain. Those of them who manage to survive the crisis today will have to adapt to a greatly changed reality tomorrow.

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### **CHALLENGES AND OPPORTUNITIES OF MNEs IN THE RUSSIAN MARKET: A GROUNDED THEORY APPROACH**

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***Abstract.** This paper studies managerial challenges faced by MNEs in the Russian market. It focuses on perspectives and problems conditioned by the current geopolitical and global economic scenario. Russia is an emerging country and one of the biggest European markets; it presents relevant opportunities for MNEs in terms of its consumer base and some production resources. However, due to general non-transparency and a low tendency to disclose relevant information, foreign multinational enterprises (MNEs) operating in the Russian market face a variety of complex challenges unknown to the public or the research community. These challenges include company-specific, country-specific and global-specific advantages and disadvantages of doing business in Russia. Since MNEs have no duty to report on their performance in the Russian market, interviews with top managers, or even secondary ones, represent a unique source of pertinent information that may be analyzed for research purposes. The author uses a constructivist grounded theory approach to provide an analytical picture for developing international business recommendations and theories that may be relevant to other emerging markets.*

**Keywords:** MNEs, emerging markets, multinational enterprises.

Companies' motivation to do cross-border business operations, whether trade or investment, is normally explained by market or resource opportunities offered by geographical expansion overseas. With the ongoing globalization, research attention is increasingly focused on studying the peculiarities of international business expansion with a focus on emerging markets (Halaszovich & Lundan, 2016; Hansen et al., 2009; Lien & Filatotchev, 2015; Liu et al., 2017; Sheng & Yang, 2016; Tian, 2010; Webster & Piesse,

2018). However, for research-based teaching, there are still some gaps in our understanding of the ongoing, sometimes uneasy, business experience of foreign companies in developing markets. Many aspects regarding various aspects of everyday managerial practices are unclear.

This paper uses a grounded theory approach based on public secondary information sources to determine what may be the relevant research ideas and new factuality of business expansion in relatively poorly studied national contexts.

The present study focuses on Russia, a country with top-10 market potential belonging to the upper-middle-income group of countries; nevertheless, the experience of international affiliates in that context is scarcely studied. Business opportunities in the Russian market are largely interpreted now in light of the country's mass media image. Foreign businesses in Russia need to deal with a context of intensifying Western sanctions, exchange rate volatility and other tricky macroeconomic considerations for an investor.

The future of foreign direct investment in Russia seems to be problematic; nevertheless, the opinions of the top management of foreign affiliates present a different view in which not all projections are "painted in black" as bleak.

In that sense, interviews with the MNEs' local and global representatives both reveal new country-specific business challenges and explain the strategic importance of operating in large emerging markets, which enriches the picture of the pros and cons of internationalization in the contemporary world. Of course, this approach has its own limitations because respondents may have a bias towards optimism; however, it provides a relevant outsider description of the current Russian market's business situation that is important for record-keeping and teaching purposes. Thus, this research either provides an unorthodox view of the Russian market based on foreign managers' publicly expressed views or makes some important generalizations that may lead to a better understanding of a contradictory, non-evident institutional and economic picture of emerging countries in general.

## Literature Review

Although emerging markets open business opportunities, in a certain sense, there is a lack of research in simple managerial issues concerning the experience of foreign affiliates in emerging markets. The most studied topics include linkages with local companies and contexts, on how the proportion

between ‘local’ and ‘global’ affects economic performance (Halaszovich & Lundan, 2016, Hansen et al., 2009), issues of innovation and technology transfer (Gurkov & Filippov, 2013; Liu et al., 2017; Tian, 2010) and external and internal institutional factors connected to internationalization (Lien & Filatotchev, 2015; Sheng & Yang, 2016; Webster & Piesse, 2018).

Since the interviews with top-management generally emphasized the positive aspect of entering certain markets, articles on market choice are relevant to the research on the optics of MNCs’ experience in the Russian market, which is emerging and significant in size, but it is also affected by sanctions, stagnation and exchange rate volatility. So, the argumentation used by top managers may be studied through hypotheses concerning methodological challenges and empirical evidence of MNCs’ choices (Nielsen et al., 2017) or exploration of country, industry and firm effects on the investment location choices of MNEs (Rasciute & Downward, 2017).

A significant group of studies focuses on distance aspects of foreign direct investment (FDI), such as the effects of spatial dependence on the FDI location (Blanc-Brude et al., 2014), the impact of home-host cultural distance on foreign affiliate sales (Beugelsdijk et al., 2014), the moderating effects of control on firm capabilities and institutional distance in explaining foreign affiliate performance (Trąpczyński & Gorynia, 2017) or corruption and foreign affiliate performance (Petrou, 2015). Various studies focus on the organisational aspects of FDI, such as FDI entry strategies and the impact of economic freedom distance (Arslan et al., 2015), multinational affiliates’ networking possibilities (Egger et al., 2014) or affiliates further internationalization (Mukherjee et al., 2018; Zhang & Zhu, 2017).

The research in innovation aspects include reverse international knowledge transfer in the MNE of innovation influence (Driffield et al., 2016), export success of affiliates’ and local firms’ influence on host country innovation capability (Elmawazini, 2012) or case studies of innovation processes in MNEs’ manufacturing subsidiaries (Gurkov & Filippov, 2013). Luo and Zhang (2016) present a literature review in the form of a content analysis that sums up the previous results and indicates new study directions.

The most relevant research topics revealed in other studies are internationalization strategy and motivation, institutional and political risk, performance, catchup and entrepreneurship aspects of emerging market firms. Khan (2015) focuses on the difficulties that emerging-market MNEs face, including unpredictability, instability and relatively low profitability due to

the low average income of the host country. The challenges influencing business practices in emerging markets include institutional gaps, cultural differences, political instability, appropriate market segmentation, a search for balance between price and quality due to price sensitiveness, industrial and marketing infrastructure defects and issues of trust and commercial risk.

So, following the paths of the above-mentioned quantitative studies, the author aims to provide an explorative qualitative analysis of the experience of significant MNE foreign affiliates located in Russia using secondary information sources such as top-management interviews to reveal new directions for a research agenda concerning foreign MNEs in the Russian market.

### **Data and methodology**

The impossibility of obtaining a significant number of observations, which is caused by the hesitancy of enterprises to disclose information regarding the publication of indicators of their economic activity, did not allow the author to produce a quantitative analysis using statistical and econometric methods of research. Therefore, the author uses as a subject of research a compilation of articles representing interviews with the leadership of larger MNCs operating in Russian markets from the long-term project of the business newspaper *Vedomosti*, which was established as a co-production of the Financial Times Group and the Wall Street Journal, because in the pursuit of certain generalizations, they encountered difficulties in finding primary information and the formation of a representative sample. Luo and Zhang's (2016) above-mentioned study considers the data and methodology of research papers focused on emerging market MNEs and reveal that Eastern Europe and Central Asian countries (the ECA countries) are present only in 11 % of cases, while qualitative methods (case and field studies) are present in 15 % of studies.

So, the current research differs from the mainstream because it aims to increase the number of studies concerning the ECA countries using methods suitable for the existing data. The object of the study is an unrepresentative (spontaneous) sample of 28 interviews of headquarter or local affiliate representatives of leading MNCs.

The sample includes car producers, fast-moving consumer goods (FMCG), machine-building companies, equipment providers and makers of luxury goods. The sample was formed based on an analysis of those enterprises in which in-

formation about exports, foreign investment, foreign economic strategies and measures to ensure international competitiveness play an important role.

The author attempts to use Khan’s (2015) approach to coding the secondary interviews. The taxonomy of business distinctive features concerning emerging markets is grouped into human challenges, business internal and environmental challenges. In Appendix 1, the author presents a list of materials that are used for research purposes.

## Results

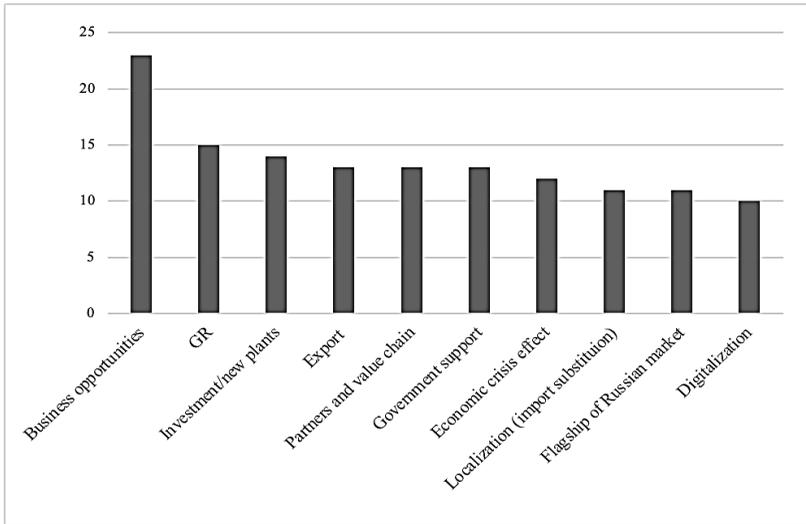
The research results are presented in Table.

Table

*The frequency of challenges met by global MNEs affiliates in Russia  
Khan’s framework*

<b>Group</b>	<b>Essence</b>	<b>Points</b>	<b>Average frequency</b>	<b>High-frequency topics</b>
Human challenges	global ethics, science and technology, energy, transnational organized crime, status of women, peace and conflict, capacity to decide, health issues, rich-poor gap; global convergence of IT, long-term perspectives, clean water, population and resources, democratization	25	1,8	Decision-making, long-term perspective
Business challenges	market-segmentation, market-targeting, market positioning, promotion, advertising, distribution	28	4,7	Market-positioning, promotion
Business environment challenges	inadequately educated and poor work ethic of workforce, government bureaucracy, access to financing, inadequate supply of infrastructure and capacity to innovate, restrictive economic (labor, foreign exchange, tax, etc.) regulation, poor public health, inflation, government and political instability, corruption, crime and theft	13	1,4	Restrictive regulation

Figure presents the results of the manual coding of interviews, which showed the importance of the following issues concerning the Russian market (listed in descending order of frequency).



*The frequency of challenges met  
by global MNEs affiliates in Russia (n=28 companies)*

The depreciation of the ruble was a frequent issue as well: it was mentioned in 9 interviews, and 7 companies acknowledged facing problems with return on investment, competitiveness, and growth due to the fall in the exchange rate. Concerning sanctions/countersanctions/outsider geopolitical tensions, only 6 interviewees suggested these had a negative effect on their business. Marketing and strategic issues in various statements are also popular in the interviews. During the interview subjects mentioned the specificity of the product mix for the Russian market, the necessity of further market and product diversification, the sophisticated consumer behavior of the Russian population, the strength of local competitors as well as the formation of alliances with competitors in the Russian market. Another relevant issue is the provision of sustainability (ecological sensitivity and corporate social responsibility).

## Conclusion

A decreasing rate of global economic growth leads companies to look for new opportunities to get back on the path of better performance. Although the emerging markets, Russia included, have not fully avoided the "new normal" rates of expansion, the MNCs succeed to achieve reasonably plausible economic results because of the low-base effect generally associated with lower satisfaction of consumer needs that are inferior to those of developed countries.

Even though the future of foreign direct investment in Russia appears problematic due to ongoing confrontation with the West and various sanctions, this research revealed that the management officers of MNEs perceived Russia to provide good opportunities and intended to continue to invest in the Russian market and had an optimistic view of the export prospects. The importance of GR relations and state regulatory policy and support was also frequently found.

Further research may be conducted through an analysis of companies that follow their industrial provenience with a major focus on principal macroeconomic events and eventual changes in interviewees' discourse after those events. Furthermore, the interviews can be coded using software intended for qualitative research.

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## **DEVELOPMENT OF NEW PUBLIC ADMINISTRATION MODELS FACING THE BIG CHALLENGES**

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***Abstract.** The authors of the article consider the problems associated with the digitalization of public administration in the face of Big Challenges. Trends and new approaches used by governments of different countries for digital transformation are analyzed in the article. The authors conclude that the emergence and implementation of a new model of public administration would make this system more efficient, opened and convenient for citizens, enterprises and organizations, and the state authorities as well.*

***Keywords:** public administration, digital transformation of economy, digitalization of public administration, e-Government.*

The Scientific and Technological Development Strategy of the Russian Federation was adopted in 2016. It identified a set of challenges, threats and opportunities. The complexity of problems requires attention from the state authorities. The mentioned problems are defined as *Big Challenges* and create significant risks for the public administration system [1]. One of the-

se *Big Challenges* is the formation of digital economy. The development of new technologies influences the environment that is in the process of civilizational transition to a digital society. This process is pervasive. The fourth industrial revolution led to their explosive growth. The rapid development of innovations undermines the existing management models not only in business, but also in public administration.

Digital transformation and the emergence of new models of public administration based on it is one of the most widely discussed issues around the world.

The United Nations pays special attention to this issue. Since 2001, the UN Department of Economic and Social Affairs has published the *E-Government Survey*. The problems associated with the digital transformation of public administration and new models of public administration arising from this transformation are discussed in it. The authors also provide recommendations for the transition of government to digital technologies and formulate global trends in the development of e-Government [2].

According to this document the digital transformation of government is related to the transformation of public administration and cultural changes in order to develop a common vision and strategy for national development and finally to achieve the sustainable development goals. The goal of government's digital transformation is to provide citizens, especially vulnerable groups, with access to new technologies and to improve their well-being [2, p. 34].

The government's digital transformation requires the active use of digital technologies for innovative transformation of working methods, information exchange, decision-making and service delivery, as well as for interaction and partnership with the citizens in order to solve political problems of public interest [2].

Digital transformation of public administration should have four stages:

- analysis of the situation;
- common vision of government transformation and ways to use digital technologies for achieving social goals;
- strategy and roadmap development for implementing digital government;
- creation of monitoring and evaluation mechanisms [2, p. 34].

According to the UN, the transition to the e-Government model will improve the quality of public services, increase the level of public involve-

ment, transparency, accountability and inclusiveness of public administration, and as a result it will improve the quality of life [2, p. 35].

The study of 2020 focused on the new approaches used by governments of different countries for digital transformation. The following approaches were mentioned: e-Government as a platform, integration of interactive and autonomous multi-channel delivery, flexible development of digital services, expansion of e-participation and partnership, adoption of information approaches, strengthening of digital capacity to provide people-oriented services, use of artificial intelligence and blockchain technology in the development of the smart cities concept.

The COVID-19 pandemic has accelerated the development of e-Government in different countries of the world. It is becoming increasingly common to provide traditional public services online, because the necessity to maintain social distancing encourages online interaction. The most common digital services in the world include registration of new businesses, filing of an application for a license to open a new business, obtaining birth certificates and payment of utilities [2, p. 26].

A new challenge for modern public administration systems in different countries has been a dramatic change in the way of creation and use of data. This has been driven by the information technology global changes and the creation of various applications that include processing of small and large data, real-time data, and geospatial data.

The potential risks and challenges force governments to use data management systems and apply innovative data-driven e-Governance strategies to create public value. As a result of these processes, the number of countries that have created governmental open data portals has increased significantly: from 46 in 2014 (24 %) to 153 in 2020 (80 %) [2, p. 32].

The ranking of UN member states according to the level of digital or e-Government development represented in the *e-Government Survey* deserve particular interest. The E-Government Development Index (EGDI), which shows the level of development of e-Government at the national level, serves as a criterion for comparing different states.

EGDI is a unified composite index that includes: the Online Services Index (OSI), the Telecommunications Infrastructure Index (TII), and the Human Capacity Index (HCI). The value of each index is measured in the range from 0 to 1. The total EGDI index is calculated as the arithmetic mean of the OSI, TII, and HCI indexes [2, p. 39].

EGDI is used to assess the readiness and capacity of public institutions to use Information and Communication technologies to provide services.

The data for five countries with the highest EGDI values are shown in Table 1. Denmark is the leader and the Russian Federation is on the 22<sup>nd</sup> place among European countries and on the 36<sup>th</sup> place in the world.

Table 1

*European countries with the highest EGDI rates in 2020*

Country	EGDI, global ranking level	EGDI, Index
1. Denmark	1	0.9758
2. Estonia	3	0.9473
3. Finland	4	0.9452
4. Sweden	6	0.9365
5. Great Britain	7	0.9358
...		
22. Russian Federation	36	0.8244

Source: [2]

Progress in the development of e-Government in the Russian Federation is clearly demonstrated by the data in table 2. The table shows that there is a steady growth in the value of the EGDI indicator. Since 2003 this indicator has grown 1.86 times and amounted to 0.82 in 2020.

Table 2

*E-Government Development Index (EGDI) in Russia 2003–2018*

	2003	2004	2005	2008	2010	2012	2014	2016	2018	2020
EGDI	0.44	0.5	0.53	0.51	0.51	0.74	0.73	0.72	0.8	0.82

Source: URL: <https://www.statista.com/statistics/1078588/egdi-e-government-development-index-russia>.

If we compare the indices used to calculate the EGDI indicator, we can note that the telecommunications infrastructure index has the lowest value.

Table 3

*Indicators of the level of e-Government development in 2020*

Country	OSI index	HCI index	TII index	EGDI index
Russian Federation	0.8176	0.8833	0.7723	0.8244

Source: [2]

According to some Russian experts, public administration faces the need to radically change the model, carry out a revolution in public administration [3]. The four industrial revolutions did not change the model of public administration in any way. Modern public administration is mainly focused on process management (solving routine tasks). Insufficient use of project management by state bodies, complete disregard for disruptive innovations, shortage of officials involved in project management and lack of innovations in public administration are the main shortcomings of the present public administration model. The new model of public administration should be focused on *organizing the state as a platform* [3]. This idea implies the active implementation of digital technologies in public administration.

Modern authors actively discuss the issues of public administration digitalization [4, 5, 6, 7, 8, 9]. In particular, they focus on the digital transformation of public administration, on the trends of its digitalization [10, 11, 12], on the development of standards and models of public administration [13].

The emergence and implementation of a new model of public administration is the result of Big Challenges' influence. This model would make the public administration system more efficient, opened and convenient for citizens, enterprises, organizations and the state authorities [14]. Taking into consideration the high inertia of the existing public administration system, the new model should have flexibility and a high degree of adaptability to rapidly changing environment.

Russian Government understands these challenges and is making a number of efforts to implement a proactive state policy. For example, Russian Government adopted the National Program *Digital Economy*.

It should contribute to the digital transformation of public administration, that will create fundamentally new opportunities for interaction between society and the State.

The new model of public administration in the Russian Federation is in the process of its formation and it is becoming more and more obvious.

The new digital format of interaction between people and Government is supposed to be implemented on the basis of a client-centered model.

The state authorities should work proactively with population and business. This implies that the state will automatically inform citizens about the services they can use and provide them electronically.

The formation of a new model of public administration and its implementation is impossible without appropriate personnel supporting these processes, so called digital transformation managers.

Officials who will be personally responsible for the changes of managerial processes based on digital technologies will be in every Federal Ministry of RF and in every Russian region in the nearest future. All these officials will be also responsible for the development and implementation of digital transformation projects.

The transition to a proactive format of public authorities' interaction with population and business is a response to existing Global Challenges and it is realized in the application of a project approach.

Digitalization changes established business processes and business models, so government bodies have to respond to these challenges and adapt to the digital environment. In particular, this directly affects the activities of Federal budget revenue administrators.

The largest administrators of budget revenues are the Federal Tax Service and the Federal Customs Service. They control more than 90 % of total Federal budget revenues. Today they work in an environment where innovative technologies are destroying the usual ways of interaction between people, business and the state by creating new business models. The most striking example of the successful use of this approach in public administration is the Federal Tax Service of the Russian Federation, which actively uses digital technologies and artificial intelligence in its activities.

At present, the Federal Tax Service is actively working on creating its own digital platform, around which an ecosystem for taxpayers and participants in foreign economic activity will be formed. The main goal is to integrate into the natural environment of taxpayers and become as invisible as possible, using digitalization as a tool for solving problems [15].

The project *Social Treasury* is one of the new projects in the field of public administration developed in the Russian Federation. It's a unified digital platform for all types of social support for the citizens [14].

Digital transformation increasingly affects the social and economic sphere of the State all over the world and sets new challenges to public administration.

Inevitably, all states will be divided into two groups: those who will be able to take and maintain leading positions in digitalization, and those who will be users of solutions offered by other countries.

If the state can respond to them successfully and on time, it receives competitive advantages in the modern world.

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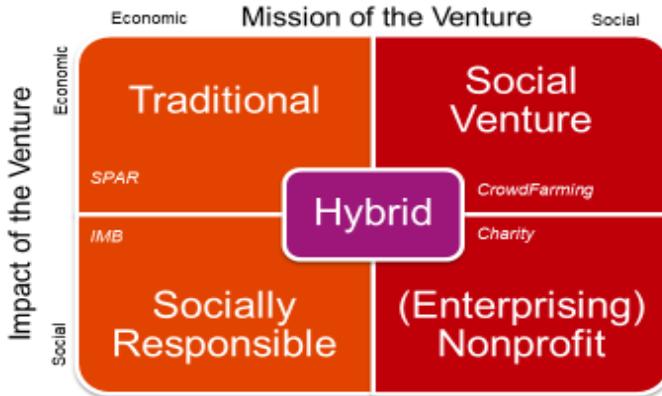
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## SOCIAL ENTREPRENEURSHIP

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Dees (2001) expressed that "For social Entrepreneurs, the social mission is explicit and central. This obviously affects how social entrepreneurs perceive and assess opportunities. Mission-related impact becomes the central criterion, not wealth creation. Wealth is just a means to ... [a sustainable] end for social entrepreneurs". According Neck et. al. (2009) En-

terprises can be classified based on their impact and mission into either traditional, socially responsible, social or non-profit or a hybrid form thereof (see figure).



*Classifying enterprises (based on Neck et. al. 2009)*

### Entrepreneurship and Social Entrepreneurship

Like Entrepreneurship, social entrepreneurship contributes to economic wealth. Both are about "...the process of starting and growing an independent business..." (Ebert et. al., 2019, p.103) thus creating jobs resulting in economic, technological and social change (Ebert et. al., 2019, p.1039; Hall et. al., 2012, p.787; Igwe et. al., 2020, p.1). Social entrepreneurship in particular address needs unmet by public and private sector activities and relies on entrepreneurial skills, innovation and business models (Addae, 2018; Chliova et. al., 2020; Farinha et. al., 2020). Therefore, social entrepreneurship has overlaps with entrepreneurship and innovation, giving rise to discussions on definitions and boundaries (Farinha et. al., 2019; Martin & Osberg 2007; Saebi et. al. 2018, Spicer et. al., 2019). But compared to commercial entrepreneurship, it can be observed that often the same means (tools, techniques, theories and models) are used but they are used to reach different ends (Martin & Osberg, 2007) as the social mission is explicit and central and mission-related impact becomes the central criterion (Dees 2001). The current understanding is that entrepreneurial skills can be learnt (Fretschner & Lampe, 2019), consequently they can be part of university education.

## Previous Scientific Developments

Definitions, boundaries and overlaps in social entrepreneurship are not universally agreed (Saebi et. al. 2018). Saebi et. al. (2018) and Spicer et. al. (2019) argue that the current lack of clarity leaves all fields vulnerable. Saebi et. al.'s review (2018) classifies social entrepreneurship as a multi-level and multistage phenomenon. Recent bibliometric mapping (Farinha et. al., 2020) shows the changing nature of social entrepreneurship research by shirting from sustainability and social enterprise towards social innovation and case studies (Farinha et. al., 2020). Amongst others, the systemic literature review of Edwards-Schachter & Wallace's (2019) and the report of Mulgan et. al. (2007) argue that social innovation spans more than social entrepreneurship and Innovation and includes topics such as social movements, governmental or private city development and urban planning. The differentiation, due to a lack of an agreed definition, however, is complex and not always easy (Saebi et. al., 2018).

## Trends in Research

The following research trends emerge in the area of social entrepreneurship education:

**Define.** The current lack of clarity in terms of definitions might lead to vulnerability of research results. Therefore, defining social entrepreneurship especially in contrast to social innovation or hybrid forms is important (Spicer et. al., 2019).

**Develop.** Ensuring that educational programs are effective must be addressed as educational programs are increasing in number, demand and governmental funding (Fretschner & Lampe, 2019) while at the same time appropriate content to include in such programs must be researched closer (Solomon et. al., 2019) to ensure success of alumni.

**Measure.** Attempts to measure the success of educational programs often showed mixed results and impact currently is hard to measure (Fretschner & Lampe, 2019). In order to know if or when social entrepreneurship programs are successful, this topic is important to research further.

Based on these trends, the research project "Social Entrepreneurial Education" carried out at TH Köln will look particularly into developing measures to assess the success of programs in the area of social entrepreneurship.

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## EMOTIONAL INTELLIGENCE AS THE BASIS FOR EMPLOYEE PSYCHOLOGICAL WELL BEING

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*Abstract.* Emotional intelligence is the ability to perceive and understand information contained in emotions, use it to guide thinking, facilitate problem-solving and decision-making. It is an important aspect of an individual’s professional activity and well-being in the working environment. Psychological well-being is an integral mental phenomenon, a holistic ex-

*perience that reflects the success of an individual's functioning in a social environment, accompanied by a favorable emotional background, a functional state of the body and psyche, a positive self-attitude, and a trusting attitude to the world. The aim of this theoretical article was to identify the connection between emotional intelligence of employees and their psychological well-being. The results of the study showed a positive influence of emotional intelligence on such aspects of employee well-being as job satisfaction, job performance, burnout levels, work engagement, and turnover intentions. The article may be useful for managers and other professionals in order to significantly improve workplace environment.*

**Keywords:** emotional intelligence, well-being, personnel well-being, managers.

Due to constantly increasing demands on an individual's personal and professional development in the modern turbulent environment, one's ability to adapt and regulate their behavior in order to cope and overcome challenges has become vital. Hence the matter of emotional regulation has come to be as important as ever leading to the concept of emotional intelligence being frequently studied in connection with the feelings of people in their professional life. Emotional intelligence has been an area of focus of researchers and business practitioners regarding it as one of the most important professional competencies and an important soft skill to develop [14, 20].

The concept of emotional intelligence was introduced into scientific use by P. Salovey and J. Mayer in 1990. Emotional intelligence is "the ability to perceive and understand information contained in emotions, use it to guide thinking, facilitate problem-solving and decision-making" [17]. It is crucial in the process of regulating emotions which benefits one's overall emotional development and favours practical intelligence. According to numerous studies emotionally intelligent people are capable of identifying and expressing a diverse range of emotions, understanding their meaning and possible consequences, using their emotional states as a motivational stimulus, and managing their own and others' emotions to achieve necessary goals [13].

One of the research areas on emotional intelligence is its implementation in the field of an individual's professional activity, particularly as a source of enhancing performance. High level of emotional intelligence is an integral component of any professional activity, manifesting itself in social and emotional competencies of personnel. Effective understanding and

managing of feelings, maintaining a positive mood significantly facilitate goal achievement, helps manage difficult workplace situations, and enforces commitment to organizational goals [4]. Employees with higher levels of emotional intelligence set long-term goals [19] and demonstrate a higher level of job performance [3, 22, 29]. Emotional intelligence positively impacts teamwork and conflict resolution within groups [12], managers and executives possessing developed emotional intelligence effectively utilize leadership techniques [18].

Emotional intelligence as an ability according to P. Salovey, J. Mayer, D. Caruso model has been proven to influence well-being by a number of studies. The aim of the study was to examine the connection between emotional intelligence and psychological well-being of employees.

Psychological well-being is "an integral mental phenomenon, a holistic experience that reflects the success of an individual's functioning in a social environment, accompanied by a favourable emotional background, a functional state of the body and psyche, a positive self-attitude, and a trusting attitude to the world" [7]. Work can be regarded as one of the major determinants of employee well-being, serving as a source of income and reflection of a person's social status [5]. Studies show that emotional intelligence and its appropriate level have a significant positive influence on psychological well-being of employees.

Psychological well-being in terms of professional activities is employees' attitudes and feelings about the work context, it incorporates personnel's job satisfaction including satisfaction with both tangible and intangible work context aspects [8]. Highly demanding jobs can be directly connected with low levels of personnel's well-being. Physical demands including such health and safety hazards as high levels of noise, dust, vibration, heat, cold, smoke, toxic fumes, and other aggressors may be indicative of such negative components of well-being as emotional exhaustion and depression. Psychological ones such as the pace and amount of workload and conflicting demands may also lead to a decrease in the level of employee's well-being [24].

As a complex phenomenon personnel's psychological well-being may include several components. Some studies highlight such positive aspects as job satisfaction and work engagement as well as negative ones including psychological distress, burnout, and depression [16].

Continuous stress at work can lead to burnout syndrome which can manifest itself in the forms of emotional exhaustion and tiredness; cynical and cold

attitudes towards co-workers; feelings of negative self-evaluation of people, a decrease in feelings related to personal skills, achievements, and successes [25]. Studies show that low development of emotional intelligence is connected with burnout [10], while people with highly developed emotional intelligence demonstrate lower burnout levels experiencing high stress in comparison with those with lower levels of emotional intelligence [10, 19].

There is a connection between developed emotional intelligence and mental health improvement, high work engagement, satisfaction with workplace social support, and perception of power [26]. Emotionally intelligent employees demonstrate higher job satisfaction [23] which is often accompanied by higher organizational commitment, and lower turnover intentions [21].

In their empirical study, Ahmadi et al. investigated the effect of emotional intelligence on the psychological well-being of 800 employees in Mehr Eqtesad Bank in Tehran, Iran. The results of the analysis showed a correlation between the two indicators as emotional intelligence proved to have a significant positive influence on the psychological well-being of the bank employees [1].

An overall number of studies focusing on the direct connection between emotional intelligence and psychological well-being of employees is scarce while a lot of the existing body of work concentrates on such "person-to-person" professional areas as education, medicine, in particular public service or teachers, nurses, and police officers.

The field of education directly involves a wide range of situations favouring students' learning and attaining emotional abilities aimed at the teaching-learning process facilitation [9, 31]. Obviously, emotional skills are vital for this process and work performance. Teachers capable of great emotional regulation are efficient and empathetic towards their learners, which results in social support from their environment. Developed emotional intelligence in teachers is proven to reduce such negative components of psychological well-being as stress and emotional fatigue which can lead to burnout syndrome which is highly common among the teaching profession. Moreover, emotional intelligence in teachers relates to higher job satisfaction and improved social relations with the overall educational environment [25].

An example of an emotionally demanding profession, involving a great deal of human interaction as a core responsibility is the police. In the study exploring the relationship between emotional intelligence and job perfor-

mance in police officers, researchers confirmed the significant existing connection. A high level of emotional intelligence plays an important role in enhancing work outcomes of police officers whose difficult and stressful job can greatly benefit from developing it [2].

Another study on the police officers' emotional intelligence and well-being also showed the connection between the two indicators. As police officers are greatly affected by a range of negative consequences of emotional aspects of their job, emotional intelligence is a crucial aspect in creating a favourable environment to support fighting crime. According to the results, an increase in the police officers' emotional intelligence lead to an increase in their well-being which in its turn improved job satisfaction, engagement, and organisational commitment, while lowered levels of turnover intentions [8].

Similar to police officers' job in terms of a considerable amount of public interaction, need for quick decision-making and its great influence on physical and psychological well-being of others is the occupation of a nurse. A study on Spanish nurses' during the alarming situation at the peak of the COVID-19 pandemic in late March and early April 2020 showed a great effect of emotional intelligence on well-being. During such dire times, medical workers and nurses in particular faced enormous overexertion, huge physical, psychological, emotional, and social demands in an extremely volatile and uncertain environment. The study conducted in the given environment showed that emotional intelligence predicts and plays a moderating role in relation to burnout, job satisfaction, and the health of nurses which is regarded from the psychosomatic point of view. Such aspect of emotional intelligence as perceiving and regulating emotions as well as awareness of the emotions of others is of great importance for nurses. However, it is noteworthy that the moderating effect of emotional attention in the particular case was connected with an increase in interpersonal conflicts and burnout. In case of paying too much attention to the emotional aspect of nurses' job higher vulnerability and burnout are possible and can lead to job dissatisfaction especially if there is a lack of organizational justice. At the same time, the authors proclaim the importance of developing emotional repair as it prevents burnout, psychosomatic complaints, and improves job satisfaction [30].

To conclude, emotional intelligence proves to be a crucial aspect of an individual's professional activity and positively impacts employee's well-being. It is in the company's best interest to design a favourable workplace

environment positively affecting well-being of employees which in its turn impacts the organization's success. Developing emotional intelligence can be the way to increase employee's well-being. This article can be used by managers or HR managers to better organize workplace environment.

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## **SCIENTIFIC INSTITUTIONS AND THE BUSINESS COMMUNITY AS KEY ELEMENTS OF THE INNOVATION SYSTEM**

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*Abstract.* This paper examines the notion of the innovation process and the place of research institutes and universities in the innovation system.

*The role and functions of the entrepreneur and business communities in the innovation system are defined.*

**Keywords:** Innovation process, innovation system, science, business.

A post-industrial, knowledge-based economy increases the role of universities, which are essential for the innovative economy development. Universities and research centers are part of the national innovation system. Its technological base consists of research and development organisations, including: academic, sectoral institutes, higher education institutes, research and production enterprises and large corporations involved in the mass production of science-intensive products.

Thus, the aim of this paper is to examine the role of scientific institutions and the business community in the innovation system.

In order to achieve this objective, the article addresses the following questions:

- 1) the innovation process and the place of research institutes and universities in the innovation system;
- 2) business community and entrepreneur's role and functions in the innovation system.

### **Theoretical approaches to defining the innovation process**

There are many definitions of the innovation process, but in this paper it will be considered as a set of actions that are necessary to create and put into practice new technological, structural, economic, technical, social and other solutions. This case deals with the process of successive transformation of ideas into innovation. In turn, the innovation cycle is characterised as the period of time over which the innovation process takes place.

Speaking of the different approaches that are used in science to analyse the innovation process, the best known is the linear model [Plotnikov, Apsitis, 2012]. The main feature of the linear model is that an idea passes through a series of stages with a definite sequence from its initial stage to its application in practice.

The historical formation of the linear model is dealt with in detail in the work of the Canadian scholar Benoit Godin. In his books, the author suggests that "the linear model of innovations is not a spontaneous inven-

tion of a person. Rather, it developed over time in three stages: In the first stage, applied research was linked to basic research, in the second stage development was added and in the third stage, production and diffusion were added. These three steps are actually linked to the three scientific communities and their consistent contribution to the field of scientific research or science policy" [Godin, 2009].

Approaches to the definition of the organisation of the innovation process have evolved dramatically since the period when innovation was needed as a permanent source of economic growth. In 1994, for example, an article by British economist R. Rothwell was published, which soon became very popular. In his work, Rothwell described a classification of innovation process models. The scholar conducted a detailed analysis of global experience in industrial innovation management from the 1950s to the 1990s. Also, Rothwell noted that "processes have gradually transformed and, as a result, evolved over the course of the development of innovation management as a science" [Rothwell, 1994]. The table below lists the time periods, models and their brief characteristics.

Table

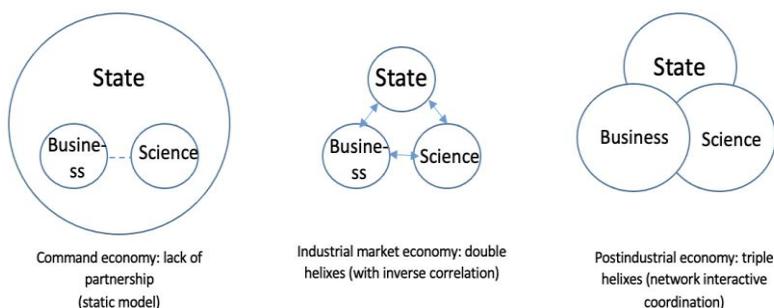
*Evolution of innovation process models (G5)*

<b>№</b>	<b>Period</b>	<b>Model</b>	<b>Characteristics</b>
1	1950/60	"Technology push" (G1)	Simple linear sequential process, emphasis on research and development works (R&D), market is the recipient of products developed by R&D
2	1970	"Market pull" (G2)	Simple linear sequential process, emphasis on marketing, market is the source of R&D management, R&D has a reactive role
3	1980	Simultaneous communication model (G3)	Emphasis on the integration of R&D and marketing
4	1980/90	Interactive model (G4)	PUSH & PULL combination
5	2000	Network model (G5)	Emphasis on knowledge and external linkages development

In the latter model, innovation is the result of a network communication between different agents (from basic science to commercial companies). Therefore, it is essential to define the role of these agents in the innovation process.

### The role of research institute and business community in the innovation system

The interaction between science and business community is now being reshaped. The commercialisation of scientific developments is also gaining momentum, and the transfer of knowledge and technology created by science is accelerating. This trend is revealed in a book by G. Etzkowitz, Professor at the University of Newcastle, and L. Leydesdorff [Leydesdorff, 2010], Professor at the University of Amsterdam. Scientists present it as "a hybrid social construct with the advantages of a DNA molecule (linking spiral structures) and increased adaptability to changes in the external environment" [Etzkowitz, Leydesdorff L, 1995]. The scientist believes that an entrepreneurial research institute/university should be developed for further enhancement and job creation, as well as for economic growth stimulation [Etzkowitz, 2008].



#### *Options for establishing innovation systems*

The triple helix concept has evolved by optimising it for the current environment in which the National Innovation System (NIS) is taking shape. In this regard, in the works of a number of economists, one can see three, four, and five-link variations of the spiral. A feature of the quadruple helix is the presence of an additional component – civil socie-

ty. In turn, the concept is based on the notion of civil society as a full-fledged actor in the country's innovation system. This development pattern is only used in modern developed countries. Hence, the main differences are contained in the degree of development of individual institutions. Speaking about the five-link version of the spiral [Carayannis, Campbell, 2012], it should be noted that this version is created by adding the environment to the four existing elements (government, science, business and society). It is necessary in order to reflect the action of environmental factors in the NIS and contribute to sustainable development as well as the stable functioning of the remaining elements of the spiral.

The role of the entrepreneur in the innovation process is to transform production, using inventions and technical innovations. It should be noted that the function of the entrepreneur is to produce goods in an innovative way. A characteristic feature of such goods will be the use of alternative sources of raw materials as well as markets, as detailed in the works of J. Schumpeter [Schumpeter, 2003].

J. Schumpeter's concept was developed by G. Mensch [Mensch, 1975], who argued that innovation is the flagship and key to the development of economic and innovative structures. He also argued that there is a need to continuously improve innovation in established industries and pseudo-innovations when the market is already overfilled.

The role of business is also evident with the emergence of innovation. According to Deborah J. Jackson's vision [Jackson, 2015], the innovation ecosystem model is divided into two main elements. The first element is the research economy, is characterised by basic research, while the second element is the commercial economy, which sets the market in motion. Business, according to Jackson, is the source of investment in the research economy. In this way, business creates demand for innovation and shapes markets for innovation.

It is also essential to consider the role of the university as one of the agents of knowledge transfer. To date, the following changes are taking place in the model of university-industry interaction:

1. Organisations are moving away from a system where most research and development is carried out in their own laboratories. New laboratories are opened in conjunction with business.

2. There is a globalisation in learning, research and innovation.

3. The role of universities at the regional level has changed significantly over the last 15 years, with most of them becoming a major factor in the development of their own regions.

There has been a slow process of transformation of higher education institutions in the European Union over the past 30 years. The process began in the UK in the early 1980s, from where it then intensified across the continent. It affected the Netherlands and the Scandinavian countries as well as France and Italy.

Academic institutions and universities have traditionally been assumed to have two functions: an educational process function and a research function. However, it is worth noting that most research institutes and universities increasingly fulfil the third function – knowledge transfer [Trippel, Sinozic, Lawton, 2012]. In turn, knowledge transfer acts as an integral component of the innovation system as a whole. Thus, a new approach is gradually being developed in society that helps to define the role and place of the research institute/university. Scientific institutions as well as universities fully influence and contribute to "economic development and the transfer of technological innovations" [Fassin, 2000].

Another type of university, the so-called "universities of applied sciences," which originated in Germany, also plays a role in the transfer of technology and knowledge. Their main task is to provide personnel capable of working with new technologies. Their peculiarity lies in the fact that students interact with companies during their training during internships, implementation of projects, writing graduate qualification papers. Also, they are taught by professors who are practitioners who share first-hand expertise. However, these universities are outsiders in the ratings. This can be explained by the fact that German universities of applied sciences have no postgraduate programs, which, in turn, means that the number of scientific publications (which are counted in the rankings) at such universities is insignificant. However, graduates of universities of applied sciences are in demand on the labor market and have an income level comparable to graduates of other universities. In recent decades, other national systems of higher education have been replicating the similar practice of applied university consciousness. For example, elements of this system are being implemented in the Netherlands, Finland, Sweden, Austria, and Belgium.

The definition of knowledge transfer originally emerged as a complement to the notion of technology transfer. In turn, an examination of approaches to the definition of technology transfer will be presented later in the paper. Knowledge transfer is a process in which knowledge and expertise are transferred to industry, as well as to the business community and the authorities, with a view to further developing innovation activities [SHutaeva, 2015].

Moreover, it is necessary to consider the development of the knowledge transfer process on the example of foreign countries. For instance, the Office of Technology Licensing at Stanford, founded in 1970, is an example of a successful knowledge transfer organisation in both the USA and the UK.

In Europe, the first in this field was the Belgian Catholic University in Leuven, founded in 1973. Researchers established interactions with companies and the government based on personal connections and solved problems on their own, as advisors and assistants, without the help of the university.

On the industry side, university research has been supported by funds and grants.

Knowledge transfer in the USA and Europe has been dominated by large companies with their own research labs conducting their own basic research, with which university researchers have collaborated (the example of Bell Labs and ICI).

In the EU countries and in the USA, there has historically been a link between universities and industry. This link has been maintained and developed through contract research and consultancy services.

Where some organisations splintered off to form companies with technology transfer as their core business, others continued to pursue primary objectives. Despite the tendency of organisations to engage in technology transfer with a focus on intellectual property rights, the internal set-up of knowledge transfer-focused organisations is diverse.

Two major professional associations are examples of joint activities by organisations aimed at knowledge transfer (AURIL и UNICO). The Association for University Research and Industry Relations (AURIL) focuses on knowledge transfer on a general scale, while the Association of University Companies (UNICO) is linked to technology transfer and focuses on intellectual property rights and the creation of subsidiaries.

Having analyzed the research works of A. Cosh and A. Hughes [Cosh, Hughes, 2010], we should conclude that the role of scientific institutions is much broader than it is currently believed. In their papers, the scientists made an extended analysis of the role of scientific institutions in the development of the innovation system. Thus, they found out that research institutes:

- Provide the economy with a skilled workforce (bachelors, masters, etc.);
- Create and transfer scientific knowledge through publications, IP-Os (patents), prototyping, etc.;
- Assist the business community in finding solutions using research (business contracts), consulting, business incubator services, etc.;
- Create platforms where researchers meet and exchange ideas (co-working).

Having considered the notion of innovation process, the composition of its actors and the importance of their roles, we describe the main points of convergence, using the triple helix concept:

1. One of the peculiarities of the interaction between the business community and higher education institutions is the complex incentives for the educational system to acquire knowledge, conduct research and to participate efficiently in work on targeted business orders.

2. In the interaction between business communities and research organisations (the UK and US experience is an example), there is a transfer of knowledge and technology. This process takes place through the exchange of students and teaching staff between academic institutions and businesses, while business is integrated into the system of university administration.

3. Subsequent cooperation between academic institutions and business depends on the ability of all agents of interaction to clearly understand the "rules of the game" and build relations based on mutual influence and learning, where both parties involved adapt in a timely manner to the demands and specifics of their partners.

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# **TRENDS, FEATURES, AND CHALLENGES FOR DEVELOPMENT OF THE VENDING MARKET IN RUSSIA**

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Every day our world becomes easier and smarter thanks to innovations which help us to save our own efforts and more importantly – our time and money. It is essential for businesses to move to 24/7 self-service solutions now, as in the era of greater mobility product availability allowing consumers to gain access to it at any time and in any place. According to a study of Doronkina L.N. and Gorbenko A.V., there has been a decrease in small shops and food service outlets due to the increasing potential of the vending trade over the past 10 years in the United States and Europe: the western market is characterizing with a growth rate of about 3 % per year and with a total of 5 million vending machines, while in the USA the market is approaching 8 million vending machines (1 vending machine per 40 inhabitants)<sup>1</sup>. In Russia vending came later than in western countries, but according to the experts in our country the automated trading market is increasing annually by 25–30 %. Centers of development of this industry are Moscow and St. Pe-

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<sup>1</sup> Prospects for vending in Russia in 2018 // veq. ru. URL: <https://veq.ru/catalog/kolonka-redakciy/doc/5647> (date of access 04/28/2019).

tersburg, but nevertheless vending actively developing in the regions covering 38 % of the total number of operators<sup>1</sup>.

The efficiency of the vending trade largely depends on the location of the vending machine. For better places operator companies must improve the quality of service using modern and technological machines. Due to the wide coverage area, it is possible to collect statistics on the volume of total sales and for each product separately<sup>2</sup>.

For entrepreneurs, the main reasons for the occupation vending business are:

- small start-up capital;
- mobility of vending machines (1 machine ~ 1 sq.m.);
- automated service – the economical solution for business that replaces employees (guarantee of quality work, eliminating human factors: inattention, delay).

Buyers also noted as positive aspects the saving of time for purchasing goods and the convenience of making a purchase<sup>3</sup>.

According to experts at the present time vending industry in Russia is entering a stage of maturity, bringing with it<sup>4</sup>:

1. Increasing the range of products sold in vending machines. If earlier the main share of the market was occupied by vending machines with coffee and snacks, now you can find photo booths, vending machines for contact lenses, souvenirs, space food, etc.

2. The transition from the innovative industry in marketing. Entrepreneurs need to listen to customer requests and their interest in advertising, since self-service machines are no longer something new for Russians.

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<sup>1</sup> *Doronkina L.N., Gorbenko A.V.* Analysis and prospects for the development of vending in Russia and abroad // Economics of construction, 2012. No. 4 (17). S. 24–28.

<sup>2</sup> *Rudetskaya A.V.* Vending services in modern retail. Khabarovsk, 2012. S. 10.

<sup>3</sup> *Miroshnichenko V.V.* The essence of vending and forecasts of its further use // Fundamental and applied research of the cooperative sector of the economy, 2013, No. 1. S. 172–175.

<sup>4</sup> *Kardash D.Y., Kulakova N.N.* The state and development of vending in the Russian Federation in the short and long term // Directions of socio-economic development of regional economics: collection of articles. materials of the international scientific and practical "round table". Kaluga: Financial University under the Government of the Russian Federation, 2016.S. 77–82.

3. Growth in the number of vending machines in the region. Large volume of the industry builds confidence in the future for sellers, attracting more buyers and reducing risks.

4. Improving the quality of products for sale. For example, there is a contest among vending operators on pouring hot drinks since 2009.

Considering the pace of development of vending industry in the country, a group of researchers attempted to study the demand for vending in Russia as a new approach in the field of trade, namely, to study the interest in using vending machines among a specific audience – young people aged 18 to 24 years.

### **Data and Method**

The main tasks of the online survey of 148 respondents were to identify the attitude towards vending machines in general and to determine the main trends and tendencies in this area. The attitude of the respondents to certain innovations in the vending market was also determined. Thus, the information in the questionnaire was segmented into 3 parts – 3 blocks of questions.

✓ In the first block it was found out whether vending is relevant in the lives of the respondents, where they prefer to use vending machines, and which types they prefer.

✓ In the second part, the respondents themselves offered ideas about the location of vending machines and those things that would be useful for them in it.

✓ In the final block, using the Likert scale, the survey participants assessed the degree of their interest in innovations in the field of vending.

In addition to the above-mentioned audience, 3 experts took part in the study - 3 entrepreneurs from the vending industry, who were asked questions about the promising and demanded directions for the development of the vending machine market at present time, about the future of the vending industry in Russia, as well as about innovative ideas in this area of trade.

### **Results**

Analyzing the information that was gained through the online survey and interviews, it is important to note that about half of the respondents consider vending to be relevant in their lives, using vending machines main-

ly at work / study (60.8 %), in shopping centers and shops (44.6 %) and at train stations / airports (40.5 %). The opinion of experts that the main share of the market is occupied by vending machines with coffee and snacks is confirmed by the statistics of the surveyed people – that is where the overwhelming majority prefer to buy coffee and snack products.

Regarding innovations proposed by researchers in the field of automated sales, 75.4 % of respondents were interested in the idea of vending with pharmaceuticals. The second place was taken by tourist vending at train stations and airports, that is, the sale of things necessary for travel (66.2 % of respondents' positive assessments). Top 3 closes the coffee vending in dormitories (64.9 % interested). The idea of automated sales of healthy food, sports nutrition and vending in driveways was positively assessed by half of the respondents, while the idea of vending with food for vegetarians, on the contrary, was negatively received (62.2 % of the audience rated this idea on a Likert scale at 1 or 2 out of 5). All the results we can see on Table.

Table

*Respondents' assessment of the authors ideas*

<u>Respondents' assessment of the authors ideas</u> (scale from 1 to 5, where 1 – not interesting at all, 5 – very interesting)					
<b>Ideas</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Vending of healthy food	40.5 %	12.2 %	20.3 %	12.2 %	14.9 %
Vending in the driveways of residential complexes	29.7 %	16.2 %	20.3 %	18.9 %	14.9 %
Coffee vending in student dormitories	29.7 %	5.4 %	<b>18.9 %</b>	<b>14.9 %</b>	<b>31.1 %</b>
Tourist vending at train stations and airports (sale of travel items)	17.6 %	16.2 %	<b>13.5 %</b>	<b>25.7 %</b>	<b>27 %</b>
Vending with sports nutrition products	37.8 %	14.9 %	23 %	8.1 %	16.2 %
Vending with pharmaceuticals	17.8 %	6.8 %	<b>19.2 %</b>	<b>17.8 %</b>	<b>38.4 %</b>
Vending with food for vegetarians	50 %	12.2 %	18.9 %	9.5 %	9.5 %

Speaking about the results of the expert assessment, on the questions of the vending industry future in Russia, entrepreneurs agree that since 2014 vending has been going through challenging times due to financial and political crises (ruble devaluation, anti-Russian sanctions). In addition, an amendment to the law "On the use of cash registers" is now a barrier to the development of the industry, according to which, starting from July 1, 2018, vending machines were mandatorily equipped with cash registers. Alexandra Voitova, who specializes in mechanical vending machines in Kaliningrad, believes that the fate of mini-vending machines (chewing gum, jumping balls, capsules with toys) hangs in the balance due to the introduction of this law. Nevertheless, now mitigating amendments have been made to the law<sup>1</sup>:

- mechanical vending machines are exempted from cash registers if the vending machine does not sell excisable, technically complex and subject to mandatory labeling goods, and also if the serial number is openly indicated on the machine;
- the online cashbox can be one for several machines and be located outside the vending equipment case (cloud cashbox).

But the main driver of growth of the market experts referred to the development of automated trading technology. In addition, the specialists identified two main areas of this sector: a cashless payment system and a remote monitoring system. It is noted that there is an emerging demand in the vending trade from large companies and holdings of a federal scale. Stanislav Stebakov, an expert at Coffee to go, believes that vending can end as a super-marginal business and in 1,5–2 years move from the niche of an individual business to a large corporate one (including with the support of the government). For example, there is already an implemented project to produce vending machines for the sale of motor oils for Gazpromneft <sup>2</sup>.

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<sup>1</sup> Full review of amendments to 54-FZ: clear comments and comparative table // klerk.ru. URL: <https://www.klerk.ru/buh/articles/475716/> (date of access: 26.04.2019).

<sup>2</sup> Rosinvest-Oil, in cooperation with Gazpromneft, has installed vending machines. URL: <http://www.pro-masla.ru/news/vendingovye-avtomaty.html> (date of access 04/14/2019).

Foreign experience in the development of automated trading services confirms the perspective of vending area. Its effectiveness in our country largely depends on the proper organization. Due to the versatility of this type of service, vending activities are in demand in all regions of Russia, which indicates its potential both in the provinces and in cities of federal significance. And by 2022, the growth of vending machines can reach the growth of retail<sup>1</sup>.

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# **ENTREPRENEURSHIP STRATEGY OF COLOGNE UNIVERSITIES – ENTREPRENEURSHIP EDUCATION, RESEARCH TRANSFER AND THE DEVELOPMENT OF A REGIONAL ENTREPRENEURSHIP CLUSTER**

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## **1. Universities and entrepreneurship education**

The role of universities in general consists in research and teaching, and more recently to a greater extent in transfer, sometimes also referred to as the "third mission". Universities are called to harness knowledge for the good of society ("Wissen gesellschaftlich wirksam machen" – TH Köln 2017) and increasingly see this as central to their remit (Becker 2013, p. 67f., Reisswig 2014, p. 21f.).

Entrepreneurship education can play an important role here. In addition to research in the field of entrepreneurship, which is also stepping up its focus on regional contexts for thinking and acting in an entrepreneurial way and can therefore help to provide practical solutions to specific regional problems (Welter/Baker 2019, p. 324), the establishment and expansion of entrepreneurship education in the curriculum is currently the focus of many universities. The core tasks here are to offer the students and academic staff opportunities to gain a better understanding of the phenomenon of entrepreneurship, to impart practical skills conducive to overcoming entrepreneurial challenges, to offer members of the universities concrete support for start-

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<sup>1</sup> This paper is based on a presentation at the conference "Business trends: research agenda in innovations and entrepreneurship" of the Higher School of Economics Moscow/Nizhny Novgorod on 26th November 2020 and a German-speaking paper by the author, Thürbach, K. (2020): Die Rolle von Hochschulen und Entrepreneurship Education bei der Entwicklung regionaler Entrepreneurship Cluster – das Beispiel der „Strategie Entrepreneurship Education und Existenzgründungen der TH Köln“. In: Hölzle, K./Surrey, H./Tiberius, V.: Perspektiven des Entrepreneurships – Unternehmerische Konzepte zwischen Theorie und Praxis, Stuttgart.

ups, also in entrepreneurial finance, and to promote entrepreneurial spirit at universities as a whole.

With these aims in mind, entrepreneurship education is increasingly based on the concept of a network. On the one hand, the latest research findings are integrated into the teaching and jointly explored in the research-based learning context (Heuchemer/Szczyrba 2016, p. Vf.). On the other hand, there is great potential in entrepreneurship for the impartation of knowledge to other target groups and for transfer in the sense of support for specific problems encountered in practice. Universities can therefore become an essential part of "innovation and entrepreneurship hubs" where they can be involved to a significant extent in promoting the formation of regional entrepreneurship clusters (Pinkwart 2012, p. 11f.). Porter defines clusters as geographic concentrations of interconnected companies and other institutions which share common features in a specific area. Such clusters often strengthen the economy and have different spill over effects on the region (Porter 1998, p. 77f., Delgado et al. 2010, p. 495f., Welter 2009, p. 64). The promotion of clusters has already been taken up by politicians in Germany in various fields for some time (cf. Kirchgeorg 2013 as an example). In the field of entrepreneurship, however, considerations are often still in their infancy. Universities and entrepreneurship education can play a major role in the development of regional entrepreneurship clusters in Germany (Chatterji et al. 2014, p. 129f., Pinkwart 2016, p. 22f.).

## 2. "TH Köln Strategy for Entrepreneurship Education and Business Start-Ups" as an exemplary case

### ○ TH Köln and the regional research network

TH Köln calls itself a "University of Technology, Arts and Sciences". It is a university with an international bias and deep regional roots. With its distinct strength in research and pioneering approach to teaching, it is on a mission to generate new knowledge through research and to exploit its potential for innovation in civil society, business, culture and politics (TH Köln 2018b, p. 6f.). With more than 26,000 students and about 90 bachelor's and master's degree programmes, it is an important feature in the scientific landscape of the region. There are 12 faculties at five different locations covering a broad spectrum of research and teaching with great scope for innovation.

In addition to a wide range of memberships of national and international university and research networks, the TH Köln also has good connections at regional level. It is a member of the Cologne Science Forum (Kölner Wissenschaftsrunde – KWR), for example, alongside other high-profile regional universities and research institutions but also representatives of chambers of commerce and the city council. Together with the University of Cologne, the German Sport University Cologne, the various universities of applied sciences like the Cologne Business School, the Rheinische Fachhochschule and others, and research institutions like the German Aerospace Center (DLR) and various Max Planck Institutes and Leibniz Institutes, the region boasts a burgeoning scientific community with an active interest in cross-fertilisation (Kölner Wissenschaftsrunde 2019).

With its strong economy, the Cologne region has the basic infrastructure to be a launching pad for businesses and the potential to occupy a key position in the nationwide context of knowledge-based and socially relevant business start-ups, forming part of the Rhineland with its diverse economic, scientific and cultural landscape.

In this context, the TH Köln would like to be a breeding ground for start-ups in the regional setting and a relevant contributor to the "entrepreneurship ecosystem". It sees its role as helping to foster entrepreneurial spirit and to establish structures in the region which facilitate business start-ups in order to play its part in promoting the formation of a regional entrepreneurship cluster in the sense of an "innovation and entrepreneurship hub".

A total of around 100,000 students are enrolled at the various universities in and around Cologne, making it one of Germany's leading regions for higher education. The hochschulgründernetz cologne e.V. (hgnc) addresses this target group. The hgnc is a regional network for the promotion of scientific start-ups. It was founded in 1998 by the TH Köln, the University of Cologne and the German Sport University Cologne. It now has over 20 members (hochschulgründernetz cologne 2019).

In addition to its own entrepreneurship education and in conjunction with the participating universities and research institutions, the TH Köln sees the hgnc as a basis for the joint development of a regional entrepreneurship cluster.

○ **Entrepreneurship education at the TH Köln and in the regional research network**

The TH Köln aims to meet the great challenges of our time through excellent teaching, socially relevant research and appropriate transfer of knowledge. Entrepreneurship education has a contribution to make in this respect. Although many students are basically interested in starting a business, the majority of them have not yet looked into the subject in any depth during their studies. This is where one has to start.

There is a wide and diverse range of expertise and activities in relation to entrepreneurship education and business start-ups at the TH Köln. The broad technical spectrum of the TH Köln and its size and diversity offer great potential for interdisciplinary and innovative (start-up) projects from different areas. This variety and the decentralised structures of the TH Köln are conducive to network-based development and experimentation with new ideas and formats.

Entrepreneurship education at the TH Köln is true to its mission statement in that it focuses on the social implications of innovation and entrepreneurship as well as the economic ones. Issues like sustainability in the economic, social, ecological and also ethical sense are addressed both in individual entrepreneurship modules (e.g. basic entrepreneurship session) and in compulsory sessions (e.g. leadership and ethics). Thinking about such aspects of entrepreneurship in times of change and delivering momentum for business practice and social discourse are also important aspects of the remit of the universities.

The hochschulgründernetz cologne e.V. (hngc) is an established regional support network for start-ups and its work complements the entrepreneurship education at the TH Köln. It offers an extra-curricular programme of events for existing and potential entrepreneurs. The events are run both by the participating universities and by external partners. In addition, advice is offered to those interested in setting up a business and support is available for start-up projects. Both have been provided until now through the start-up support services of participating universities (e.g. GATEWAY at the University of Cologne, advice centre at the German Sport University Cologne, and start-up support department at the TH Köln).

There is great scope for effective synergies and positive network effects for research scientists, students and the region, especially through the work with GATEWAY, the start-up support service at the University of

Cologne, which expresses its partnership-based approach in joint entrepreneurship education, events and advice for start-ups but also in research, e.g. through cooperation in submitting and processing research applications and proposals for research projects.

A specific focus is set on a joint programme called Exist "Fit for Invest" to help students and members of the universities, who try to create a new business, with challenges in the domain of entrepreneurial finance, as this is regularly a critical obstacle for young academic founders. The range of services are helping them to understand the various options of entrepreneurial finance in the different stages of funding, both government-financed and privately funded (Duran/Farres 2018, p. 97f., Mason/Botelho 2018, p. 60f.). In addition, the programme helps to connect academic founders personally with individuals and institutions in the domain of entrepreneurial finance.

The TH Köln developed its "Strategy for Entrepreneurship Education and Business Start-Ups" in a bid to further expand and coordinate entrepreneurship education at the TH Köln and in the regional research network and, in so doing, to press ahead with the goal of making a relevant contribution to the development of a regional entrepreneurship cluster.

○ **Evolution of the "TH Köln Strategy for Entrepreneurship Education and Business Start-Ups"**

Having published its "Strategy for Entrepreneurship Education and Business Start-Ups" (TH Köln 2018a) in 2018, the TH Köln laid the foundations for further initiatives in the field of entrepreneurship education and business start-ups in a two-year interdisciplinary and participatory process within the university. This strategy complements the 2025 transfer strategy, which is to harness knowledge for the good of society ("Wissen gesellschaftlich wirksam machen" – TH Köln 2017), and the patent strategy of the TH Köln, making it an essential component of the long-term strategy development at the TH Köln. The basic idea, as already outlined, was not only to make a relevant contribution to research and teaching for its own members but also to contribute in general to the development of a regional entrepreneurship cluster. In this respect, the strategy is designed to be complementary and compatible with other entrepreneurship initiatives in the region.

The following goals are formulated in the "Strategy for Entrepreneurship Education and Business Start-Ups" of the TH Köln (TH Köln 2018a, p. 4f.):

*"The TH Köln wants to develop resources but also more visibility and appreciation of entrepreneurship in teaching, research and transfer. It wants to be perceived as one of the key players in the field of entrepreneurship education in the state of NRW and nationwide – as an innovative university with the will to facilitate business start-ups (with an "entrepreneurial mindset"). (...)*

*In order to achieve these goals, the TH Köln is developing appropriate structures and is continuously working on further measures which will promote research, teaching, administration and networking and which will most notably support students in the field of entrepreneurship education and business start-ups. "*

The following objectives can be derived from the strategic goals:

- To expedite the networking of research, teaching and start-up support services within the TH Köln and within the regional research network.
- To intensify the networking of students within the TH Köln (across faculties and departments), between the Cologne universities (especially through hgnc), in the region and in the state (e.g. with the help of private start-up initiatives like "NUK", the funding landscape, initiatives like "Digital Hub", politics and so on), with practice (e.g. business contacts, start-up and investor scene) and with research.
- To develop resources and infrastructure and to enter into partnerships in the regional network, e.g. "space for ideas" (incubators), scientific and administrative staff for research, entrepreneurship education, start-up support services, communication and events and for the support of research, teaching and networking.

These aims are fleshed out in detail in the following points in the strategy: the keyword is *structures* when it comes to naming the networks in which the TH Köln is active and would like to be active in the future. Particular mention should be made here of the more intensive long-term cooperation with the hgnc and the participating partner institutions. There are also plans to do more networking with the regional funding, start-up and investor scene ("regional start-up ecosystem"). Here, TH Köln along with its academic partner institutions has established a network of significant individuals of the entrepreneurial finance domain as a part of its initiative „Fit for Invest“. Looking inside, the existing central structures of the TH Köln, such as university management, start-up support services and administration, and the decentralised

structures, such as professorships, institutes and entrepreneurship initiatives at faculty level, are outlined and potential for future development is identified.

Finally, a package of concrete *measures* is presented which are divided into the four phases of "raising of awareness and mobilisation", "qualification", "advice" and "support". The package contains measures already in place and yet to be developed. These measures are to be incorporated in the entrepreneurship education at the TH Köln, e.g. by expanding the curriculum, and supplemented by cooperation in the regional network.

An *operational target system* with *monitoring* is to be set up for the evaluation of the measures. Measurements are to be based on both quantitative criteria (e.g. proportion of entrepreneurs, number of events) and qualitative criteria, such as changes in attitudes (e.g. "entrepreneurial spirit"). The issues outlined above also provide a variety of starting points for a future research programme.

In the coming years, the university will use its own funds to implement the strategy and will also increasingly raise third-party funds for this area.

The "Strategy for Entrepreneurship Education and Business Start-Ups" of the TH Köln can be taken as an example to show how a university can take a long-term and forward-looking view of entrepreneurship in a strategic context and, at the same time, make it a high priority and put the subject on the agenda for discussion with its partners in science, business, especially in entrepreneurial finance, society and politics with a view to finding common ground in the interests of regional development.

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