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## MODERN STAFF SELECTION METHODS IN VILNIUS NURSERY - KINDERGARTEN "RYTAS"

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### **Abstract**

The problems in organizing staff competitions are due to COVID -19 and the associated safety requirements, as well as the resistance of colleagues to new employees for fear of losing their jobs. These problems lead us to think about new ways of selecting personnel that would provide more flexibility and opportunities for telecommuting, which would speed up the hiring process and facilitate the selection of the most suitable employees for the company. This may include techniques such as dedicated telecommuting apps, artificial intelligence and more.

Key words: employees, personnel, personnel selection, adaptation.

### **Introduction**

The Covid 19 pandemic is destroying the global economy, but it also offers other opportunities for companies - they need to think about how to work virtually, and in this situation, the biggest challenge for HR managers is to manage employees effectively.

Problem of work. Each organization applies its own methods of personnel selection. Especially public organizations that tend to use traditional methods, although modern personnel selection methods ensure more efficient and faster selection organization.

The subject of the work - is modern personnel selection methods.

The aim of the work - is to analyze modern personnel selection methods.

#### **Work tasks:**

1. Analysis of modern methods of personnel selection from a theoretical point of view.
2. Carrying out a study of the methods of personnel selection in Vilnius nursery - kindergarten "Rytas".
3. Presentation of the possibilities of improvement of the personnel selection methods of the Vilnius nursery - kindergarten "Rytas".

### **The concept and essence of personnel selection**

Researchers have different definitions of personnel selection. As H. Jiarakorn points out, personnel selection can be defined by S. Suchiva and S. Pasipol (2015) as a process consisting of two phases. Phase I - dissemination and positioning of the advertisement for the employee sought. The first phase of this process begins when companies advertise the employee they are looking for and try to attract candidates with the required qualities. Phase II - Selection. Selection refers to the process of recruitment or non-recruitment. Thus, personnel selection is the second phase of recruitment, in which employees with the competencies and skills required for a particular position are sought. During this process, the latter are monitored and tested. According to Ž. Petrylaitė (2017), personnel selection is a two-way process in which the employer selects an employee from the selection participants and the selection participants decide whether the job would be suitable for them.

According to Zaliapugas (2012), the result of completing the personnel selection process is the formalization of the employment contract. However, the selection process can take a lot of time as it consists of several phases (Jatautaitė et al., 2021).

The phases of the selection process:

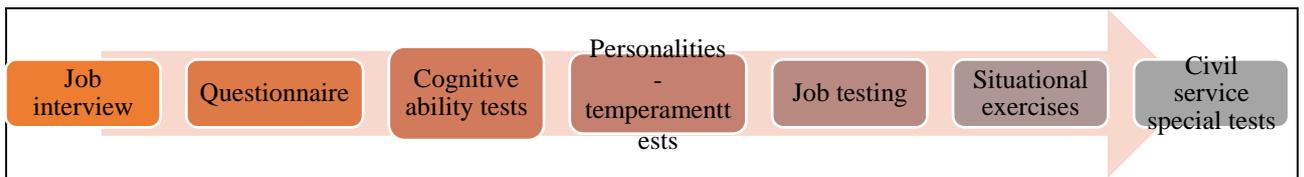
- Identify a talented person for the job
- Arrange the job documents
- Determine the recruitment channel
- Set up a recruitment channel and tools
- Set selection criteria
- Select talented candidates
- Selection and screening of talented candidates
- Evaluate the candidate and the choice made based on the prepared work.
- Check the qualifications of the best candidate
- Confirm the hiring selection

The selection process can optionally consist of different phases. Depending on how the selection process is structured, what its goals and functions are, a phase classification is made. The more stages the process includes, the higher the quality of the process can be expected to be, as each candidate is carefully screened and assigned to one or another group of candidates and further stages, whereupon the unsuitable candidates are eliminated and the rest participate in the remaining stages until the final stage is reached.

**Traditional methods of personnel selection**

Traditional methods are often used in personnel selection, which are based on life practice. The point of view is that the personnel selection process must be comprehensive.

According to H. Jiarakorn, S. Suchiva, and S. Pasipol (2015), the following seven methods of personnel selection are commonly used (see Fig. 1):



1 Fig. Traditional selection methods are the most commonly used

The purpose of the pre-selection phase is to select suitable candidates for the selection process. Nowadays, this is usually done online and offline by electronically reviewing candidates' resumes and cover letters after processing their data.

In addition to these methods of personnel selection, A. Zaliapugas (2012) also mentions a short interview, which aims to get to know the applicant better and give him or her an impression of the organization, and recruitment tests to determine whether applicants meet the company's requirements. As A. Zaliapugas (2012) points out, tests can be used in these categories (see Fig. 2):

Personality tests	•Determines the qualities required for human work, such as: honesty, openness, optimism.
Cognitive tests	•Checks logical thinking, ability to learn quickly.
Knowledge tests	•Carried out by questionnaire or during a job interview, checking knowledge in a certain field.
Work tests	• Performed to assess the skills of a specific job.
Computer tests	• Checking dexterity of hands, reaction time.

2 Fig. Types of tests for a job interview

P. C. Kyllonen and H. Kell (2018) refer to the personality test as a statement about the personality, its lifestyle and habits. When taking this test, the subject is supposed to indicate the extent to which he or she is able to make statements. Such a test checks the combination of personal qualities and performance in many professional matters. According to A. Zaliapugas (2012), the advantage of this test is the possibility of interviewing many candidates using standard procedures. However, the results of such a test should be taken with caution because they are interpretive and cannot be used to make an important final decision. The next group of tests are cognitive tests that assess the totality of intellectual characteristics (memory, ability to count, express thoughts clearly, etc.) (Zapaliugas, 2012). D. Lipinskienė (2012) emphasizes that tests are an important part of the selection process, which must take into account the individual characteristics of the applicant, and points out that knowledge tests conducted during an interview or questionnaire, etc.

**Modern methods of personnel selection**

Modern and increasingly popular flexible, adaptable recruitment methods that can be useful in a global pandemic that has led to greater digitization and accelerated remote communication processes.

V. S. Kumaran and A. Sankar (2013) examine widely used electronic recruitment tools. They discuss one such tool: an intelligent expert recruitment tool for candidate selection using ontology maps. It includes three stages of candidate selection. In the first stage, the system collects candidates' CVs and creates an ontology document describing the candidates' characteristics; in the second stage, the requirements for the position /job are presented as an ontology;

N. Nawaz (2019) mentions the use of artificial intelligence in personnel selection processes. He argues that artificial intelligence programs are increasingly used in recruitment, which simplify automation in the field of human resources by introducing a single data function. Examining the suitability of artificial intelligence for personnel selection, N. Nawaz (2019) states that artificial intelligence has a positive impact on the transformation of people in the recruitment process and effectively helps to recruit qualified "talent" to face competition and create a sustainable environment.

To apply testing based on new technologies, the organization must be computerized, digital technologies must be developed at all levels, and the types of tests must be implemented as desired. It must be prepared to adapt to the ever-changing needs of its people and the changing content of digital technologies, both in terms of technology and skills. In other words, it must be able to create a well-functioning digital system, synchronize the organization's activities with its internal systems, and procure and design the necessary test content.

### **Modern stages of personnel selection**

The effectiveness of the hiring process depends on how thoroughly the applicant's suitability is assessed and how the hiring process complies with formal and informal requirements and company policies.

There are 5 criteria by which a prospective candidate is evaluated:

- Academic qualification
- Religion / values and beliefs
- Community experience
- Knowledge
- Communication skills

Academic qualifications and specialized knowledge are important in the hiring process, but they are only part of the modern hiring stages. In addition, the individual's ability to collaborate, work as part of a team, and often their values and personal beliefs are important, showing whether they align with the company's mission, vision, goals, and internal culture. The selection process assesses how well the candidate will adapt to the organization, as this is a prerequisite for effective work. The phases can be used to examine a person's ability to commit to the work (community experience).

V. Sinha and P. Thalay (2013) speak of a holistic selection model, which they believe is the guarantor of effective selection. Such a model means that all stages of the personnel selection process are equally important and interdependent. It is important that a transparent, impartial, and reasonable selection plan is used in coordinating these phases, one that meets all legal and employment requirements and reflects the organization's reasonable approach to applicants.

### **Personnel adaptation**

Every organization is a cohesive derivative made up of different personalities with different psychological characteristics and interesting, unique reactions to change. That is, a common thread is needed that unites these personalities by aligning their characteristics with organizational outcomes and using their qualities as strengths (Kavaliauskienė and Lengvinienė 2016).

Personnel adjustment - introduction of new employees into the work process.

According to J. Nekoranec and L. Nagyova (2014), personnel adjustment is a process consisting of 4 stages:

- The first stage is to increase the loyalty of employees. To achieve this, the organization is introduced to the new employee as a change and the strengths are pointed out. This stage must be completed within the first few weeks of hire;
- The second phase is a psychological contract between the new employee and his colleagues. This involves the formation of shared norms, values, and attitudes that become a "psychological contract" (Nekoranec and Nagyova, 2014, p. 115). It forms the basis of the employment relationship and testifies to the fact that the new employee has been introduced to the context of the organization;

- The third stage - training. New employees are trained and encouraged to learn. The duration of learning may vary - it is important to create a planned learning system;
- The fourth stage - adaptation to the social environment. It takes place through socialization, resolution of conflicts.

### Modern methods of personnel selection in the Vilnius nursery - kindergarten "Rytas".

#### *Presentation of the kindergarten "Rytas"*

Vilnius kindergarten "Rytas" is a household institution, which started its activity in 1972 as kindergarten No. 132. In 1996 the kindergarten was given the name Rytas. Kindergarten "Rytas" provides preschool education for children in Lithuanian language according to non-formal education, preschool and pre-school education programs.

The mission of the institution: a preschool institution that provides opportunities for the development of a free, creative, curious, critically thinking and responsible personality, promotes national identity, creates conditions for further school education, communicates and cooperates closely with the family and social partners.

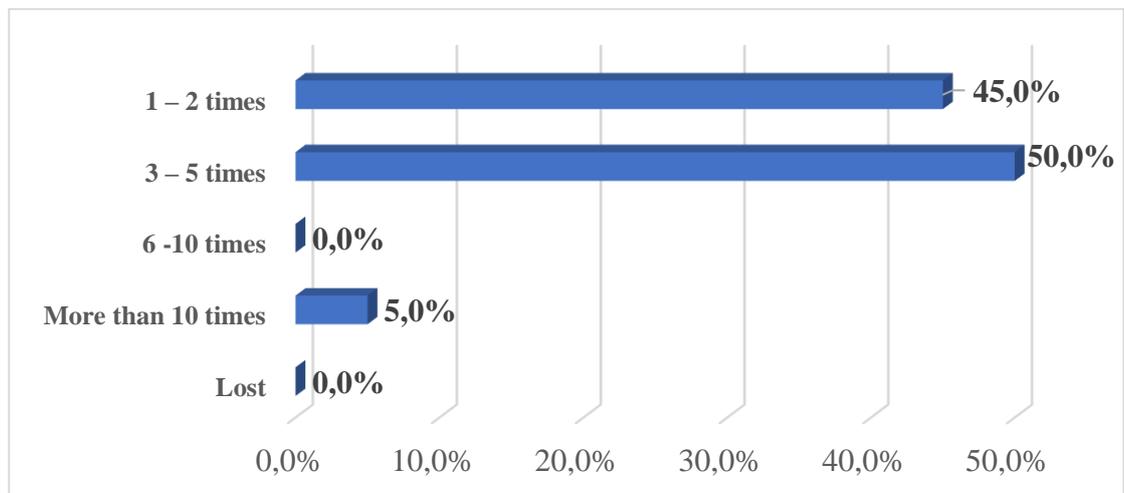
#### *Organization of the study.*

In order to find out the methods of personnel selection in the institution, a questionnaire was prepared.

#### *Analysis of the results of the questionnaire survey on personnel selection methods.*

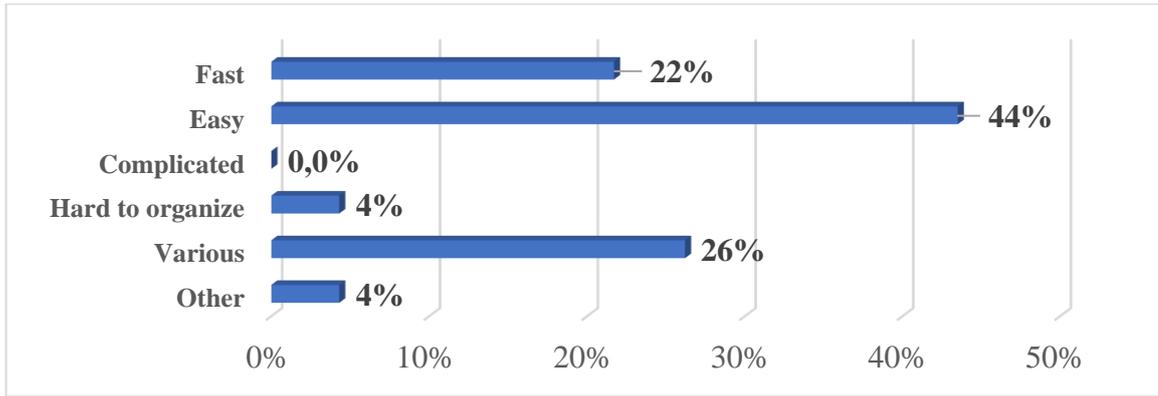
The main characteristics of the respondents: the subjects were 18 to 56 years and older. The age distribution of respondents was as follows: 18-25 years old 4%, 26-35 years old - 9%, 36-45 years old - 30%, 46-55 years old - 44% and 56 and more years old 13%. 100% of the respondents are women. The majority of respondents (35%) in kindergarten with higher or bachelor's education.

The survey showed that not less than (50%) of the respondents had to participate in a personnel selection procedure 3-5 times (*see Fig. 3*).



3 Fig. Distribution of respondents by the number of times they were involved in the hiring process in the past year

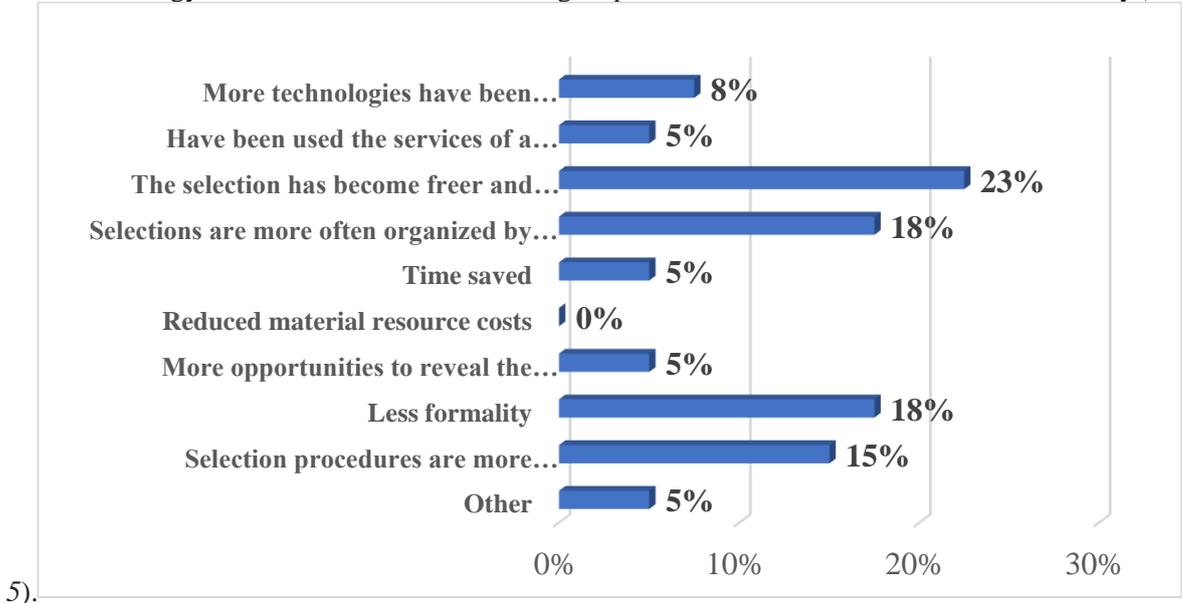
The survey also sought to find out how respondents treat the hiring process in their company - they were asked to describe the personnel selection process in one word. The data obtained during the research showed that the personnel selection process is considered simple and straightforward by the study participants: Almost half (44%) of the study participants described it as easy (*see Fig. 4*).



4 Fig. Distribution of respondents by how they might describe the personnel selection process in one word

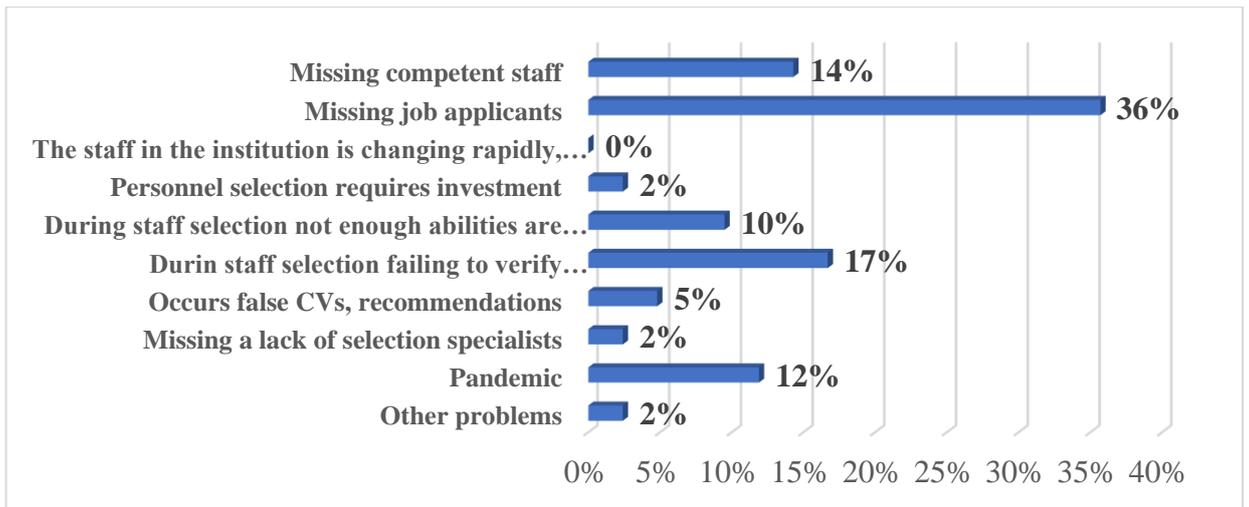
Survey participants were also asked whether they thought the personnel selection process was effectively designed. Respondents' answers to this question were quite varied. The majority of respondents (23%) state that the selection process has become more liberal and that there are more elements of improvisation in it.

A similar number of study participants (18%) felt that formalities in the selection process were reduced and more technology was introduced. The remaining respondents' answers are distributed differently (see Fig.



5).  
 5 Fig. Distribution of respondents according to the evaluation of the personnel selection process in the last year

To further explain the views of the study participants, the problems of personnel selection methods and the selection process are examined. Respondents were first asked about the problems they perceive in the recruitment process. It was found that many of the respondents perceive the main problem in recruitment to be a shortage of applicants - 36 percent. Indicates a shortage of job seekers (see Fig. 6).



6 Fig. Distribution of respondents according to the identification of problems in personnel selection

Summarizing the results of the study, it can be stated that the importance of modern personnel selection methods in the institution has become clear. Based on the data obtained during the study, some adapted recruitment techniques could improve the solution of the existing recruitment problems in the institution.

In addition, the study showed that some modern recruitment methods have already been implemented in the institution - this has been driven by the developments in recent years that affect both the internal and external environment of the institution.

## Conclusions

After analyzing the methods of personnel selection from a theoretical point of view and showing the possibilities offered by modern recruitment methods, it can be said that modern methods of personnel selection are often based on various computer and communication technologies, information systems, social networks and artificial intelligence. Modern methods of personnel selection include creative tasks, playful, improvisational, situational exercises and non-traditional personality tests. The latter methods of personnel selection can be useful when testing the specific skills of the applicant.

After clarifying the selection process of the institution's employees and conducting a questionnaire survey that this is mostly the case with modern mobile technologies, personnel selection methods related to Internet systems:

Creative match checks and organization of interviews remotely using communication technologies. Nevertheless, in the institution there is still the problem of insufficient selection of competent employees, difficulties in checking the compatibility of personal qualities with the job and lack of candidates. All this shows that it is necessary to think further about the improvement of the personnel selection system and to consider the wider application of modern recruitment methods.

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## CREATION AND DEVELOPMENT OF THE CAMPER BUSINESS "MEŽĀ VANS"

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### Abstract

The first „Eccles“ caravan, a very primitive caravan, appeared in 1919. Although camper, or camping, is a common term, this area is not much explored. The global Covid-19 pandemic disrupted most travel plans: canceled flights and closed borders. The pandemic has served the camper business - local tourism has intensified. The establishment of the “MEŽĀ vans“ camper business was also affected by the Global Pandemic. Initially a personal hobby, it later became a family business, which requires constant research and decisions in the development of services.

Keywords: Camper; Vanlife; Tourism; Camping Tourism; Travel, Business; Business Creation; Services; Development.

### Introduction

**Relevance.** Preliminary analysis of the thematic literature shows that the first “Eccles” caravan, a very primitive caravan, appeared in 1919 (Historic Caravan Club, 2014). Lately, many people can afford to buy campers, which previously was too luxurious. “These days, camping from a niche is becoming a major tourism product” (Mikulic, 2017). Although camper, or camping, is a common term, this area is not much explored. The main aspects why people choose to travel by camper are their desire for freedom, flexibility, lifestyle changes, desire to realize themselves, and abandonment of social structures (Hardy, Gretzel, Hanson, 2013). During the Covid-19 pandemic, adventure travelers purchased campers more often than ever before - and the trend is unlikely to slow down in the near future (Industry News, 2021), underlining the relevance and importance of the topic analyzed in the article.

The global Covid-19 pandemic has served the camper business - local tourism has picked up. Many countries have implemented strict restrictions on international travel to curb the spread of Covid-19, so tourists have chosen locations in their country, increasing local tourism compared to previous years, and traveling with a camper has become exotic (Jeon, Yang, 2021). Campers made it possible to travel safely without close contact with people around. And even with the end of the pandemic, the popularity of campers should not go away. The social networking phenomenon of vanlife is rapidly gaining popularity as a way of living and traveling (The word "vanlife" has been searched more and more around the world on the Google platform over the past five years (Google Trends, 2022)).

The establishment of the “MEŽĀ vans“ camper business was also influenced by the Global Pandemic. When thinking about how to travel during this difficult time, the idea arose to realize the old dream - to turn a van into a camper and thus travel and get to know own country regardless of the circumstances. What was initially a personal project and hobby later became a family business. Seeing that the demand for camper rental is growing, and namely rental of campervans in the Baltic States that has not been active, it was decided to offer a personal camper for rent.

**Research.** Camper services are analyzed by Hardy, Gretzel, Hanson (2013), Ferry (2019).

**Subject.** “MEŽĀ vans“ camper business.

**Aim.** Based on theoretical aspects, to analyze the establishment and development of the camper business “MEŽĀ vans“.

#### Tasks:

1. To review the theoretical aspects of camper business development.
2. To analyze the stages and results of the development of camper business “MEŽĀ vans“.

#### Research methods:

- Analysis of thematic literature.
- Analysis of legal and strategic documents.
- Analysis of online sources.
- Analysis of the data obtained.
- Camper business “MEŽĀ vans“ SWOT analysis.

**Hypothesis.** The services provided by the camper business "MEŽĀ vans" are competitive in their business environment and have good opportunities for further business development.

## Theoretical aspects of camper business creation and development

**Peculiarities of camping trips and their significance for tourism.** Travel is a wonderful thing that many people choose as a way to spend their free time. One way to travel is to travel with a mobile home. Camper - a mobile home or a camping house with accommodation and cooking equipment (Armaitiene, 2009). Although camper, or camping, is a common term, this area is not much explored. The main aspects why people choose camping trips are: 1) desire for freedom, 2) flexibility, 3) lifestyle changes, 4) desire to realize oneself, and 5) abandonment of social structures. (Hardy, Gretzel, Hanson, 2013). Camping is a form of outdoor recreation that is part activity and part accommodation. It has evolved from a simple tent to campers now in existence (Brooker, Joppe, 2013).

**Types of campers and their features.** The types of campers are shown in Figure 1.

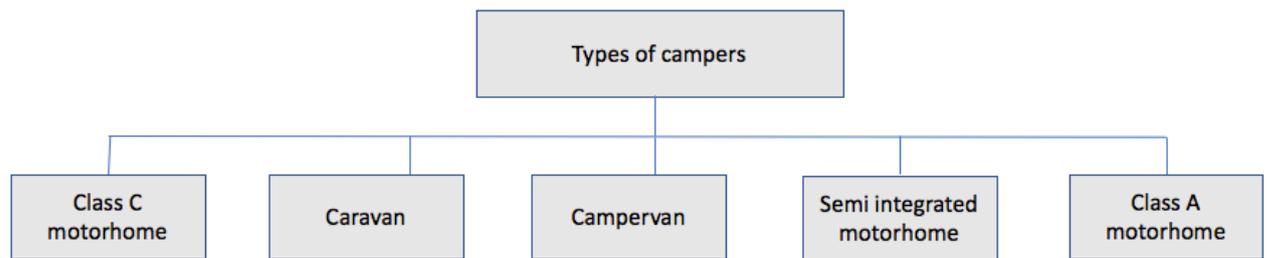


Fig. 1. Types of campers.

\*Source: Compiled by the authors based on Kemperija, 2016

As shown, there are several types of campers (Figure 1). Class C motorhome is a typical camper. Caravan - trailer of various sizes and shapes. Campervan – is a van that has been converted into a camper. A semi-integrated motorhome is a compromise between large and small campers. Class A motorhome is an entire bus or truck converted into a motor home.

**Classification of camper travelers.** There are several types of camper travelers, they can be distinguished by the duration of the camper trip and the motivation to travel. Brooker and Joppe (2013) distinguish three main types of people by duration of travel: 1) full-time, 2) long-term, and 3) short-term camper travelers. Regular users include people who permanently live in caravans without changing location. Also - constantly living in campers, but traveling, changing their location. Long-term users include people who travel with a camper for a long period of time, as well as "seasonal" travelers who go with a camper for the winter or summer season. Short-term users include people who choose to travel by camper for a short period of time to spend their free time.

**What is the share of campers in tourism?** According to the data presented by Keliuok Lietuvoje in the report "Quantitative study of local tourism in Lithuania", traveling with campers chose 7% of respondents, and in 2020 - 0%, while the most popular way to travel around Lithuania was by car: in 2021. - 83% in 2020 - 84% (Keliuok Lietuvoje, 2021).

In Great Britain a study called "Covid-19 Consumer Tracker" by VisitBritain shows that 21 % of the adults in Great Britain are confident enough to take a short trip or holiday in their home country in July 2020. 44 % have already booked or are planning a short trip or holiday in Great Britain by September. Most people who will travel between July and September mainly use "caravan/camping" (36 %) as accommodation, as well as "private apartment" (35 %) or "hotel/motel/inn" (35 %) and "commercial rental" (35 %) (VisitBritain, 2020).

**Camper business trends in the world.** Sales of campervans have grown strongly in the last few years. This is because the ever-growing vanlife movement is gaining popularity among young people who want to have a "home" on their wheels while traveling. Simply put, the attractiveness of vanlife is an alternative lifestyle chosen by many adventure enthusiasts who want to live a simple lifestyle while traveling around the world freely and easily. The freedom to take a vacation almost anywhere, anytime (MotorConnect, 2021).

**Vanlife – what is it?** It is a way of life characterized by living in a minibus or other vehicle permanently or temporarily. These are vehicles that are converted into small living quarters, adding amenities such as beds, running water, refrigerators, toilets, showers and cooking facilities. Living in such a "mobile home" allows

owners to travel at will, pursue their passions and live an unstructured free life. Vanlife is not a new idea, it is a modern concept of a nomadic lifestyle that is as old as humanity (Carrol, 2019).

One indicator of the growing interest in vanlife is the popularity of the word as a search term on Google. One of the reasons why vanlife is gaining so much popularity is the Internet and social networks. Social networks have contributed to the growth and development of the vanlife community. Helped to establish contacts and spread useful information: how to turn a minibus into a camper yourself. Table 1 shows how many search results are generated by entering the word "vanlife" on the online platforms Google, Instagram, and YouTube. These search figures reaffirm that campervans are a sought-after vehicle and mode of travel.

Table 1

„Vanlife“ search results on online platforms	
Online platform	Number of vanlife search results, million
Google	20,8
Instagram	12,2
Youtube	3,3

\*Source: Compiled by the authors based on Google, Instagram, Youtube, 2022

**Traveling by campers relevance.** During the Covid-19 pandemic, adventure travelers purchased campers more often than ever before - and the trend is unlikely to slow down in the near future (Industry News, 2021). Because the pandemic has hit us all hard and made us wonder when we can fly to our favorite vacation spot, many people have now picked up campers and spent their vacation in their own country (Motor Connect, 2021). Traveling by camper can provide a sense of security as you are not dependent on other people, you can travel without contact with other people. The chart below shows how often the word "camper" has been searched on Google around the world over the past five years. The graph shows how often a term in the selected region was searched for on Google in the respective period. The value 100 stands for a very popular search term. A value of 0 would mean that the term was searched so little that there is not enough data see Figure 2.

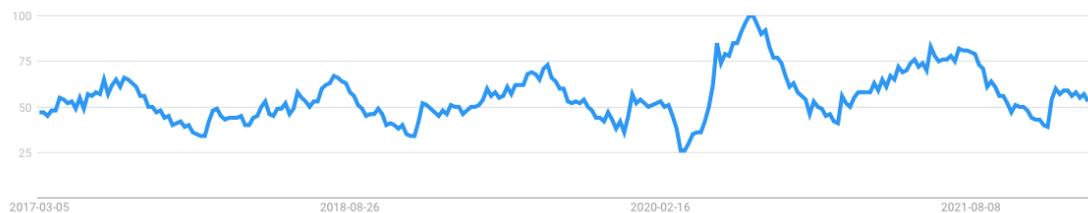


Fig. 2. Search for a word “camper” worldwide (March 2017 – March 2022)

\*Source: Compiled by the authors based on Google, 2022

The search results show (Fig. 2) that the word camper has been actively searched for during the summer season for the past five years. A very sharp increase in searches is seen at the beginning of the Covid-19 Pandemic in spring of 2020.

**Factors influencing the creation and development of the camper business.** To have an idea is a first step of creating a business. Having an evaluated and tested idea, the next step is to choose and establish a business form. The choice of business form depends on the nature of the activity, the amount of available capital, taxes, and the desired limits of liability.

Renting of campers, caravans and semi - trailers for living or camping in Lithuania according to NACE Rev. includes 77.39 (773900) “Renting and leasing of other machinery, equipment and tangible goods” (Center of Registers, 2008). In Latvia, according to NACE Rev. 2, camper rentals are included in 77.11. “Cars and other cars up to 3.5t. renting and leasing”(Lursoft, 2022).

**Essential requirements for campervan vehicles.** In order to create a campervan business, besides choosing the right form of business, it is also important to have proper vehicle documentation. As minibuses are of category N, they are a motor vehicle with at least four wheels and intended for the carriage of goods. Such a minibus requires a change of category to M1 SA - caravan - special purpose vehicle of category M. Category M1 SA must be equipped with:

1. Living room with seating;
2. Table;
3. Sleeping places;

4. Kitchen and food storage equipment;

Equipment and furniture in the living room must be fixed, only a table can be moved.

## Results

**Overview of the development stages of the camper business "MEŽĀ vans".** Figure 3 shows development stages of "MEŽĀ vans" camper business. It took a year since a purchase of a van until it was offered as a rental recreational vehicle. N1 category van was purchased in Lithuania and then transported to Latvia, where it's conversion into a campervan work started.

Conversion lasted for ten months, between September 2019 and July 2020. During that time, van was rebuilt to become a camper, adding necessary furniture that is needed for documentation change into a M1 category vehicle. Besides interior and exterior changed to a van, technical side was also altered – several motor parts were fixed or upgraded in order to give a longer motor life as well to have more reliable camper from technical prospective.

During the conversion, "MEŽĀ vans" started a promotion on social media, namely Instagram and Facebook. Also, to prepare official conversion documents for a category change.

On June 2020, marketing starts - Instagram and Facebook profiles creation, also, the website [www.mezavans.com](http://www.mezavans.com) is up and running.

On August 2020, van was fully converted into a campervan, and Latvian Road Traffic Safety Directorate" (CSDD) accepted paperwork of conversion. Van was then officially a M1 SA category vehicle (motorhome).

On October 2020, after several test drives and small adjustments in the interior, van was offered for a rent. Since then, it is being offered as a recreational vehicle up to this day.

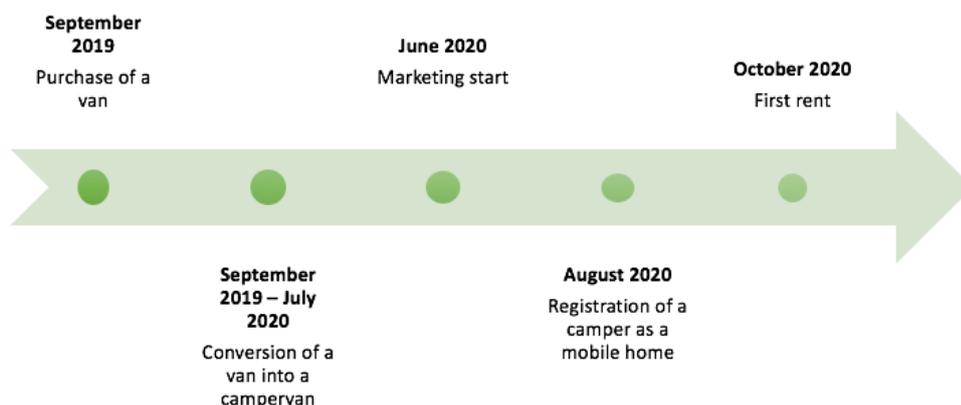


Fig 3. "MEŽĀ vans" development stages  
 \*Source: made by authors

**Indicators of services provided by the camper business "MEŽĀ vans" (2020-2022).** "MEŽĀ vans" strives to provide services that would exceed customers' expectations. Camper is being offered fully equipped with all the necessities for a great vacation on wheels (kitchen essentials, bedding, towels, outdoor chairs, table, etc) (Mezavans, 2022).

Customers are greeted and an instruction on how to use equipment is provided, as well as recommendations on best places where to stay on a chosen travel route is given. 24/7 assistance over phone provided, in case of an emergency or any questions in regards of a camper.

"MEŽĀ vans" has over 1600 followers on Instagram, and over 500 likes on Facebook. These social media platforms are used for marketing campaigns of a company.

Figure 4 shows total rentals of a camper during September 2020 – March 2022, as well as average duration of stay during the same period. Rental for 2022 has started on March 2022, camper was not offered for rent during winter months.

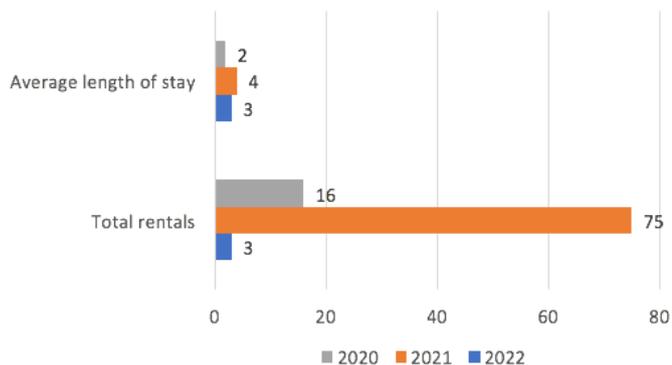


Fig 4. MEŽĀ vans rental indicators 2020-2022

\*Source: made by authors

**Results of the competitive environment of campervan business in Latvia study.** As there are no other campervan rental offers in Latvian market, the company has no direct competitors. Indirect competitors overview with their advantages and disadvantages compared to “MEŽĀvans” - camper rental, caravan rental, campsites, see Table 2. Indicators of business specifics of the investigated competitors, see Table 3. Advantages of the services offered by the investigated competitors, see Table 4.

Table 2

**Overview of nearest indirect competitors**

Competitor	Advantages	Disadvantages
<b>Kemperi 365</b> <a href="https://www.kemperi365.lv">https://www.kemperi365.lv</a>	<ol style="list-style-type: none"> <li>1. Large camper park</li> <li>2. Experience, the company has been operating since 2006.</li> </ol>	<ol style="list-style-type: none"> <li>1. It is not possible to enter various recreation places (forest, seaside) and hard to reach places with these types of campers.</li> <li>2. Offered campers require 220V of electricity connection.</li> <li>3. Higher prices.</li> </ol>
<b>Lounge camper</b> <a href="https://www.instagram.com/lounge.camper/">https://www.instagram.com/lounge.camper/</a>	<ol style="list-style-type: none"> <li>1. Lower prices.</li> <li>2. Minimal duration of stay is 2 days.</li> <li>3. Offers a projector with a rental.</li> </ol>	<ol style="list-style-type: none"> <li>1. Harder to drive with a trailer.</li> <li>2. It is not possible to enter various recreation places (forest, seaside) and hard to reach places with this type of camper.</li> </ol>
<b>Hami Campers</b> <a href="https://hami.lv/campers/">https://hami.lv/campers/</a>	<ol style="list-style-type: none"> <li>1. Accommodates more people.</li> <li>2. Newer vehicle.</li> </ol>	<ol style="list-style-type: none"> <li>1. Higher prices.</li> <li>2. Minimal required duration of stay is longer.</li> <li>3. It is not possible to enter various recreation places (forest, seaside) and hard to reach places with this type of camper.</li> </ol>
<b>Campsite Melnsils</b> <a href="https://melnsils.lv">https://melnsils.lv</a>	<ol style="list-style-type: none"> <li>1. Great location.</li> <li>2. Lower prices.</li> <li>3. Many years of experience.</li> </ol>	<ol style="list-style-type: none"> <li>1. Immobile rest (campsite).</li> <li>2. The cottages do not have bathroom, kitchen.</li> </ol>

\*Source: Made by the authors

“MEŽĀvans” has no direct competitors in Latvia but offers an alternative way to travel. An assessment of the nearest indirect competitors shows that an attractive mobile leisure option can be offered. Customers will not depend on the place of residence, as the bus is not only a vehicle but also a place to stay. Also, since the dimensions of the bus are not as large as those of a camper or trailer, the desired rest areas can be easily reached. The bus does not need 220V electricity, as the batteries are charged by the engine while driving or through solar panels.

Table 3

**Overview of indicators of business specifics of the investigated competitors**

competitors	MEŽĀ vans	Kemperri 365	Lounge camper	Hami Campers	Melnsils
Comparative aspects	MEŽĀ vans	Kemperri 365	Lounge camper	Hami Campers	Melnsils
Product	Campervan	Campers (Class C, fully integrated), caravans	Caravan	Camper (Class C)	Campsite (camper homes)
Rental park size	1	30	1	1	29
Rental season	All year	All year	Summer season	All year	All year
Capacity	2+1	2-7	2	5	1 - 6
Fuel consumption	9L/100km	10-13L/100km	Vehicle L/100km + ~3-5L/100km	10L/100km	- (not mobile)
Driver age, years / driving category	25 /B	No limit / B	No limit / B	25 /B	- (not mobile)
Minimum rental period, days	3	7 (only summer)	2	4 winter /7 summer	1
Rental price per day, EUR	50 – 65	88 – 200	60	90 -120	40 – 90

*\*Source: Made by the authors*

Even though “MEŽĀvans” have only one vehicle in it’s rental park, services provided are still competitive – rental price, fuel cost. Services are provided all year round. In order to be more competitive – an expansion of rental park size should be considered.

Table 4

**Overview of advantages of the services offered by the investigated competitors**

competitors	MEŽĀ vans	Kemperri 365	Lounge camper	Hami Campers	Campsite Melnsils
Comparative aspects	MEŽĀ vans	Kemperri 365	Lounge camper	Hami Campers	Campsite Melnsils
wc	+	+	+	+	+
shower	+	+	-	+	+
kitchen	+	+	+	+	+
A/C	+	+	-	+	-
heating	+	+	-	+	+
solar batteries	+	-	-	-	-
dishes/bedding	+	+	+	+	+
outdoor furniture	+	-	+	+	+
awning	+	+	-	+	-

*\*Source: Made by the authors*

“MEŽĀvans”, in comparison to investigated comparison have the most advantages in provided services, especially stands out by having solar batteries, so this way equipment is charged independently thus giving more freedom of mobile travel.

**Results of camper business “MEŽĀ vans“ SWOT analysis.** A SWOT analysis of “MEŽĀ vans” was carried out, identifying strengths, weaknesses, opportunities and threats. SWOT analysis (Table 5) will allow a better understanding of the current situation of the company and anticipate development opportunities. The

SWOT analysis was performed on the basis of personal experience, the results of the competitive environment of campervan business in Latvia, and indicators of services provided by the camper business “MEŽĀ vans”.

Table 5

„MEŽĀ vans” SWOT analysis

Strengths	Weakness
1. The first to offer a campervan rental service in the Baltic States. 2. An alternative way of traveling. 3. A popular way to travel on social networks. 4. Competitive service prices.	1. Seasonality. 2. Small rental car park. 3. The company is widely unknown.
Opportunities	Threats
1. Rental park expansion. 2. Development of provided services. 3. Promoting the idea of Vanlife.	1. Vehicle technical issues. 2. Possible road accidents. 3. New competitors.

\*Source: Made by the authors

### Conclusions

One of the ways to travel is traveling with a camper. It can be said that camper gives a lot of freedom. When traveling in such a vehicle, holidaymakers have all the facilities of accommodation (shower, toilet, kitchen, bed) and so you can easily visit the desired destinations while traveling. There are different types of campers, so people can find the right vehicle to meet their expectations.

There are three main types of people according to the duration of their camping trip: 1) full-time, 2) long-term and 3) short-term camper travelers. The main motives for camping are: 1) social contact, 2) freedom, 3) reconnection with nature, 4) fun and adventure, 5) stress reduction.

“MEŽĀ vans“ has no direct competitors in its country of business. An assessment of the nearest indirect competitors shows that “MEŽĀ vans“ offers an attractive way of mobile leisure and also have possible development of services for further expansion. “MEŽĀ vans“ stands out from competitors offering solar powered camper, thus giving mobile travel even more freedom, as well as an offered product – campervan is currently the most popular type of camper on social media, making “MEŽĀ vans“ desirable mobile rental provider.

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## CHANGES TO SERVICE AND EVENT ORGANISATION DURING THE COVID-19 PANDEMIC AT “QUALITY HOTEL VIEW”

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### Abstract

In addition to accommodation and catering services, hotel chains offer a range of other services depending on the hotel categories and types, and hotel conference centres are becoming an integral part of the hotel business. The hotel business has been particularly affected by the COVID-19 pandemic that has swept the world. This paper presents the results of a study on how the organisation of services and events at the Quality Hotel View of Nordic Choice Hotels, a Scandinavian hotel chain, has changed during the pandemic.

Keywords: Changes; Services; Events; Organization; Covid-19 Pandemic; Hotel Chain.

### Introduction

**Relevance.** Worldwide and in Lithuania, some hotels are owned by hotel chains, and the ten largest hotel chains own more than 75% of the world's hotels (Hyland, 2021). Hotel chains want to differentiate themselves from others and thus attract customers by creating brands that are recognised worldwide. In addition to accommodation and catering services, hotel chains and their brands offer a range of other services depending on hotel categories and types, and in-hotel conference centres are becoming an integral part of the hotel business (Batinic, 2016).

The hotel industry has been particularly affected by the COVID-19 pandemic. Looking at the performance of accommodation establishments, the European region had the lowest average occupancy rate in April 2020, at just 15%, compared to 46% for the whole of Europe in the same period in 2021. In Sweden (the country of the hotel studied in this paper), the number of guest nights fell by 80% between March and August 2020, and this continued until September 2021, when the restrictions were relaxed somewhat. To continue their operations, hotels had to adapt to the changes in the environment and modify their services and events during the restrictions. This is a topical and new topic of research in the hotel business during the pandemic, and is currently being written about mainly by foreign authors.

**Investigability.** The concept of hotel chains and their management has been studied mainly by foreign authors P. Groote (2008), M. Ivanova (2015), D. Salvioni (2016), P. Hyland (2021). Foreign authors with a strong focus on the relevance and impact of the pandemic on the hotel sector include F. Hao and K. Chi (2020), D. Aharon (2021), S. Kenny and C. Dutt (2022).

**Issues.** The analysis of the initial targeted literature shows that after the outbreak of the Covid-19 pandemic, hotels and their chains have faced unprecedented challenges such as a drastic reduction in guests, limitation of existing services, and a complete ban or minimisation of events in hotels. How did the organisation of services and events at the Quality Hotel View of Nordic Choice Hotels, a Scandinavian hotel chain, evolve during the pandemic? - the key question this article seeks to answer

**Object.** Changes in services and events at the Quality Hotel View during the Covid-19 pandemic.

**Objective.** To investigate, based on theoretical aspects, the changes in the organisation of services and events during the Covid-19 pandemic in Quality Hotel View.

#### Objectives.

- To review the theoretical aspects of services and events in hotel chains and the organisational changes and determinants.
- To investigate the characteristics of service and event organisation change in Quality Hotel View.

#### Research methods used.

- Analysis of thematic literature.
- Analysis of legal and strategic documents.
- Analysis of online sources.
- Analysis of the data obtained.

**Hypothesis.** Changes in Quality Hotel View's service and event organisation are mainly influenced by the effects of the COVID-19 pandemic.

#### Theoretical aspects of service and event organisation in hotel chains

**Hotel chains worldwide and in Lithuania.** A hotel chain is a group of hotels or other accommodation establishments sharing a common brand and similar concept, performing at least one centralised function, with the aim of gaining a better market position and improving the performance of all hotels. The term 'hotel chain' itself dates back to 1920.

The first hotel chain was created in Europe, with The Ritz Carlton hotels. The fastest growing hotel chains were in the USA. The first were Hilton and Sheraton, followed by Holiday Inn, Marriott, Radisson, InterContinental, Meridien, Best Western and other hotel chains (Navickienė, 2010). Mr Hyland (2021) states that Marriott International (USA) is currently the largest hotel chain in the world with 7 500 hotels and more than 1.4 million rooms. The second largest is Jin Jang (China) with more than 10 000 hotels and around 1.1 million rooms. In third place is the Hilton Worldwide hotel group (USA) with 6,700 hotels and more than one million rooms. The major hotel brands are grouped according to 4 criteria, from luxury, premium, mid-range or economy, so that they are recognised worldwide, and the customer knows which brand to choose according to their needs. The Institute of Hotel Management [Ministry of Tourism in India, 2017] points out that there are various forms of business management for chain hotels: 1. Consortia. 2. Directly managed by the company itself. 3. Operated on a franchise basis. 4. Management contracts. 5. Groups.

According to the data of the Lithuanian Department of Statistics, in 2020 there were 3,352 registered hotels and similar accommodation establishments in Lithuania, as well as 12 international hotel chains, and the largest number of brands are based in Vilnius. The first hotel belonging to an international hotel chain opened in Lithuania in 1998, the Radisson Blu Astorija in the Old Town of Vilnius, currently part of the Radisson Hotels & Resorts hotel chain. In 2000, Europa Group Hotels, the first Lithuanian-owned hotel chain, opened its doors and provides franchise management services. Amberton, a group of hotels currently being developed by the chain, is managed by Hoteliers Co. - is one of the largest Lithuanian-owned hotel chains in Lithuania and has been operating for more than 10 years. Mikotel, a Lithuanian-owned hotel chain, also operates in Lithuania. Ogmios Group operates City Hotels in Vilnius. Centrum Hotels with 4 luxury hotels also operates in Lithuania.

**Service and event features in hotel chains.** There is no unambiguous concept of hotel service in the scientific literature, and different authors in foreign countries and Lithuania interpret this concept in different ways, but all agree that it is primarily the provision of accommodation services. According to Batinic (2016), hotel services are the provision of accommodation and related services, including food, beverages, laundry, and communication services, to persons staying in such premises as temporary guests. Batinic (2016) highlights that the range of hotel services is conditioned by the hotel category itself, its size, location, and the conditions of the hotel business and categorises hotel services into six segments:

1. Accommodation - hotel rooms and apartments.
2. Food and beverage services - in the hotel's dining rooms, restaurants, banquet halls, breakfast rooms, hotel cafeteria and cocktail bar.
3. Leisure and sports facilities - Guests have access to swimming pools, tennis courts, golf courses, various types of golf courses, gyms, a bowling alley, walking and jogging trails, and a range of events.
4. Cultural and entertainment services - hotels often host classical music concerts, cultural evenings, exhibitions, a library, conference rooms for entertainment and games.
5. Shopping services - Guests can buy souvenirs, newspapers, and a variety of personal items.
6. Other services - hotels often offer hairdressing, beauty parlours, manicures, photography, medical treatment, rehabilitation services.

The range of hotel services is determined by the hotel category, size, location, hotel business conditions and hotel chain affiliation. Conference centres in hotels are an integral part of the accommodation and are mainly focused on business events, offering the latest technology and facilities for guests.

**Impact of the COVID-19 virus on accommodation and event management.** The new coronavirus (SARS-CoV-2), first reported in Wuchang, China, has spread worldwide in a short time and the World Health Organisation (WHO) has declared a global pandemic. Almost all countries-imposed travel bans, states of emergency and quarantines, and the tourism and hospitality industry was the hardest hit of all major economic sectors. The reason for this is that people were prevented from travelling domestically and/or abroad, from staying in accommodation and from attending events.

Reviewing the insights of authors such as F.Hao, Q, Xiao, K. Chon (2020), J.Kenny and C.S-Dutty (2022) and the report of the American Hotel and Lodging Association (2022), it is observed that the performance of

accommodation establishments has been significantly affected by the reduction of the room rate to the existing level, in addition to the occupancy rate of hotel rooms. Kenny and C.S. Dutty (2022) note that hotels have adopted several strategies and changes in response to the pandemic to ensure a certain degree of business continuity, such as (1) hygiene and health improvement measures; (2) the development of cost control and financial planning; (3) the activation of marketing

In Scandinavian countries, events with small groups of up to 10-15 people were allowed, depending on country-specific restrictions and guidelines or periods of disease outbreaks. During the pandemic period, the trend of events in conference centres in accommodation establishments was towards training, courses, seminars, short meetings, meetings. During the pandemic period, in line with government restrictions and with employees working remotely from home, not only did occupancy rates in hotels fall, but also the hotels' conference, meeting, event and business centres became empty zones, where accommodation establishments introduced innovations that helped to attract guests both in the hotels themselves and in their business centres. A review of hotel chains' websites revealed the same innovative innovations used by Radisson, Marriot, Wyndham, Scandic, Nordic Choice hotel chains: 1. Co-working space; 2. Hybrid events; 3. Broadcast studios.

## Results

**Characteristics and presentation of the Quality Hotel View chain.** Quality Hotel View is a four-star, upscale hotel located in Malmö, Sweden, opened in 2016 and is part of the Nordic Choice Hotels, a Scandinavian hotel chain operated under a franchise agreement with Choice Hotels International, which is ranked as the world's 8th-largest hotel chain in the world (in terms of room capacity).

Nordic Choice Hotels was founded in 1990 in Norway as Choice Hotels Scandinavia by Peter Stordalen. In 1994, the company signed a franchise agreement with Choice Hotels International, which gave the company the right to market its hotels as Comfort, Clarion and Quality hotels, and the company is currently managed independently from Choice Hotels International. It is one of the largest hotel chains in Scandinavia, with more than 200 hotels in Scandinavia, Finland, and the Baltics and more than 16 500 employees. The Nordic Choice Hotels chain operates the brands Comfort, Quality, Clarion, Clarion Collection, Nordic Hotels & Resorts. [Nordic Choice Hotels]

Quality Hotel View has 302 rooms with 620 beds. The conference centre consists of 27 meeting and conference rooms of various types, accommodating a total of 1120 guests. The hotel is in the heart of Malmö's new Hyllie district, which has become the centre of one of Europe's most dynamic regions, the Öresund. The hotel is only 24km from Copenhagen International Airport and 12 minutes by train. Malmö Airport is 30km away and takes around 25 minutes by car.

An overview of the "Quality Hotel View's services is given in Table 1.

Table 1

**Overview of the "Quality Hotel View" hotel services**

<b>Main services</b>	1. Accommodation offers a wide range of room options such as twin rooms, standard double rooms, superior double rooms, luxury rooms for more than 3 people and family rooms. 2. Catering, exclusivity, free breakfast in the hotel restaurant is always included when booking a hotel room. 3. Daily housekeeping. 4.24-hour reception.
<b>Free services</b>	1.Early breakfast service is available from 05:00. 2.In addition to the usual free breakfast, the menu includes a focus on organic options and a wide selection of allergen-friendly options, without gluten or lactose. 3. Gym. 4. Sauna. 5. Fast wireless internet. 6. Ironing service. 7. Copying and workstation services in the hotel lobby.
<b>Additional services</b>	1.Lunch/Dinner in the hotel restaurant Braserrie X. 2. Bar service. BarX. 3. Business centre. 4. Golf simulator. 5. Lollo & Bernie's playroom during children's holidays.
<b>Paid services</b>	1.Car parking. 2) Lounge24 - light snack kiosk. 3)Pet-friendly rooms. 2. Yoga classes. 3.Bike rental. 4.Babysitting services. 5. Late check-out. 6. Flowers, gifts and sparkling wine delivered to your room.

*\*Source: Compiled by the authors from the "Quality Hotel View" website and the hotel's event function sheets*

As can be seen in Table 1, the hotel offers a wide range of paid and free services in addition to the basic accommodation and catering services.

An overview of the conference centre services at the Quality Hotel View is given in Table 2.

Table 2

**Quality Hotel View overview of conference centre services**

<b>Conference solutions</b>	1) 7 large conference rooms. 2) 20 smaller rooms. 3) The largest room can accommodate 500 seated or 800 standing participants. 4) 1120 participants in total. 5) Adjustable room layouts such as: u-shaped, round table, classroom, theatre shaped, rectangular. 6) Large break room with coffee, tea, water, popcorn, and ice-cream stations which are always included free of charge for all participants. 7) Technician services. 8) Group registration. 9) Contact staff.	
<b>Types of events</b>	<ul style="list-style-type: none"> <li>• Banquet dinner.</li> <li>• Weddings.</li> <li>• Day meetings.</li> <li>• Parties.</li> <li>• Conferences.</li> <li>• Courses.</li> <li>• Training.</li> </ul>	<ul style="list-style-type: none"> <li>• Evening events.</li> <li>• Small meetings, gatherings.</li> <li>• Fairs, exhibitions.</li> <li>• Product launches.</li> <li>• Seminars.</li> <li>• Management meetings.</li> </ul>
<b>Adapted equipment</b>	<ul style="list-style-type: none"> <li>• "Airplay".</li> <li>• Movable writing boards.</li> <li>• Daylight / natural light.</li> <li>• Sound loop.</li> <li>• Microphone.</li> <li>• Paper and pens.</li> </ul>	<ul style="list-style-type: none"> <li>• Computer projector.</li> <li>• TV screen.</li> <li>• Whiteboard.</li> <li>• Video conferencing.</li> <li>• Wifi.</li> <li>• LED lights.</li> <li>• Mobile bar.</li> <li>• Studio.</li> </ul>
<b>Swedish "Fika"</b>	In Swedish culture, coffee breaks of 15-30 minutes are an integral part of the day. During events, usually meetings or conferences, coffee breaks are offered during which snacks, fruit, pastries and fruit smoothies are offered. These are almost mandatory in the local culture during events.	

\*Source: Compiled by the authors from the Quality Hotel View website and the hotel's event function sheets

As can be seen in Table 2, the Conference Centre is well equipped for all types of events. Although it is geared towards more corporate events, it is easily adaptable to celebrations. All event issues and the best solutions are coordinated with the hotels' meetings and events team.

**Aspects of the organisation of Quality Hotel View services and events (2019-2022).** For the quantitative analysis of Quality Hotel View's services, the aspect of accommodation indicators/occupancy rates was chosen. It should be highlighted that Quality Hotel View consists of 302 rooms and in 2019 the average monthly occupancy rate of Quality Hotel View was 78% or around 258 rooms booked. In January 2020, the occupancy rate was 5% higher than in 2019 and reached 65%, but in the following months the occupancy rates decreased and reached all-time lows. April 2020 was only 13%, only 39 units of the total number of hotel rooms booked, but July showed a better performance and reached the 35% threshold, but with the increase in Covid-19 cases, the rates remained low.

The start of 2021 showed still low figures with an average of only 18%, but in the second quarter the figures started to increase and stood at around half of the hotel occupancy until the Swedish pandemic restrictions and guidelines were lifted in September, and in the third quarter they reached 65%. At the end of the year, with the renewed increase in illnesses and the new restrictions, occupancy dropped to a minimum level of only 15%. In January 2022, the hotel rooms were still empty, but after the government lifted all pandemic restrictions in mid-February, a sharp increase in bookings is already visible in March, with the average rate already reaching 50%.

**Changes in event organisation.** The quantitative analysis of the supply of events at "Quality Hotel View" for the period 2019-2022 (until 25 March) uses doc. J. Raišutienė's methodology for the quantitative analysis of the supply of events.

Quality Hotel View hosted a total of **1183 events** in 2019. In 2020 - **422**, in 2021 - **583** and until 25 March 2022, the first three months of the year (up to the start of this analysis) were **113**.

2020 had the lowest number of events in all months compared to 2019 and 2021. The evolution of the supply of events by content from 2019 to 2022 can be seen in Table 3.

Table 3

**Changes in the supply of events by content 2019-2022**

Content	Number of events, units				Share of events, per cent			
	2019	2020	2021	2022 (First 3 months)	2019	2020	2021	2022 (First 3 months)
Conferences	36	0	9	0	3%	0%	1%	0%
Courses	143	59	79	18	12%	14%	14%	17%
Trainings	120	69	97	13	10%	16%	17%	11%
Workshops	109	33	56	6	9%	8%	10%	5%
Meetings	215	79	100	26	19%	19%	17%	24%
Other meetings	212	88	130	17	19%	21%	23%	16%
Management meetings	165	79	48	16	15%	19%	8%	14%
Product launches	18	2	5	0	1%	0%	0%	0%
Annual meetings	56	9	12	12	5%	1%	2%	10%
Exhibitions	3	0	2	0	0%	0%	0%	0%
Banquet dinners	19	0	7	2	0%	0%	1%	1%
Weddings	2	0	0	0	0%	0%	0%	0%
Parties	27	0	15	0	2%	0%	3%	0%
Evening events	58	4	23	3	5%	0%	4%	2%
<b>Total events:</b>	<b>1183</b>	<b>422</b>	<b>583</b>	<b>113</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*\*Source: Compiled by the authors from the Quality Hotel View website and the hotel's event function sheets*

As can be seen in Table 3, the types of events on offer have shifted, with the entertainment events for large gatherings being almost non-existent, and the predominant events being a variety of educational, informative, and business events.

The form of organisation of events during the analysis period is shown in Table 4.

Table 4

**Form for organising events 2019 - 2022**

Content	Number of events, units				Share of events, per cent			
	2019	2020	2021	2022 (First 3 months)	2019	2020	2021	2022 (First 3 months)
Contact	1173	372	462	88	99%	88%	79%	78%
Hybrid	10	46	104	20	1%	11%	18%	18%
The studio	0	4	17	5	0%	1%	3%	4%
<b>Total events:</b>	<b>1183</b>	<b>422</b>	<b>583</b>	<b>113</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*\*Source: Compiled by the authors from the Quality Hotel View website and the hotel's event function sheets*

As can be seen in Table 4, 2019 was dominated by contact events, Quality Hotel View, but from 2020 onwards the number of hybrid events started to increase, rising to 104 per year in 2021.

## Conclusions

The results of the study show that the COVID-19 pandemic had a significant impact on the occupancy rates of Quality Hotel View, with the lowest room bookings in April 2020 at only 13%. After the Swedish government relaxed the restrictions in the third quarter of 2021, the hotel's occupancy remained relatively stable at around 65% until the new restrictions came in at the end of the year. The beginning of 2022 showed minimal occupancy rates, but by March it is already averaging 50% of total occupancy, or around 150 units out of the existing 302 rooms.

The COVID-19 pandemic has had a significant impact on the number of events held, with the number of events at Quality Hotel View decreasing by more than 50% compared to 2019. In 2020, educational and informative events such as courses, trainings, as well as small business meetings dominated, while no conferences were held. In 2021, 18% of all events were in a hybrid format, where event attendees log in while in Quality Hotel View and others are seen remotely via technological means.

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## WAYS TO RESOLVE CONFLICTS IN A PUBLIC INSTITUTION

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### **Abstract**

A statutory officer shall mean a person whose activities are regulated by the Statute of the Internal Service of Lithuania, which establishes the status of officials, the procedure for admission to the service, responsibilities, duties and rights, as well as the job description. Most employees of the police, customs and other law enforcement institutions are statutory civil servants. Officers pass special training, during which the officer is taught respect, courtesy of maintaining a cold mind in conflict situations. In the Armed Forces, these rules are described in the Code of Ethics for Soldiers, which emphasizes that a soldier must communicate with persons politely and business likely, remain restrained and tactful in all situations. The research data analysed in this article was obtained after a quantitative study in one of the state institutions. The purpose of the article is to present the results obtained about the concept of conflict, the causes that occur, and the ways to resolve it. Compared to how statutory officers cope with such situations and how ordinary employee's cope.

Key Words: conflict, statutory officers.

### **Introduction**

Relevance of the topic. Each company or institution consists of at least a few people, employees. It takes at least two people to have a conflict, and this is quite normal, because people grow up in different periods, in different families, with different views and values. The best result is achieved when a company or institution can quickly identify and resolve the resulting conflicts, then conflicts not only will not harm the workflow, but it is likely that this will encourage employees to work more efficiently. A worker who feels comfortable in his workplace is significantly more productive.

Study of the topic. Conflict was studied as a phenomenon by ancient philosophers such as Heraclitus, Plato, Hegel, but back then these thoughts were more abstract. The main idea was about contradictions and opposites. They claimed that everything that exists is based on opposites. Nowadays, the authors focus on two aspects: conflict theory and practical conflict management technology. Bagdonas and Bagdonienė (2000), Lekavičienė (2001), Gailienė (2002), Misevičius (2004), Stoškus (2006) and others wrote on this topic in Lithuania. Foreign writers Gliokler (2003), Albrecht (2005), Myers (2008), Mokshin (2002), Obrazcov (2006).

Problem statement. It is important to identify possible modules for conflict resolution, the effectiveness and application to each of the sectors. The institution in which the investigation was carried out for this Article is special in its composition, it is a state institution, where the service is performed by statutory officers, however half of the staff of this institution consists of civilian workers.

The aim is to conduct an analysis of conflict resolution.

Tasks:

1. To analyse the methods of conflict resolution from a theoretical point of view.
2. To investigate the methods of conflict resolution applied in a public institution.

Methods – review of scientific literature, examination of online sources, questionnaire survey, graphic representation.

### **The concept, causes and consequences of conflict**

Conflict is a clash of opposing goals, interests, positions, opinions or attitudes, serious disagreements, during which a person is overwhelmed by unpleasant feelings or experiences. The term conflict comes from the Latin word *conflictus*, which means clash (Almonaitienė 2001). Conflict is usually a negative phenomenon, no one likes and provokes them, but sometimes it is impossible to do without it. Conflict has both positive and negative qualities.

The outdated structure of the organization is changed, new, more effective principles of functioning are created. This helps the organization to adapt to constantly changing operating conditions. However, we must not forget about the negative consequences of conflicts. Often the problems remain unresolved, negative relations in the team intensify, the groups even dissipate (Antanienė, 2000). Tensions, hostility increase in the group, and employees tend to expand disagreements.

It should be said that often a small spark is enough for a fire to occur, as well as with conflicts, a small disagreement can turn into a huge quarrel, an avalanche of discord. One of the main reasons for the emergence of conflict is the absence of unity, different expectations and goals. Constant conflicts in the company, organization can lead to the withdrawal of employees or the collapse of the company. All this can happen if the manager does not resolve the conflict or does not find mutual agreement with the employees, manager

bears the greatest responsibility. It is the duty of the manager to identify and resolve the conflict as soon as possible. Each action has a rebound, so when you find out the reasons, you need to keep in mind the possible consequences. Naturally, the word "conflict" in the subconscious of a person is associated with negative things, but this is not quite the right approach. Conflicts in the organization have both bad and good consequences.

**Analysis of the results of the study**

A convenient random selection was used to conduct the questionnaire survey. In order to avoid possible violation of the anonymity and confidentiality of the employees who participated in the survey. The study was carried out in a public sector institution. 98 employees of the institution participated in the study: 55 men (56%) and 43 women (44%).

In the course of the survey, first of all it is important, to find out how respondents understand the concept of conflict. The results obtained are given in Figure 1.

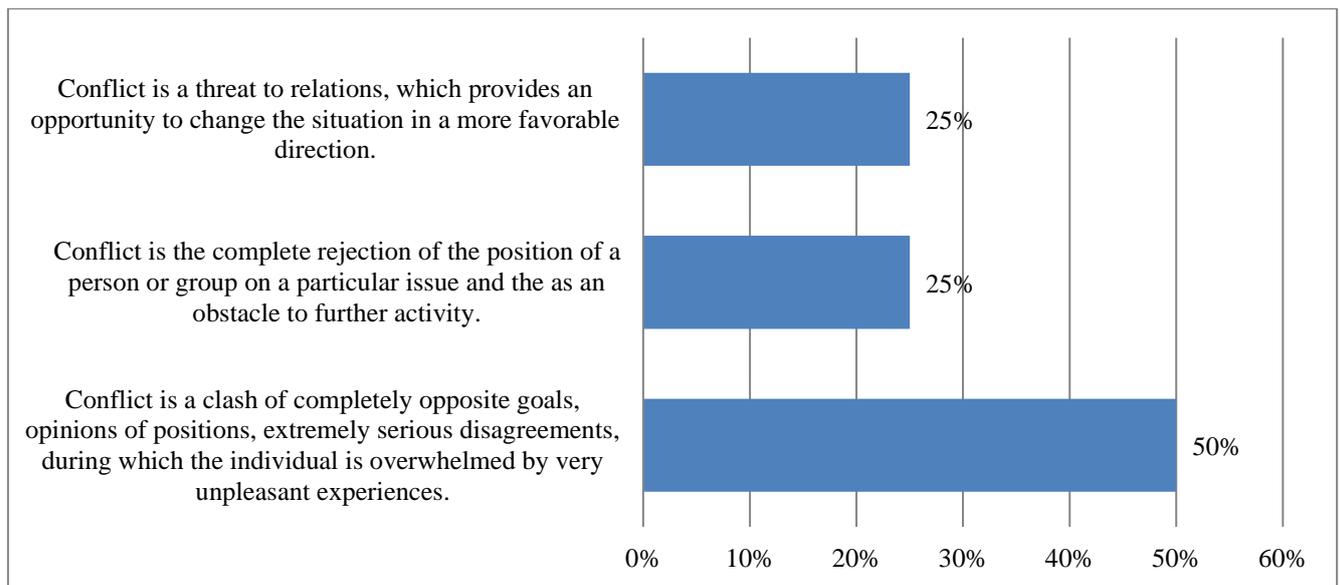


Fig. 1 The concept of conflict

As the data Figure 1 showed that half of the respondents perceive conflict as a clash of completely opposite goals, positions, opinions. It is believed that a conflict can be described as a perceived incompatibility of actions or goals.

The most common causes of conflict situations, which are presented in Figure 2, are lack of information, incorrect information, different interpretation of information, different approaches to what is important, different methods of evaluation. Half of respondents identified this problem, but almost the same 40% of respondents consider external factors as the most common cause of conflicts. Likely different points of view, methods of work between civilians and soldiers undoubtedly encourage disagreement.

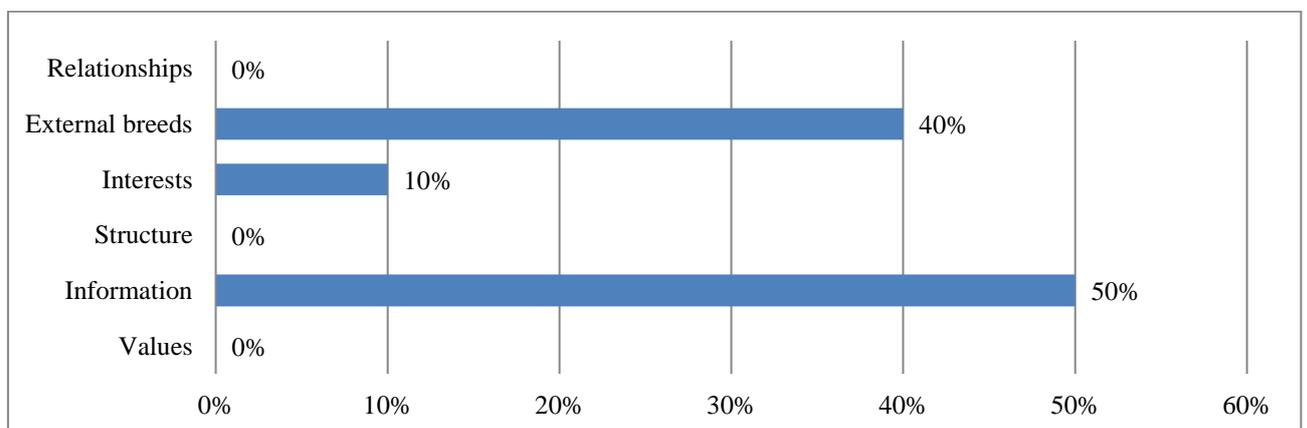


Fig. 2. The most common causes of conflict

Respondents who knew or had heard about the ways or models of resolving the conflict, consider most effective to be (Figure 3) cooperation (57%) and the search for compromise (43%). In other words, respondents see successful conflict resolution strategies as successful when both sides win or when they win, but with some concessions. No one wants to give up on defending their interests. Interesting that, even those who said that they did not know the ways or models of resolving the conflict, all (100%) chose "I defend my position, but I also listen to the opponent until we find a mutually satisfactory solution." This option is in line with the cooperation strategy, but also similar to the compromise. Unknowingly, respondents themselves use one of the conflict resolution methods to resolve conflicts.

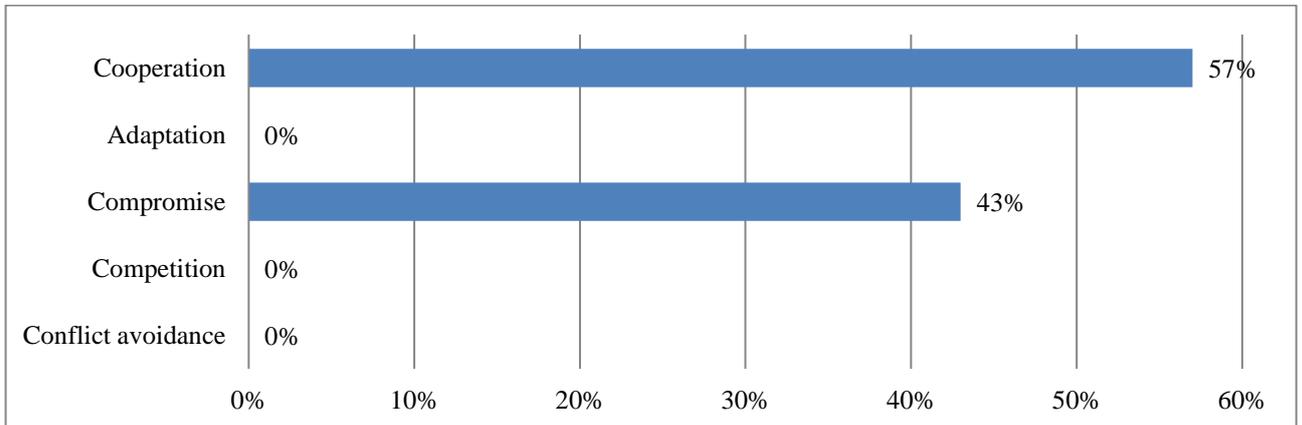


Fig. 3 According to the respondent, the most effective way to resolve the conflict

The survey revealed that 8 percent (Figure 4) of respondents' leaders mediate in the event of a conflict, 75 percent of them try to find a constructive solution to the conflict. It is believed that most managers allow subordinates to deal with the situation themselves, with minimal help from them, or a correction to the final decision.

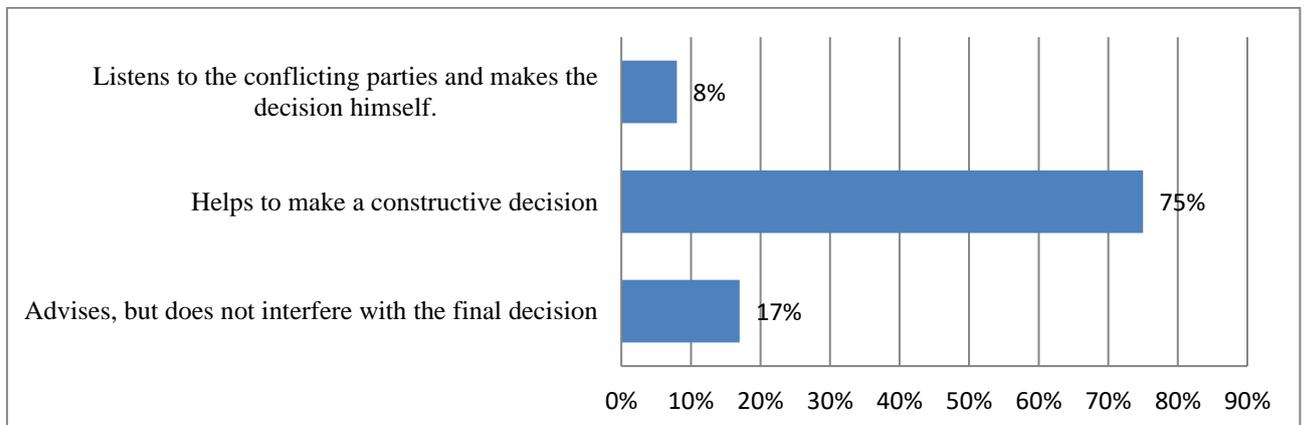


Fig. 4 The behaviour of the manager during mediation

Even though conflict resolution methods are used to make both sides winners, and managers try to help make a constructive decision and do not interfere with the final decision, however, the average score of the results obtained in the question "How do you rate the management of conflicts in your institution?" is barely 4 points. This indicates a great dissatisfaction with the situation of conflict management in the institution

Empirical research leads to the following conclusions that many people understand the concept of conflict as a huge burst of negative energy, an irreparable situation in which two very malicious forces collide. In the institution, conflicts are not a common phenomenon, but if this arises most often due to miscommunication, lack of information. Although the staff of the institution consists of representatives of different genders and statuses, it is not possible to distinguish one or another as instigators of conflicts based on the collected data.

## Conclusions

Conflicts in the organization affect the further work of the organization, so their identification and solutions are important for the organization. Conflicts in the organization are not one-sided, they also have positive and negative sides. Each leader must analyse the emerging conflict and only then look for the best way to resolve that conflict.

The study found that for half of the institution's staff, the concept of conflict is associated with extremely painful experiences. Although conflicts in the institution are not common, most respondents experience them only occasionally and less frequently, however, there could be even fewer of them if respondents tried more to interpret the received information correctly or find out how a colleague perceives it, since mainly conflicts arise between co-workers (that was confirmed by the questionnaire survey). During the study, the main strategies for resolving conflicts were highlighted: cooperation, compromise. Unfortunately, only a third of respondents use them consciously and believe in their effectiveness. The study revealed that the rest of the respondents resolve conflicts in the same way, using methods of cooperation and compromise, but do not realize this themselves due to a lack of knowledge or doubts about the effectiveness of these methods.

In conclusion, the performance of the institution depends most on how the work of employees is organized. The atmosphere of relationships is created by the people themselves. They can destroy it with their behaviour, but the same people can nurture this atmosphere and change it so that the good work climate would increase employee job satisfaction. Effective conflict management through the identification of the problem by the staff of the institution and its managers, the evaluation of acceptable solutions, taking into account the personal characteristics of the staff, creating an atmosphere of trust and understanding can lead to even better results.

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## **RESPONSES OF FIRMS TO INSTITUTIONAL FACTORS: THE PERSPECTIVE OF SMES AND INSTITUTIONAL VOIDS**

**Eglė Mėta Šimkūnienė**

### **Abstract**

The highly uncertain global context greatly affects international companies. The international setting as well as national one has a strong institutional component. It can be identified as institutional factors that determine the way the international firms function. To understand better the way these companies operate the institutional voids perspective may be exercised and linked to small and medium enterprises (SMEs) in order to identify and understand their responses to institutional voids, as SMEs is the propulsion of the economy of the country. Therefore, the aim of this research was to explore responses of Lithuanian exporting SMEs to institutional voids. For the purpose of this study the typology of strategic responses to institutional processes of Oliver (1991) was employed. Drawing on semi-structured interviews conducted with founders and directors of Lithuanian exporting manufacturing SMEs the research identified responses of these SMEs to institutional voids that portrayed two main strategies of response: acquiescence and avoidance. The results provide contextual contribution exploring strategic responses of firms to institutional voids while also identifying the most fatal institutional voids faced by SMEs within the sector.

Keywords: Institutional voids, institutions, SMEs, small and medium enterprises.

### **Introduction**

Understanding institutional voids has grown a major emphasis in the past decades in the literature of international business. Institutional voids can be described as underdevelopment or absence of institutions in the country that provide support for market activities (Khanna & Palepu, 1997). Institutional voids portray the institutional setting where the interaction of buyers and sellers are constrained. It results in decrease of efficient outcomes because of increased costs for attaining skills, knowledge, capital, material that results in the efficiency of the outcomes (Doh et al, 2017).

Institutions contain external factors that influence functioning of the mechanism of the market (Lindsay, Rod, Ashill, 2017). Institutions are described as a frame of restrictions that anticipate a framework for human interaction. They comprise of laws, rules and other formal constraints, pertaining a goal of managing economic and political exchange as well as social constraints. The institutional outlook on the growth of the business highlights the role of institutions in enablement or restriction of the mentioned growth at the same time allowing entrepreneurial motivations. Institutions also have a role of determining entrepreneurial opportunities. They maintain a significant function of entrepreneurial discovery by introducing structure as well as stability (Xheneti & Barlett, 2012).

Studies performed on firms, namely SMEs, state that the smaller the firm, the more complicated assessment and understanding of the funding options for that firm, such as governmental funding or European Union grant programs. This occurs mainly due to the restrictions in management of the company. What is more, SMEs usually pertain issues in receiving guarantees or collaterals required for the financing by banks, as these and similar institutions consider the financing of SMEs, especially the smaller firms, as a risky business. Due to the absence of government support legislation, such as laws and regulations, favorable funding opportunities' provision as well as efficient taxation policies, SMEs face tremendous barriers in taking up initiatives that would lead to the change in institutional environment and institutional voids that are imposed on the company (Binke & Al-Muhannadi, 2020).

As SMEs are the major trigger for the national economy and the evolution of it in the future perspective, they still can and will fail if the support mechanisms will not be of adequate level and properly provided. The policy makers of the state and in a great need to first understand better the constitution of challenges faced by SMEs in order to attain valid policy frameworks for support, thus there is still an issue for the heads of SMEs, how the SMEs could survive and succeed without and adequate support from the state (Rizos, 2015).

What is more, exporting SMEs face another set of barriers, where favorable institutional factors would be of a major assistance: marketing related barriers, as well as financing of export, specification of production and intensive competition in the foreign markets (Al – Hyari, Al – Weshah & Alnsour, 2012) as well as limited financial resources, limited access to capital, lack of institutional support and lack of knowledge about foreign markets (Kahiya, 2013).

The operational environment of firms can be characterized on different extents, however institutions, both formal and informal, play the main role in the mentioned environment and maintain systematic effects on the way firms behave (North, 1990). Therefore, understanding of the institutional context of the firm as well as its strategic choices is of crucial importance. The perspective of institutional voids allows to identify how firms

operate within the institutional context as well as their responses towards the institutional voids that are being imposed on them.

Hence, this study tries to answer the following questions: what are the institutional voids making an influence on exporting SMEs? How institutional voids can affect exporting SMEs? What are the responses of Lithuanian exporting SMEs to these institutional voids? The aim of this study is to explore responses of Lithuanian exporting SMEs to institutional voids.

More precisely, the motivation of this research was threefold. Firstly, the need for advanced perception of institutions and institutional voids was identified. The research that could be beneficial for this matter consists of exploration of institutions and institutional voids and their conceptualization. Secondly, the need of examining the two-way interaction between the institutional voids and SMEs was recognized. The two-way examination could potentially provide the more value to the study: firstly, with regards to the influence of institutional voids on firms, secondly, with regards to the responses of firms to institutional voids. Finally, in line with the motivation of the research to gain advanced perception of institutional voids, the empirical study integrates ideas from the literature on strategies of responses of firms to institutional processes (Oliver 1991; Doh, Rodrigues, Saka-Helmhout & Makhija, 2017) with the perspective of institutional voids (DiMaggio & Powell, 1983; Scott, 1995; Khanna & Palepu, 1997, Khanna & Palepu, 2010; Doh, Rodrigues, Saka-Helmhout & Makhija, 2017, Turker & Vural, 2017) in order to disclose the responses of exporting manufacturing SMEs to institutional voids and identify them. By doing so, this study provides contextual contribution to Oliver (1991) study by empirically testing the strategic responses of firms to institutional pressures. This paper particularly focuses on internationally active Lithuanian SMEs responses to institutional voids.

The paper is structured as follows: the introduction is followed by sections conceptualizing institutions, institutional voids and the link between institutional voids and firms in the two-way perspective: the influence of institutional voids on firms and the responses of firms to institutional voids. In the fourth section the methodology used to explore responses of Lithuanian exporting SMEs to institutional voids is explained. The next section introduces the main results of this empirical study. Finally, the last section is dedicated for the conclusions, implications and limitations of the study as well as directions for the future research.

### **Conceptualizing institutions**

By definition institutions are ingrained through a coherent social system. According to one of the most used definitions: “institutions consist of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behavior. Institutions are transported by various carriers — cultures, structures, and routines — and they operate at multiple levels of jurisdiction” (Scott, 1995). The definition of an institution differs on the grounds of social reality and the paradigm of the research itself. Institutions as such, play a crucial role in the economic interactions as they are the cornerstone of the basic conditions for the exchange of information as well as knowledge. Institutions can either be developed from norms or refer to various rules and regulations, however they may contain different characteristics as they are subjects of application, implementation and evaluation (Bathelt & Glückler, 2014).

Institutional framework contains of three pillars: cognitive, normative and regulative. The cognitive pillar covers the cognitive subjects, such as stereotypes and schemas, defines internal interpretation of external frame of culture. The normative pillar covers values, norms and beliefs influencing expected societal behavior, defines objectives and assigns ways to attain them. The regulatory pillar covers the main regulations for business conduction, including national rules and laws, that are considered to be rational and make impact on future behavior by offering rewards or punishments for compliance or not accordingly. The regulatory pillar is a subject of change, while cognitive and normative pillars are more resilient to it (Scott, 1995).

Institutions in countries differ. Formal institutions are structured from standards and rules that make impact on the behavior of the society. Hence, the formal institutions on the country level may welcome some behavior, while restrict other. Informal institutions represent the unwritten ones, not officially enforced (Scott, 1995).

Formal institutions consist of three country level groups: regulatory, economic and political institutions. To continue, regulatory institutions contain of legal rules and requirements that control the behavior of the industry. Political institutions contain of application of these legal rules and laws, and development of socially responsible policies. Economic institutions contain of fiscal and monetary policies that regulate financial resources of the society (Hitt, Sirmon, Li, Ghobadian, Arregle & Xu, 2020). Regulatory institutions in a country may determine resource availability and allocation within industries, financial transparency. Economic institutions, such as economic policies, determine the availability and distribution of capital as well as liquidity

of the market, which varies upon different industries and affects the level of competitive rivalry in the industry. They foster measured economic growth and constrain essential variations, e.g., by granting economic stimulus (Oliver, 1991).

Formal institutions in the country are principally pursued by government organizations by formalized policies and rules with a goal to restrict the actions of the enterprise. On the national level, these government agencies suggest centers of power, namely regulatory, economic and political. These agencies implement or develop policies, thus represent institutions (Hitt, Sirmon, Li, Ghobadian, Arregle & Xu, 2020).

The institutional environment consists of social, political and legal rules of the game, that support and distinguish the transaction of actors (Gamidullaeva & Vasin, 2020). Two structures are evident – creation of informal or formal rules – that have a diminishing self-interest result. The creation of informal rules is grounded on open-ended contracts that are implicit, rather than being close-ended and explicit. The creation of formal rules restricts the individual self-interest as well as enables institutional change for the actors by enabling commitment building and resource pooling. Following the informal rules allows the access to the group, at the same time macro-culture allows to tie-up the collaborations due to the shared understanding and perception of the environment (Thompson, Herrmann & Hekkert, 2014). Creating informal rules is based on conventions and norms, while creating formal rules is based on regulations and laws, in their nature (Bathelt & Glückler, 2014). When formal institutions experience failure, informal institutions take a role of regulating exchange relationships (Zhu, 2018).

While, as it is stated before, large number of institutions arise from norms with territorial basis or refer to various rules and regulations, the formal and informal institutions that come as a result are associated with the territorial basis (Bathelt & Glückler, 2014).

Another set of institutions can be considered as hard institutions and soft institutions. Hard institutions are identified by asserting formal rules, close to formal institutions. On the contrary, soft institutions are identified by asserting social and cultural norms as well as traditional practices, close to informal institutions. The latter institutions may compensate for the gaps of provisions of hard institutions (Narooz & Child, 2017).

Institutions can be also defined as sovereignty. The sovereign has a competency to impose taxes, fines and fees, name the unit of account as well as identify the legal tender (Keynes, 1976). It is inevitable for the institutions to be more favorable to some parties while being not favorable to others. This issue is indicated to be typical to state decision-making politics (Engerman, 2012). However, institutions create consistency in social interactions due to the escalation of expectations of one actor about the likely responses of another one. What is more, institutions are also considered a significant mean to reduce uncertainty (Bathelt & Glückler, 2014).

Many institutionalists claimed that money can be considered as institution (Wray, 2016; Wennerlind, 2001; Papadopoulos, 2009 & Lascaux, 2012), although economists, many of whom also are institutionalists, simply indicate money as something that is used in exchange or, in Keynesian grounds, is used as protection for unanticipated events. However, the word institution itself implies correlated human behavior patterns and it is not related to non-human phenomena. Hence, things should not be considered as correlated human behavior. Money is just a mean to be used in intermediate exchange in the actual institution. We call it – Market (Foster, 1981). Moreover, markets can also be considered as institutions (Wray, 2016).

Within the definition of institution, it is important to mention institutional entrepreneurship. It defines actions performed by organized actors who pertain intention to establish new institutions or transform the existing ones (Bathelt & Glückler, 2014).

On the contrary, three social phenomena should not be considered as institutions: simple behavioral regularities, organizations and rules. They claim that in order to have a clear definition of what institutions really are, there is a need to first identify what they are actually not. The authors state that firstly, simple regularities can turn to institutions only if they produce patterns on interaction, establish expectations and have effective sanctions in support. Secondly, institutions are correlations of interactions between actors that are individual or collective (Bathelt & Glückler, 2014). Other researchers also support the phenomena of not distinguishing organizations as institutions (Tukiainen & Granqvist, 2016). Finally, institutions are shaped in response to, relation to or against rules, in other words – shaped by them. By excluding the phenomena that are not institutions, we may define them as relatively stable and continuing patterns of practice.

Instrumental value theory by Foster (1981) is also worth mentioning. It begins with recognition of situational factors that are wants and institutions, while the continuous factors are the instrumental functions that have to be accomplished. The theory suggests that in order to reach the optimal accomplishment of these

functions, the structures have to be adjusted. The instrumental efficiency of the patterns of behavior is the main benchmark of judgement. When they are deficient, institutional adjustments are requisite.

Institutional problems arise when the resolution of the problem includes identification of new patterns of behavior that would allow new ways of application for the sustainable kind of technology in order to support the life process. There is a need of the growth, and in order to achieve it the wants, technology and institutions must be changed in order to reach sustainability (Foster, 1981). The economic problems that we are facing are improper institutions that need adjustments (Wray, 2016).

### **Conceptualizing institutional voids**

Institutional voids can be described as the failure, weakness or total absence of market supporting formal and informal institutions. They affect strategies, choices and actions implemented by actors from all sectors (Turker & Vural, 2017). Institutional voids can be divided into two groups: formal and informal institutional voids. Formal institutional voids possess a greater importance than the informal ones between the researchers. Formal institutional voids are named as absent or underdeveloped regulatory institutions or structure of law that is implemented in the nation. Simultaneously, informal institutional voids can be named as absent or underdeveloped normative and cognitive institutions, that to the most part include beliefs, reached through social interactions that are country specific, as well as standards and conventions (DiMaggio & Powell, 1983; Scott, 1995).

Institutional voids, when the institutions are not working well or are absent, can describe any country even any institutional environment, such as trade-related institutions, legal, social or political systems, capital markets, foreign investment institutions, product markets and capital markets (Khanna & Palepu, 2010). These key institutions working poorly result in increasing transaction costs as well as in disrupting the interaction between the seller and the buyer. The experienced costs further result in slowing down innovation processes and acquiring knowledge and skills. It results in higher costs for obtaining capital, materials, information, skills or even new ideas, which altogether jeopardize otherwise efficient outcomes. Institutional voids also demonstrate a lack of legal protection of the shareholders and a lack of market intermediaries (Khanna & Palepu, 1997).

Institutional void perspective exhibits the lack of institutional support for firms as well as the fact that the inadequate institutional rules and their implementation at a weak level develop uncertainty, restrain growth and prevent participation in markets (Khanna & Palepu, 2010). What is more, institutional voids increase the likelihood of opportunism, hinder functioning of markets, increase the likelihood of excessive rents for some actors as well as market power. Institutional voids also may serve as a monopolistic advantages creator for firms operating in local or foreign arenas, that can allow themselves to address them with their skills and resources as not all the firms have such a possibility. Filling voids in such settings require high costs (Doh, Rodrigues, Saka-Helmhout & Makhija, 2017).

A severe aspect to note is that institutions can experience failure in different aspects of their purpose, regulatory, protections, monitoring, incentivization and enforcement. Such failures may pose a massive effect on the performance of firms. They may not be able to cover the institutional functions which would lead towards enhanced transaction costs or even experiencing spillover effects without being able to capture value (Doh, Rodrigues, Saka-Helmhout & Makhija, 2017).

Institutional voids may trigger corruption, as enterprises may influence absent or underdeveloped formal institutions by informally influencing the government structures to act in favorable way by bribing. This way the institutions experience even higher weakening effect and compromise market functioning (Doh, Rodrigues, Saka-Helmhout & Makhija, 2017). Voids in this institutional area may arise from the main two elements: technical inadequacies of institutions or the negative informal terms for the establishment of their support. Institutional voids tend to point out gaps between formal rules and their implementation in practice (Narooz & Child, 2017),

When institutional voids exist in a country, they can lead to weakening or even exclusion of SMEs which may be considered as relatively powerless actors (Narooz & Child, 2017). It is also marked, that the credible information provided by market intermediaries is often underdeveloped or missing. This results in fierce information asymmetry which in turn results in the change of agency costs in numerous governmental settings (Khanna & Palepu, 2000).

The significance of internal capabilities of firms increases when their environments are described by weaker institutional development. In this case the winners of the markets are enterprises that express efficiency

in conducting diverse functions internally. This results in increased importance of the role of capabilities to compensate for inefficient institutional framework and insufficient markets (Khanna & Palepu, 1997).

Lack of transparency in the formal institutional procedures also captures a lot of attention from the analyzed authors. In the case of institutional voids in the shape of transparency and accessibility, SMEs tend to join networking channels. There is a negative relation between the dependence of SMEs on institutions and the asymmetry of power (Narooz & Child, 2017).

### **The link between institutional voids and firms**

The illustration of the interaction between the institutional voids and firms is presented in the following sections, identifying different responses of firms to various institutional voids. The examination is performed in a two-way perspective: firstly, with regards to the influence of institutional voids on firms, secondly, with regards to the responses of firms to institutional voids.

### **The influence of institutional voids on firms**

Institutional voids affect firms operating in different countries in different ways and strength. The institutional voids perspective is built on the absence of institutional support for firms' initiatives as well as improper institutional rules and regulations and uncertainty, triggered by weak enforcement of those rules and regulations. Institutional voids lie in between formal regulations and their implementation (Narooz & Child, 2017).

Institutional theory suggests that the practices of the firms, arises from beliefs, values and norms of the environmental context, that is institutions (Cheng & Yu, 2012). Firms have to match these in order to achieve legitimacy of the institutions, that correspond to their operations. While put under institutional demands, organizations tend to adapt the new framework in a favorable way (Tukiainen & Granqvist, 2016).

Institutional voids influence firms to adopt isomorphism, i.e. imitation of popular practices by other firms, as they establish fears of failure. The authors suggest two main areas of institutional voids that may lead to failure of firms: firstly laws, regulations, agencies and public opinions forming macro environment, that makes an impact towards implementation of certain practices, secondly the relationships with customers, suppliers, professional unions, external stockholders, that altogether form the inter-firm relationships, forming collective norms impelling imitation (According to Cheng & Yu, 2012). This notion gains support as industry-level pressures to achieve legitimacy pushes firms to perform mimetic behavior of the more successful firms in alignment with the institutional pressures in order to reduce uncertainty and increase legitimacy in the market. The authors also state that isomorphism may increase its strength within some industries in order to meet the requirements by stakeholders of multiple industries (Hitt, Sirmon, Li, Ghobadian, Arregle & Xu, 2020).

While some institutions corroborate economic activity, others act in a way to limit the economic activity in order to confine the uncertainty in the markets. Efficient and strong institutions in a country tend to constrict the dynamism by imposing order in the industries, however they increase the stability of industry environments. When the regulations are too severe or unclear, the outlier behavior may be undertaken by firms as they must choose between leaving the industry or undertaking unsanctioned actions in order to strive for survival. For the markets to stay less irrational and at the same time more predictable, firms need clear regulations to be provided by the formal institutions. The influence of formal institutions in the country on firms is indirect, performed by industry attributes (Hitt, Sirmon, Li, Ghobadian, Arregle & Xu, 2020).

What is more, it was found out that nearly 80% of the difficulties faced by firms are the result of one of the two: unsuitable policies implemented by current institutions or the delay of appropriate institutions. The authors also state, that these may include service fee of the government, bureaucracy as well as actions of the government, labour laws, work laws and the difficulty of recruitment. The study also suggests that supportive institutional setting, which may be formal as well as informal, has a major impact in the increase of the development of firms (Alarjani, Anwar, Aslam, Iqbal & Ayub, 2020).

Another insight on the influence of institutional voids on SMEs is that economic context makes a great impact on institutions and the institutional voids significantly affect the performance of SMEs. The findings of the research also proposed that there are two kinds of voids that make an impact on SMEs that were grouped as universal factors not portraying dependency on any country or location and context-based factors (Sadeghi, Nkongolo-Bakenda, Anderson & Dana, 2019).

It is argued as well that SMEs experience intensive effect by the quality of regulatory conditions and institutional policies, being named as: the level of infrastructure development, macroeconomic stability, the

degree of governmental intervention in the economic processes of SMEs, taxation system, financial stability, corruption level, property rights security, production factors cost as well as rule of law (Dollar, Hallward-Driemeier & Mengistae, 2006). SMEs attain vulnerability in cases when their own national institutional environment experiences instability (Batra, Kaufmann & Stone, 2003),

There are multiple ways institutions can fail their purpose, not limited to incentivization, monitoring, regulative or enforcement. This can make an impact on the performance on enterprises in wide variety of ways and depth (Doh, Rodrigues, Saka-Helmhout & Makhija, 2017).

The importance of the formal institutions as the core of institutional change can also be stressed. The impact of formal institutions on the strategies and opportunities of SMEs are empirically under-researched up until this moment (Yukhanaev, Fallon, Baranchenko & Anisimova, 2015).

### **The responses of firms to institutional voids**

To analyze the relationship between SMEs and institutional voids the agentic perspective may be exercised. According to institutional theory, this perspective provides a position of institutions determining certain rules for enterprises, the decision makers of firms sustain the ability to adapt to the imposed rules (Narooz & Child, 2017).

The environments in which various enterprises, including SMEs operate is portrayed as unpredictable and complex on the increasing level, as technological and political change takes a high pace in a world with its political, economic and ecological contexts becoming more and more interconnected (Child & Rodrigues, 2011).

Organizational analysis suggests that organisations must adapt to the environments they are operating in to be able to survive. More precisely, as their environments turn increasingly complex and turbulent, enterprises must discover and manage proper ways to cope with the new challenges that arise. Hence, organizations must arrange themselves in a manner that would be consistent with their environments' level of complexity (Child & Rodrigues, 2011).

Moreover, according to institutional theory, organizations, such as SMEs, are consolidated in two environments: internal institutional environment, which encompasses previously established standards, practices and structures as well as external environment, which encompasses regulators, competitors, suppliers and customers (DiMaggio & Powell, 1983).

On the basis of definition of institutions provided by Scott (1995), the main goal of firms is to survive, hence they correspond to institutional principles in order to increase their rate of survival and legitimacy (DiMaggio & Powell, 1983). Firms reach it by implementing coercive, normative or mimetic isomorphism, which also constitute institutional framework pillars – regulative, normative and cognitive – introduced by Scott (1995). The previously analyzed political, regulatory and economic types of institutions together form standards for the firms to operate within (Holmes, Miller, Hitt & Salmador, 2013).

SMEs can overpower market returns and the weak institutional obstacles by imitating international competitiveness sustainability and handling sustainable opportunities (Alarjani, Anwar, Aslam, Iqbal & Ayub, 2020).

To elaborate, institutional isomorphism construct was established to view the institutional environment effects on firms as maintaining unidirectional relationship. However, it received criticism as the role of active agency and firm-environment relations resistance was not emphasized (Oliver, 1991). Thus, the author proposed five types of strategic responses that firms may implement when experiencing institutional voids regarding corresponding to the institutional environment:

- Acquiesce – firms are likely to consent to institutional voids, however acquiescence positions in three alternative forms: habit, imitation and compliance. Habit consists of unconscious attachment for rules and values that are preconscious. A firm may be unaware of the institutional voids when they have become a social fact and preempt strategic response towards them. Imitation goes along with isomorphism and includes mimicry of various institutional models, succeeded firms and advises from consultancy agencies. Compliance is considered to be a conscious compliance to institutional voids with expectance of self-serving benefits.

- Compromise – when the firms are imposed with inconsistencies between expectations of the institutions and internal objectives or firms, or with conflicting institutional voids, they may choose to balance between, pacify, bargain with them. The compromise provides a thin line behind which lies resistance. Balancing describes the achievement of firms of parity of internal interests and those of the stakeholders, especially when they conflict. Pacifying identifies partial conformity to institutional voids, demonstrating

minor level of resistance and most of the performance to meet the requirements. Bargaining describes more active tactic, when a firm puts effort in requesting for some agreements from institutional level.

- Avoidance – an attempt to preempt the conformity to the institutional voids. It is composed of three tactics: concealment, buffering and escape. Concealment involves concealing nonconformity behind a consent. Firms may develop plans aligning with institutional voids, however not planning to actually implement them. Buffering involves firms minimizing the external evaluation by the institutions by separating own technical operations from external contact. Escape involves exiting the field with the highest institutional voids or reduce the activities on high extent to escape conformity.

- Defiance – is defined as more active tactic to withstand institutional voids. It is composed of three spheres: dismissal, challenge and attack. Dismissing can be referred to as ignorance of the institutional voids and is employed by firms when the rules imposed by institutions demonstrate low enforcement or are in opposition with internal objectives of the firm. Challenge is defined as a tactics involving firms gaining value from the insurrection when they challenge institutional voids. It is further from expectations, rules and norms than the previous tactic. Attacking expresses more intensity in retreating from institutional voids and denounce or bettle institutional voids. This tactic is usually implemented when institutional voids are organization specific.

- Manipulation – it is considered the most active response to institutional voids, it expresses attempt to co-opt, influence or control institutional voids. Co-opt indicates that the firm may persuade institutional member to join the firm or the board of directors with the goal of increasing legitimacy and neutralizing institutional opposition. Influence involves making an impact to one way or another on public perceptions of the industry as well as lobby regulators of the government in order to achieve changes in institutional voids that the firm is requested to conform. Controlling involves power and domination over any external voids that arise upon the firm and is the most aggressive response to institutional voids. Firms tend to use this tactic when the institutions are elementary.

When pronouncing strategies, firms do so in accordance to own environmental context, which contains of integrated institutions and the whole national institutional system. In order to achieve competitive position, firms must get consolidated within the institutional system (Hitt, Sirmon, Li, Ghobadian, Arregle & Xu (2020). Strategic choices implemented by firms can be summarized to three main sections (Doh, Rodrigues, Saka-Helmhout & Makhija, 2017):

- Adaptation – adjusting business model to local provisions by switching external intermediaries to the internalization of functions;

- Modification – changing these provisions;

- Avoidance – quitting operating in such environment at all.

In order to access to information about the market as well as to resources, both of which constitute uncertainty, it is necessary to construct potent relational capital, that would trigger embedded relationships. They display information exchange and trust between partners. This type of relationship with financial firms opens more set access to financial funds, while such relationship with suppliers opens access to other resources that diminish uncertainties for the enterprise. What is more, the mentioned relationships' advocacy with governmental entities opens information about the formal institutions which are responsible for regulations, changes or other ways on making impact on the legitimacy of the enterprises. All the mentioned relationships with different stakeholders increase legitimacy of the enterprise and reduce uncertainty (Hitt, Sirmon, Li, Ghobadian, Arregle & Xu, 2020). What is more, especially smaller firms show a tendency to maintain embedded relationships (Narooz & Child, 2017).

To elaborate more on organizations making relationships and networks of organizations, Organizational responses towards institutional voids are structured by inter-organisational linkages in the community as well as by internal processes (Tukiainen & Granqvist, 2016). Using social interactions, organizations satisfy the local demands as well as institutional constraints by building shared meanings and developing practices to modify institutional factors to the context on the local level (Hallett, 2010).

What is more, SMEs tend to maintain mediation by network contacts in order to overcome institutional void in order to survive. When such voids exist, SMEs are likely to form networks. The research conducted by the authors concludes, that business and social ties are of extreme benefit for the successful conduction of business (Narooz & Child, 2017).

Business networking is described as “two or more organizations involved in long-term relationships” (Thorelli, 1986). Learning through networks for enterprises is beneficial as well as establishing business relationships and market knowledge between actors of the network. Business networking is essential for SMEs

in local setting as well as in the event of internationalization. On the local level, business networks allow SMEs increase their competitiveness, boost innovation within SMEs and increase the level of their market knowledge (Torkkeli, Kuivalainen, Saarenketo & Puumalainen, 2018).

Institutional entrepreneurship is also a major factor, as various different institutional strategies are implemented in numerous contexts in order to create new or modify existing institutions (Thompson, Herrmann & Hekkert, 2014). The central point of institutional entrepreneurship is collaborations with individuals sharing similar views which empowers them resource wise and legitimacy wise. Social construction of markets is also largely impacted by the institutional entrepreneurship (Bathelt & Glückler, 2014).

Doh et al (2017) examines further how institutions shape the actions by enterprises in the situation of institutional void. The authors state, that enterprises may choose to diminish institutional absence or perform a substitution of formal institutions by implementing new organizational arrangements or join forces with other social actors. It is suggested that these new organizational arrangements should rely more on informal institutions rather than formal ones or impact governments to impose different institutional factors.

The alternative approach to responses of firms to institutional voids is pronounced, identifying four types of responses:

- Internationalization – strategy that depicts how developed internal markets of groups of enterprises deduct mergers and acquisitions deal abandonment regardless the volume of institutional voids in capital markets;
- Substitution – portraying investors exploiting their local private information in order to compensate for the shortage of local public information, in the light of information voids;
- Institutional borrowing – due to institutional voids in contract implementation which allows enterprises to insert into the contract highly functioning another country institutions in place of the local ones;
- Signaling – strategy to reach increased access to capital and other resources, which is implemented through CSR in the setting of different institutional voids. It is evident that institutional voids make a major influence on firms, the impact usually being fatal. Simultaneously, the firms respond to institutional voids in different ways, fluctuating from a completely passive to extremely active depending on the institutional void they were enforced with. The responses of firms to institutional voids is the key aspect of this research paper (Doh et al, 2017).

It is evident that institutional voids make a major influence on firms, the impact being favorable or fatal. Simultaneously, the firms respond to institutional voids in different ways, fluctuating from a completely passive to extremely active depending on the institutional void they were enforced with.

## **Research Design**

*Research Method.* The aim of this empirical research was to reveal the responses of Lithuanian exporting manufacturing SMEs to institutional voids. The research was carried out following Oliver (1991) typology of strategic responses of firms to institutional processes. Case study method of qualitative research was selected in order to answer the research questions. The case study ensures that the researcher operates in the natural environment without putting any influence on the situation that is being researched, nevertheless searching for explanations that analyses the research object (Yin, 2009). The primary data analysis together with secondary data allowed a more comprehensive understanding of the object of the research. The semi-structured interview was selected for the collection of the primary data. The open-ended questions of the interview were predetermined with little being changed during the beginning of the interviewing process itself, however the following answers by the respondents navigated the interview towards various aspects of the topic of the research and the sequence of the questions was changed accordingly. Interview guide which reflected a flexible structure of the questionnaire reacting to the flow of the real interview, leading to the possible change of the sequence of the questions, their formulations or to additional questions not considered beforehand was designed for the semi-structured interview method.

*Sampling.* SMEs are the impetus of the economy in the country, however the research in the context of SMEs responses to institutional factors is still missing. Therefore, the research was carried out with Lithuanian SMEs performing foreign trade activities, operating in manufacturing sector and working in metalworking area of production. Manufacturing sector was selected for the purpose of the study as it was one of the main components for the economic downturn of Lithuania adding up to the decrease of GDP that was triggered by lowered domestic demand and export levels. According to OECD (2020) report, manufacturing sector was in the top two among sectors that suffered the most from the pandemics. However, it experienced the most

significant recovery in the country. The main criteria for selecting interview subjects were: 1) firms correspond to the requirements of being constituted as SMEs; 2) firms perform foreign trade activities; 3) firms operate in manufacturing sector; 4) firms specialize in metalworking area of production. Five cases were selected. Five informants who were founders and directors of the companies were interviewed. The highest level of executives was selected and interviewed because they had the fundamental and most in-depth knowledge regarding interaction with institutional voids within their companies. The questions of the interview guide were divided into five major blocks, corresponding to different spheres of the research: profile of the company, external environment of the company, institutional voids experienced by the SME, export management and responses to institutional voids. The semi-structured open-ended interviews were carried out by answers of the informants navigating the flow of the interviews, allowing to analyze the cases more in depth and detail (Yin, 2009). The interviews took place in March–April 2021. The average length of each interview was between 60 – 90 minutes. All the interviews were recorded, turned into transcripts, coded, categorized and analyzed based on theoretical framework of this study. Transcripts of the interviews were analyzed employing the strategies and tactics of the response identified in the theoretical development of this study.

### Research findings

The case firms constitute as SMEs, are internationally active, operate in manufacturing sector and specialize in metalworking area of production. The firms are established between 1996 and 2014, the founders of the SMEs are also their directors who have been in charge since the very establishment of the company whose business experience lies within the range of 6-25 years. All the firms are internationally active on different levels, their level of exports from total production varying between 10-85% (see Table 1). The informants were coded as Firm A, Firm B, Firm C, Firm D and Firm E. Each of the firm have at least two main export markets and sustain eagerness to expand in wider international spectrum.

Table 1

Characteristics of case firms

Indicators/Companies	Firm A	Firm B	Firm C	Firm D	Firm E
Main activities	Metalworking Manufacturing	Metalworking Manufacturing	Manufacturing Metalworking	Manufacturing Metalworking	Manufacturing Metalworking
Number of employees	29	22	13	23	47
Annual turnover	<50 mln.	<50 mln.	<50 mln.	<50 mln.	<50 mln.
Balance sheet total	<43 mln.	<43 mln.	<43 mln.	<43 mln.	<43 mln.
Year established	2009	1997	2002	2014	1996
Sector	Manufacturing	Manufacturing	Manufacturing	Manufacturing	Manufacturing
Exports	Yes	Yes	Yes	Yes	Yes
Main export markets	Belarus, Western Europe, Baltics	Poland, Latvia	Denmark, Latvia, Estonia	Denmark, Sweden, Germany	Germany, Norway
Export targets	Latvia as home market	Asia, Europe, NVS countries	Germany, Baltics	Expand in existing markets	EU countries
% of total production exported	70%	10%	85%	50-70 %	20-25%

\*Made by author

The research on institutional voids experienced by SMEs exposed two main export related institutional voids within the operation of SMEs (see Table 2). All the interviewed informants from the five SMEs have identified, that they have not experienced any institutional support for exports or are not even aware that such mechanisms exist. What is more, the majority of the informants (Firms B, C, D and E) have identified that they already work in full capacity mode and have no capabilities to increase their exports. Firm E operates the longest of all the case firms, however they expressed that they have not received any institutional support and were imposed only by institutional voids throughout the whole life of the firm which is 25 years.

Table 2

Export related institutional voids

Export related institutional voids	Supporting quotes

No institutional support	<p>“...entering new markets, we have to do it ourselves...” (Firm D)</p> <p>“...all with only our own work. The state cannot anyhow, they will not do anything...” (Firm A)</p> <p>“...we were not spoiled [by the institutions] the whole life, so that someone will provide us something, never...” (Firm E)</p> <p>“...we have not received any support, maybe other companies do, I do not know...” (Firm B)</p> <p>“...I do not have any opinion, we have not received any support...” and later on</p> <p>“...unequivocally, there was nothing...” (Firm C)</p>
Full capacity of production	<p>“...we have full load, we cannot even satisfy the needs of our current customers...” (Firm D)</p> <p>“...the growth of the sector is significant, but we do not have physical capacity...” (Firm A)</p> <p>“...now we work in full capacity...” (Firm E)</p> <p>“...we had so many orders, that we did not have the capacity to make them all, even though we employed more people...” (Firm B)</p>

\*Made by author

In order to examine above the export related institutional voids, the research on institutional voids faced by the SMEs in a broader context was carried out. The main institutional voids faced by the interviewed informants were time disruptions caused by institutions, the burden of bureaucracy, the current taxation system in the country and the movement restrictions that were imposed during the Covid-19 quarantine periods (see Table 3). The institutional void identified by all the interviewed informants was time disruptions caused by imposed institutional factors, such as: inspections, customs, necessary certificates, institutional restrictions and others. They cause the delay in the operations of the companies, extend the supply chains, pause in implementation of projects as well as affect the overall income of the company. The majority of the interviewed informants have claimed that the burden of bureaucracy is disrupting the efficient activity of the SMEs. The informant from Firm D identified, that the time to support in some cases even take up to a year “... till we ourselves prepare the application, according to those conditions, we at the same time have to prepare the documentations, technical knowledge on the topic, so around one year...”. The informant from Firm A have also identified bureaucracy as a point of improvement from the side of institutions as it is very time consuming and takes time from the main activity of the company. The informant from Firm C had a very critical opinion regarding the bureaucracy: “...regarding that institutional support, exemptions, I have one moment, I can tell, that this is a manifestation of bureaucracy...”. The informant also stated, that for some institutional support mechanisms it necessary to evaluate the costs, the time, the accounting costs, and at the end the size of the institutional support is lower than the mentioned aspects and it turns out to be more beneficial to stay within the institutional void after all. Income tax was identified as a crucial institutional void by two informants (Firm B and C). Two informants suggested the 15% income tax should not being deducted annually but allowed to be reinvested into business, which would work in a beneficial way for the economy of the country.

Table 3

Institutional voids faced by the SMEs

Institutional voids faced by the SMEs	Supporting quotes
Time disruptions	<p>“...every inspection is a time disturbance, it takes 1,5-2 days, during the time the workflow is disturbed...” (Firm B)</p> <p>“...only after you receive the permission to manufacture... these processes were done, it took time, but eventually they were implemented...” (Firm E)</p> <p>“...because we had to pay additional time for arranging the documentation...” (Firm A)</p> <p>“...you evaluate the time cost... and understand that it is not worth wasting time...” (Firm C)</p> <p>“...it takes around a year...” (Firm D)</p>
Bureaucracy	<p>“... then there is a duty imposed by State Tax Inspectorate for reconciling accounts, what used to be done by the governmental institution ... just more administrative work...” (Firm D)</p> <p>“...we just have to fill in more documents. Sometimes the pick-up [of the products] takes a month or even longer...” (Firm B)</p> <p>“...we had to pay additional time to arrange the documents, to give out documents for people who move...” (Firm A)</p> <p>“...then you understand that for this is not worthy to fill in mountains of papers and spend time. You realize that you need too much bureaucratic paperwork...” (Firm C)</p>
Taxation system	<p>“...we addressed the police, provided all the documents. The time passed but nothing happened. We cured our wounds and at the end of the financial year we were informed, that we will need to pay 15% income tax from the stolen sum. I cannot believe that...” (Firm C)</p>

	<p>“...there are too short time for reorientation. They give a really short time, when they implement a new tax or increase the percentage, they give a really short time, let’s say that wages, they increase, so they figure to increase it in a couple of months just like that. However, these are the costs of the company...” (Firm D)</p> <p>“...if you invest your income to some kind of infrastructure, there should not be taxes, I mean the income tax...” (Firm B)</p>
Movement restrictions	<p>“...we felt that it is more difficult to receive transport, the production is travelling for a longer time...” (Firm C)</p> <p>“...there was a production disorder ... the time extended by 2-3 days...” (Firm D)</p> <p>“...we had some difficulties because of restrictions of movement between municipalities...” (Firm A)</p> <p>“...so instead of one month, it becomes three or four months, the supply chain prolongs...” (Firm B)</p>

\*Made by author

### Responses of exporting manufacturing SMEs

Three companies, namely Firms C, D and E, exhibited very passive response to institutional voids strategy – acquiesce, with only implementing the tactics of complying – obeying to and accepting the rules and norms (Oliver, 1991). They did not exhibit any other type of strategy responding to institutional voids and did not portray any type of ambitions towards in initiating any change: “...5-6 years ago you tried to look positively to all those things [regulatory environment] but when you face some kind of problems, then you become the same, as always complaining, oh how bad, what kind of laws...” (Firm C), “...in reality we work with what we have...” (Firm D) “...all good as it is...” (Firm E).

However, FIRM B possesses a more active response to institutional voids strategy – avoidance strategy, taking the tactics of escape. The Firm B informant states that because of the tough times, they had to figure out different mechanism how to act in the presence of institutional voids and informant from Firm A identified a strong sense of bypassing the rules and regulations but making sure that they are not technically breaking the law: “...during crisis, due to Covid-19, the company took up a decision to import some materials, complectations ourselves. We noticed, that if you import yourself, there are more troubles, bet it costs cheaper and you can find better quality...” (Firm B); “...so that the transit of goods and such is not forbidden, we listened to that narrow line and in this way let our managers go together with the cargo, so they kept the physical, real, live contact with clients, solved their problems and at the same time carried the goods...” (Firm A). The informants admitted that they were trying to bypass the obstacles by taking initiative to their hands. This is a clear signal for the response to institutional voids strategy of avoidance and tactics of escape, as, according to Oliver (1991), this strategy is motivated by the boost to bypass the rules and conditions, that would otherwise make the conforming strategy necessary.

Table 4

Responses of exporting manufacturing SMEs to institutional voids

Responses of exporting manufacturing SMEs	Supporting quotes
Acquiesce strategy, tactics of complying	<p>“...actually, they are what they are, we try to do everything what we are required to do. If you make something wrong, it is because of not knowing... we try to do, that is correct...” (Firm C)</p> <p>“...no, because we work for a long time, we passed all those roads and everything happens in its own way and I do not need anything additional...” (Firm E)</p> <p>“...everywhere there are pluses, everywhere there are minuses, principally, you live with what you have, if the base of law was not right for us, we would go to another country...” (Firm D)</p>
Avoidance strategy, tactics of escape	<p>“...we tried to solve the problem and go around those, let’s name them, ineffectively working companies...” (Firm B)</p> <p>“...our decisions were non-standard, we reformed the links of our sellers and drivers, the customer support, especially for closer Poland, Latvia, Estonia ... people changed, the manager used to go for the maintaining contact, solution of technical problems and everything was formed as going in transit. He takes together goods and everything else, and the transport good transit movement was not forbidden. In this way you do not have to go to quarantine when you get back and solve the problem. I am telling the flaws, that governmental institutions can like this. We threw the human resources and all those things</p>

	<i>and then you do not have to do the PGR test, do not have to go to quarantine and so on..."</i> (Firm A)
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Made by author

Hence, the research findings portray two main strategies of responses to institutional voids by interviewed Lithuanian exporting manufacturing SMEs: acquiesce, with the tactics of complying and avoidance, with the tactics of escaping.

## Results

Such results identified that all five SMEs have not experienced any institutional support for exports or are not even aware that such mechanisms exist. The fact, that all five companies have not received any institutional support for exports, especially when they are already performing foreign trade activities, have their export targets and plans to expand in new markets or existing ones, can be evaluated negatively from the institutional perspective. What is more, the majority of interviewed SMEs are already working in full capacity mode and have no capabilities to make more production or increase their exports. New equipment means more efficient work, more possibilities, ability to take new orders, operate in bigger capacity which in turn allows to enter new markets or expand in existing ones. Hence, the empirical study reveals, that there is a need of institutional support for exporting manufacturing SMEs for purchasing new equipment.

Secondly, the study showed, that the main institutional voids named by the informants of the five SMEs are: time disruptions caused by institutions, the burden of bureaucracy, the current taxation system in the country and the movement restrictions that were imposed during the Covid-19 quarantine periods. The time disruptions caused by institutions result the delay in the operations of the companies, pauses in implementation of projects as well as affects the overall income of the company. The bureaucracy mechanisms were named as a huge institutional void that requires much time and nerves, that could be improved by lowering the level of the bureaucracy for exporting manufacturing SMEs. The current taxation was identified by SMEs limiting the operations and exports. What is more, the gathered evidence identifies that the taxation system, in particular the income tax, needs to capture the attention of institutions and be rearranged for reinvestments. The Covid-19 related institutional factor – movement restrictions – also became a strong institutional void as it was not properly designated for businesses.

Finally, the results of the empirical research in relation to the analyzed theoretical concepts have portrayed two main strategies of responses of exporting manufacturing SMEs to institutional voids: acquiesce – a passive response to institutional voids strategy; and avoidance – a more active response to institutional voids strategy. According to Oliver (1991), acquiesce is a strategy that accepts to the institutional voids that are imposed on the company while avoidance portrays a strategy of organizational effort to prevent the necessity to conformity. After performing in depth analysis of the interviews with informants from all five SMEs, the two response strategies portrayed one different tactics each: acquiesce portrayed compliance tactics – conscious obedience to institutional voids, as avoidance portrayed escape tactics – when the SME may exit the domain in which the institutional voids are exerted.

What is more, the research has shown that the number of partners and their reliability is an important factor in the strategies of responses of exporting manufacturing SMEs to institutional voids. Those companies that have a certain number of permanent business partners that they export to and receive the majority of the orders from, tend to take a more passive strategy of response to institutional voids.

Furthermore, the study has revealed that the experience of the director of the company also expresses the strategy of response of exporting manufacturing SME towards institutional voids. The empirical research showed that the less international experience the director of the exporting manufacturing SME has and the longer the director managed the same company, the more passive the response strategy to institutional voids will be. It also can be concluded that the more businesses the director had managed in the past and the more international business experience the director had attained, the more proactive their actions will be.

Moreover, the empirical research has also portrayed that the more ambitious goals of expansion the SME has, the more active their strategy of reaction towards institutional voids.

## Discussion

The purpose of this study was to explore responses of exporting manufacturing SMEs to institutional voids. The concepts of institutions and institutional voids were constructed as well as a two-way perspective

was provided: with regards of influence of institutional voids on SMEs as well as responses of SMEs to institutional voids.

By applying Oliver's (1991) strategic response typologies to institutional factors to explain differing choices of strategic responses that internationally active manufacturing SMEs may take responding to institutional voids imposed on them, the response strategies of firms participating in the research were recognized, as well as the tactics of their strategic responses. The research also allowed to identify the institutional voids that exporting manufacturing SMEs face.

### **Theoretical contribution**

This research contributes to examination of the theory of responses to institutional voids by firms (Oliver, 1991) from internationally active manufacturing SMEs point of view, especially in naming the most fatal institutional voids for the mentioned companies. The research findings exposed that SMEs are most likely to act in two ways, either to conform to the institutional voids that are being imposed on them or to reduce the activities on high extent to escape conformity, conclusively, employing one of the two responses to institutional voids strategies: acquiesce or avoidance.

What is more, the study extends the literature on formal institutional voids that arise from regulatory institutions or structure of national law that are nationally weak or absent (DiMaggio & Powell, 1983; Scott, 1995). The study also answers Oliver (1991) call for the research on the likelihood of conformity or resistance to institutional factors. Moreover, the study adds to this literature with contextual contribution by evaluating the response strategies to institutional voids by Lithuanian exporting manufacturing SMEs and identifying institutional voids faced by the mentioned firms. The study found that the institutional voids within Lithuanian exporting manufacturing SMEs raise a number of problems for the interviewed firms, from the taxation system or burden of bureaucracy to the overall system of institution within the country. The findings of the study portray a strong link between institutional voids and responses of exporting manufacturing SMEs.

### **Managerial implications**

The study provides better understanding of strategic action taken by firms in response to these institutional pressures in the perspective of institutional voids by performing empirical research on this exact matter. This research answers Doh, Rodrigues, Saka-Helmhout & Makhija call for increased research on institutional voids by conceptualizing institutional voids as well as providing a two-way perspective outlook: with regards of influence of institutional voids on SMEs as well as responses of SMEs to institutional voids. While application of the theory of responses of firms to institutional voids is relatively new within the context of Lithuanian exporting manufacturing SMEs, the incremental benefit to the existing knowledge is evident.

Findings established with this research have important implications for the highest executives of internationally active manufacturing SMEs as well as institutions and policy makers.

The findings of the research identify two main response strategies of firms towards institutional factors: acquiesce and avoidance. However, the SMEs should respond more actively to institutional factors that are being imposed on them. All the institutional support possibilities should be qualified and applied for as well as each institutional support mechanism should be benefited to the maximum level. On the contrary, each institutional void should be met with an active response in order to eliminate unfavorable conditions immediately or operate accordingly to receive the least harm possible. What is more, the results of the empirical research highlight the importance of cooperation or SMEs joining networks. As all of the exporting manufacturing SMEs identified a significant number of institutional voids that are imposed on their companies or even their sector and the majority of them implement the acquiesce strategy of the response to institutional factors, the SMEs should join networks, associations, clusters or unions of similar companies operating in the manufacturing sector, as, according to the performed research, none of the interviewed SMEs is part of one. The membership in such organization would allow SMEs to become more visible in the institutional context and make an impact on the way the institutional factors are imposed.

The findings of this research provide valuable insights for the institutions and policy makers regarding the institutional voids the SMEs are facing as well as institutional improvements necessary for exporting manufacturing SMEs. The identified institutional voids experienced by the researched exporting manufacturing SMEs allow institutions to make appropriate institutional adjustments as the policy makers need to first understand better the constitution of challenges faced by SMEs in order to attain valid policy

frameworks for support. Moreover, as the lack of information regarding institutional factors influences the actions taken by the exporting manufacturing SMEs, the access to clear, correct and up to date information should be available at all times. What is more, institutions could communicate with the SMEs about their actions and the possibilities of SMEs in various conditions.

### **Limitations and future research**

The limitations of this research enable the further research directions. Firstly, the collected empirical research findings cannot be applied for all the Lithuanian exporting manufacturing SMEs spectrum, because the research involved 5 such firms. The recommendations can be provided for only those companies, that participated in the empirical research. Secondly, the research is focused on a single industry in a single target country. Furthermore, the research is performed on firms that are constituted as SMEs that operate in manufacturing sector and performs foreign trade activities, hence the findings should not be generalized for the aggregate sample of SMEs, as the findings may differ for different size or sector firms as well as for firms operating in other countries.

The following studies on this topic may include firstly different sized companies; secondly, different industries, as the research framework is not limited by any industry. Moreover, the future research could include a larger sample size in order to perform a broader analysis on the topic. In scientific literature there are more different responses by firms to institutional factors, hence it would be qualitative for the further studies to examine more responses to receive a bigger number of valuable insights about the responses of various types of firms to institutional factors. Finally, the following studies on this topic could involve interviews with the informants from institutions in order to provide the corresponding perspective and their insights regarding imposing institutional factors in the perspective of institutional voids towards exporting manufacturing SMEs.

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## ANALYSIS OF RUSNE VILLA RURAL TOURISM SERVICES AND EVENTS

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### Abstract

Rural tourism is a part of the Lithuanian tourism sector, distinguished by its uniqueness and competitive qualities, influencing the formation of the image of a municipality or a state. The strength of rural tourism is the use of the nation's material and spiritual heritage and its creative application in the modern society (Sirusienė, 2008). During the Covid-19 pandemic, people rediscovered nature and the unique corners of Lithuania. This pandemic allowed rural tourism to reappear, which makes this topic relevant for research. The aim of this paper is to present the main aspects of the services and events offered by „Rusne Villa“.

Keywords: Tourism, Rural Tourism, Services, Events, Supply

### Introduction

**Relevance.** Rural tourism is an important part of the tourism sector in Lithuania and worldwide. According to J. Raišutienė (2022), a systematic monitoring of official statistics shows that: the number of registered rural tourism homesteads in Lithuania has been increasing (with the exception of 2015, the number of homesteads has slightly decreased), with some counties having more homesteads, others less. In 1997, 34 rural tourism farmsteads were registered, while in 2017, 668 farmsteads provided rural tourism services. Looking at the period from 1997 to 2017, the highest concentration of rural tourism farmsteads is in Utena, Vilnius, Alytus, followed by Kaunas and Klaipėda counties. A. Vaitkūvienė, Head of the Lithuanian Rural Tourism Association, states that rural tourism farmsteads are increasingly becoming the venue for various seminars, exhibitions, fairs, conferences and other various events. The changing lifestyle of society is slowly influencing the needs and behaviour of tourists. This influence is expected to continue: leisure activities will become more personalised, leading to an increase in demand for smaller accommodation establishments, popularity of boutique and family hotels, private accommodation or rural tourism facilities, and the rise of rural tourism [Lithuanian Tourism Marketing Strategy 2016-2020, 2015].

**Investigability.** The offer of the tourism sector to tourists and locals is based on the aspects of the natural physical environment, the established general and tourism infrastructure, tourism businesses, local lifestyles (e.g. traditions, cultural environment, etc.) and hospitality. The concept of rural tourism is studied by Vainienė (2001), A. Astromskienė, R. Sirusienė (2007), L. Žalys and others. (2006), J. Raišutienė (2016-2017). Raišutienė J., Dženkauskaitė O. (2017) investigated natural factors of rural tourism development. Raišutienė J., Abromavičiūtė A. (2017) analysed the topicality of socio-economic factors of rural tourism development. Raišutienė J., Martinkutė V. (2016) issues of rural tourism market segmentation in Lithuania. The results of the research on the topicality of rural tourism services and consumers' evaluations are presented in Raišutienė J., Samoškienė M. (2018). The concept of events is analysed by Getz (2007; 2010), J. Raišutienė and S. Virbauskaitė (2017), E. Gužauskas (2011) and others.

**Issues.** During the Covid-19 pandemic, people rediscovered nature and the unique corners of Lithuania. This pandemic has allowed rural tourism to reinvent itself. The problem to be answered is the peculiarities of the offer of services and events of „Rusne Villa“ rural tourism.

**Object.** Services and events of the „Rusne Villa“ rural tourism homestead.

**Objective** - To investigate the services and events offered by „Rusne Villa“ based on thematic theoretical aspects.

#### Objectives:

1. To review the theoretical aspects of the supply of services and events in rural tourism and the changes and determinants.
2. To investigate the characteristics of the changes in the supply of services and events at „Rusne Villa“.

#### Research methods used.

1. Analysis of thematic literature;
2. Analysis of legal and strategic documents;
3. Analysis of online sources;
4. Analysis of the data obtained.

## Theoretical aspects of the supply of rural tourism services and events

**The role of rural tourism services in tourism and current issues.** Rural tourism is a type of tourism that offers recreation in rural areas or in the countryside. Rural tourism, as an integral part of tourism, has already been recognised in Lithuania: it is included in the Law on Tourism, the Lithuanian Tourism Master Plan, the National Tourism and Rural Social Development and Employment Programmes. In the National Tourism Development Programme 2007-2010, rural tourism was one of the priority types of tourism, where the aim was to support the development of rural tourism and traditional crafts. Dorobantu and Nistoreanu (2012) highlight that rural tourism is a form of tourism that takes place in rural areas and involves the use of the natural and anthropogenic resources of a rural area, as well as socio-economic activities that benefit local communities. The Law on Tourism of the Republic of Lithuania (current version as of 1.1.2021) defines this type of tourism as a rural tourism service: a rural tourism service is an independent accommodation service provided to tourists for a fee in a rural area or in a town with a population of not more than 3 000 inhabitants, which is accompanied by facilities for catering, recreation, entertainment or event organisation needs.

**Classification of accommodation services in Lithuania.** Accommodation services are the backbone of the tourism industry as they are a vital and essential part of the tourism supply. According to the State Consumer Rights Protection Authority (SCPA) (04.04.2022), accommodation services in Lithuania are divided into: 1) classified accommodation services (total number of classified accommodation services - 419); 2) non-classified accommodation services (total number of non-classified accommodation services - 2 661), including rural tourism services (1 175).

**The demand for rural tourism services** can also be seen in the growing number of holidaymakers, which was last recorded on the official website of Statistics Lithuania, see Figure 1.

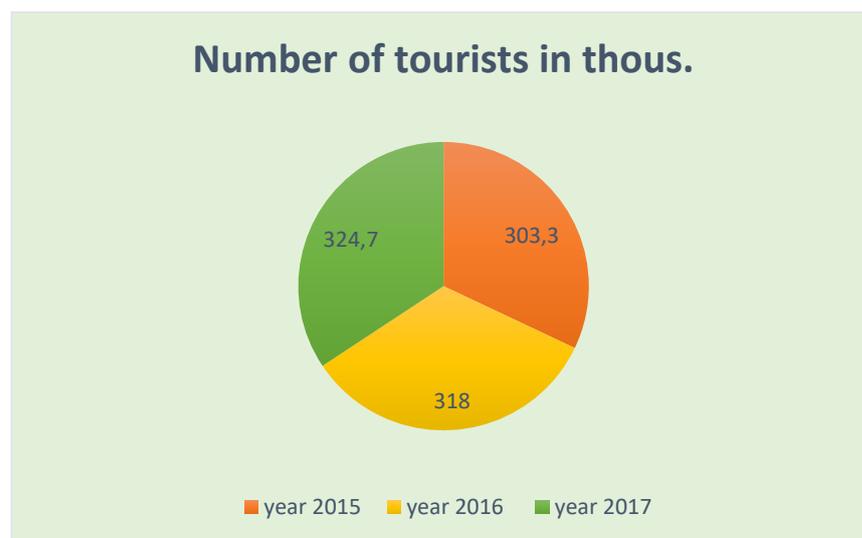


Fig 1. Changes in the number of holidaymakers in agritourism farmhouses in 2015 - 2017  
\*Source: compiled by the author on the basis of the Lithuanian Statistical Department

According to the data of the **Lithuanian Rural Tourism Association** [viewed 07.04.2022], 309 rural tourism homesteads are advertised on its website. As we understand it, this is a minority of them. The member homesteads of the association are rated from 1 to 5 'storks'. These are the qualification (comfort) categories awarded by the Council of the Association to its members providing rural recreation and rural tourism services, after assessing the level of the accommodation and the level of provision of rural recreation services. In Lithuania, the predominant category of rural tourism homesteads is rated with three "storks". The largest number of rural tourism homesteads in Lithuania, **245, are classified as quiet holiday homesteads**, with a small difference between **family holiday homesteads with 241 homesteads** and **family holiday homesteads with 213 homesteads**. The lowest number of homesteads is for agro-tourism - 18, wellness - 25 and culinary heritage - 29. It should be pointed out that rural tourism farmhouses classify themselves as belonging to more than one specialisation.

According to J. Ramanauskienė and V. Trijonytė (2008), **rural tourism services can be divided into the following types:** 1) main (compulsory) services - accommodation, catering; 2) ancillary services - service,

shower, ironing, childcare, organisation of seminars/conferences, etc.; 3) auxiliary services (special services for the active and passive organisation of leisure and recreation activities). There is no single classification of events, and different authors give slightly different classifications. According to D. Getz and S.J. Page (2016), events are divided into 4 main groups: business events; festivals and cultural events; entertainment events; and sporting events. Rural tourism homesteads are expanding strongly and can provide a full range of services for organising events, excursions and education. For the time being, weddings, birthdays and other family celebrations requiring accommodation and catering remain the largest part of the events organised in an agritourism farmhouse. But in order to attract more tourists and guests, agritourism farmhouses need to continuously work on the quality and variety of their services. The pandemic has provided an excellent opportunity to rediscover the authenticity of rural tourism.

## Results

**Statistical data of rural tourism homesteads in Šilutė district municipality.** All non-classifiable accommodation providers are visible in the list provided by the SCPA <https://www.vvtat.lt/vartojimo-paslaugos/turizmo-paslaugos/turizmo-paslaugu-teikejai/128>. As already mentioned above, the total number of non-classifiable accommodation providers in Lithuania according to the data of 07.04.2022 is 2661, of which 1175 provide rural tourism services, **including 30 rural tourism providers in the municipality of Šilutė district, only 5 of them belong to the Lithuanian Rural Tourism Association.** The Rusne Villa under analysis belongs to the LKTA and is classified as comfort level 4. It should be noted that in 2017 Rusne Villa was nominated "Competitor of the Year" in Šilutė District Municipality.

Analysing all (30) establishments providing rural tourism services in Šilutė district municipality, it is noteworthy that one homestead is no longer active, all of them provide accommodation services, 19 of them provide additional services - water entertainment, conference hall rental, fishing services, outdoor recreation, active leisure time services. "Rusne Villa is the only one that can accommodate up to 85 persons, 4 establishments can accommodate up to 50 persons, 9 establishments can accommodate between 20 and 30 persons and the remaining 16 establishments can accommodate between 4 and 20 persons.

Currently, tourists mostly search for rural tourism services on the internet. Table 1 below shows the indicators of e-marketing measures in the three establishments providing rural tourism services in the municipality of Šilutė district (see Table 1).

Table 1

Comparison of Rusne Villa, Ventainė, Ažuola e-marketing tools

The institution	A website	Email	Blogs	Social media				
				Facebook	Instagram	Twitter	LinkedIn	Youtube
„Rusne Villa“	Yes	Yes	None	Yes	Yes	Yes	None	Yes
„Ventainė“	Yes	Yes	None	Yes	Yes	None	None	None
„Ažuola“	Yes	Yes	None	Yes	None	None	None	None

\*Source: Compiled by the authors from the from „Rusnė villa“ reports

As you can see in panel 1, Rusne Villa is active on social media. They are full of up-to-date information, customer feedback, regular photo uploads and various competitions.

**Characteristics and overview of „Rusne Villa“.** Rusne Villa is a luxury farmhouse providing rural tourism services. Established in 2013 in Pamari, 45 km. It provides a high level of accommodation, catering, service. It organizes various celebrations, events, excursions and educational activities. Located in the Nemunas Delta Regional Park, Rusne Villa is idyllically surrounded by the Pakalnė River and the Curonian Lagoon, just 1 km away, 10 metres from the river and the forest. Oostadvaris, 3 km from Rusne Villa, offers boat trips to Nida, Ventė, Kintai, Minija and other surrounding areas. The nearest airport is Palanga International Airport, 74 km from Rusne Villa.

**Accommodation.** The homestead has two accommodation buildings and 20 rooms, which can accommodate up to 85 people. The elegant and stylish rooms are the perfect choice for both business and leisure guests. Most rooms has balconies with river views.

The property specialises in:

- Sightseeing holidays;
- Business events and conferences;
- Various celebrations;
- Culinary heritage.

**Catering.** „Rusne Villa“ has been a promoter of Lithuania's culinary heritage since 2015. "Located on the land of the local owner's great-grandparents, and with the owner's own noble roots, Rusne Villa's restaurant offers special traditional and exclusive dishes from Lithuania Minor that have been brought to life from old records, inviting guests to a different experience.

**Ecotourism services.** „Rusne Villa“ is located on the island of Rusne, a unique corner of Lithuania, surrounded by waters on all sides, rich in bird and plant diversity, which is a great attraction for nature lovers, ornithologists, fishery enthusiasts and professionals, lovers of tranquility and water. Unspoilt nature is becoming more and more popular and Rusne Villa organises trips and excursions around Rusne Island in cooperation with local guides and ornithologists. By prior arrangement and reservation, Rusne Villa offers:

- Birdwatching in the hides;
- Night hikes;
- Boat trips to observe bird life;
- Guided tours of the town of Rusne;
- Nature walks on the island of Rusne;
- Excursion to the unique Žalgiri Forest;
- Walks in the Aukštumalė swamp.

**„Rusne Villa“ market statistics.** Accommodation is one of the main services of Rusne Villa. Until 2018, the establishment could only offer 9 rooms, which could accommodate up to 30 people. As of 2018, Rusne Villa already offers 20 rooms for up to 85 people. In 2018 - 2019, the majority of the guests staying in the villa were foreign tourists, while in 2020 - 2022 they were domestic tourists (see Figure 2).

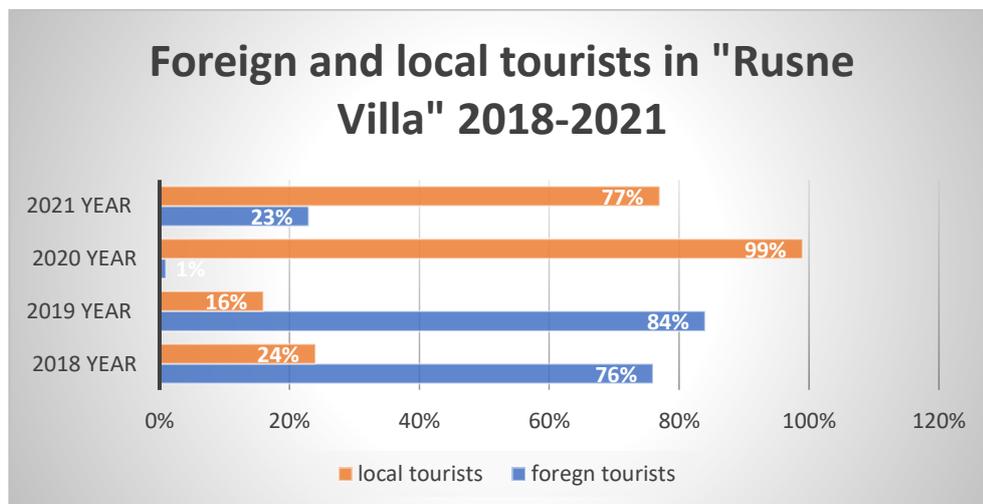


Fig 2. Accommodation of foreign and local tourists in Rusne Villa in 2018 -2019

\*Source: Compiled by the authors from the from „Rusne villa“ reports

The Covid -19 pandemic has had a significant impact on the record decline in foreign tourists and the increase in domestic tourists at Rusne Villa. With the relaxation of restrictions on accommodation facilities, as much as 99% of the occupancy in 2020 was by domestic tourists. This was also influenced by the "Holidays for medics" project managed by "Travel Lithuania", which was used by medics to spend their holidays at Rusne Villa. In 2021, the percentage of domestic tourists was still high at 77%, while the relaxation of border restrictions led to an increase in the number of tourists from neighbouring countries, which accounted for 23% of the total.

**Services and facilities for organising events.** Modern society is increasingly looking for a venue where they can not only dine with a group of people, but also have an active or relaxing time in nature. For the main types of events, such as personal celebrations (weddings, christenings, birthdays, etc.) and different types of conferences and seminars, Rusne Villa can offer a range of services and facilities for their organisation, see Table 2.

Table 2

<b>Services and facilities for the organization of events at „Rusne Villa”</b>	
<b>Services and tools for personal celebrations</b>	<ul style="list-style-type: none"> <li>- Grand Ballroom, which can accommodate up to 110 people,</li> <li>- a small room for up to 30 people,</li> <li>- accommodation in cosy and elegant rooms,</li> <li>- exclusive cuisine and catering,</li> <li>- a tailor-made menu designed by the chef,</li> <li>- an outdoor terrace and grounds for up to 300 people,</li> <li>- decoration and floristry services,</li> <li>- Welcome service,</li> <li>- sound system, projector, large screen (for video or photo montages on request),</li> <li>- a spacious car park and a marina.</li> </ul>
<b>Services and facilities for conferences and seminars</b>	<ul style="list-style-type: none"> <li>- Full conference facilities (free internet, projector, sound equipment),</li> <li>- two conference rooms, a small one for up to 30 participants and a large one for up to 100 participants,</li> <li>- conference or seminar participants' service,</li> <li>- stationery,</li> <li>- accommodation,</li> <li>- full catering,</li> <li>- free parking,</li> <li>- If required, the final part of the event can be a guided nature tour or boat trip around Rusnė Island.</li> </ul>

*\*Source: Compiled by the authors from the from „Rusnė villa“ reports*

**„Rusne Villa” event statistics (2018 - 2021).** On average, around 40 events are organised per year. From 2018 to 2021, a total of 176 events were organized. Of these: 75 weddings, 23 christenings, 20 birthdays and other personal celebrations, 24 conferences and seminars, 21 excursions, 13 educations. See table 3.

Table 3

<b>„Rusne Villa” event offer 2018-2021</b>				
Event	Number of events, pcs.			
	2018	2019	2020	2021
<b>Weddings</b>	21	26	4	24
<b>Christenings</b>	7	8	2	6
<b>Birthdays</b>	6	8	2	4
<b>conferences and seminars</b>	4	6	6	8
<b>Educations</b>	2	5	1	5
<b>Excursions</b>	2	3	6	10
<b>Total:</b>	<b>42</b>	<b>56</b>	<b>21</b>	<b>57</b>

*\*Source: Compiled by the authors from the from „Rusnė villa“ reports*

In 2018 and 2019, **42** and **56 events** were organized, of which personal celebrations remained the most popular. Due to the Covid - 19 pandemic, only **21 events** took place in 2020, most of which were conferences, outdoor excursions and a few small family celebrations. In 2021, **57 events** had already been organized, with a significant increase in conferences and excursions.

## Conclusions

Having analyzed the primary data of all 30 establishments providing rural tourism services in Šilutė district municipality available in the internet (as a competitive environment for comparison), it can be highlighted that among them one homestead is no longer active, all of them provide accommodation services,

19 of them provide additional services - water activities, conference room rentals, fishing, outdoor recreation, active leisure services, and only 5 provide accommodation, catering and additional services.

Not all farmhouses providing rural tourism services have a website, which makes it difficult to ensure the accuracy of the information and the availability of visitor feedback. Out of the 30 rural tourism homesteads analyzed, only 7 can be found on Booking.com, and „Rusne Villa” scores 9.1 on this platform.

The Covid -19 pandemic had a significant impact on the record drop in foreign tourists and the increase in domestic tourists at „Rusne Villa”. With the relaxation of restrictions on accommodation facilities, as much as 99% of the occupancy in 2020 was by domestic tourists.

„Rusne Villa” **organizes** an average of 40 events per year. A total of 134 events were organized during the period under analysis (2019-2021), with a predominance of personal events (weddings, birthday and christening parties). The lowest number of events on offer during the period analyzed was in 2020 (21 events). During the Covid-19 pandemic, people rediscovered the benefits of rural tourism, the ability to work and enjoy the tranquility of nature. It should be noted that „Rusne Villa” did not stop its activities during the COVID-19 pandemic, which was difficult for the tourism business.

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## WAYS OF PROMOTING STUDENT MOTIVATION DURING THE ACADEMIC PROCESS

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### Abstract

In the attempt to evaluate the ways of promoting student learning motivation during the academic process, qualitative research – a half-structured interview was conducted. The participants of the research were 54 lecturers from various higher education institutions across Lithuania. They reflected on their most successful methods used for motivating students.

Research showed that lecturers of higher education institutions rely on both internal and external ways of promoting motivation, with the most popular method being agreement and internalization, less commonly – identification. During the research certain gaps in the promotion of academic motivation were identified: quite a narrow range of motivational measures are implemented, individual solutions for the promotion of motivation, based on the theory of the goal of achievement, orientation towards a climate of excellence that enhances competency, are rarely sought.

Keywords: academic motivation; students; the theory of the goal of achievement;

### Introduction

Motivating to learn is a challenge encountered by all members of the educational community. According to education experts, motivation is determined by the student's willingness to participate in the educational process, supported by personal and external factors. Why are students not motivated enough to study?

A survey conducted by Maloshonok, Semenova and Terentijev (2015) shows that almost 40% of students get bored while studying. Only 2% of students claimed they never get bored. Boredom in the educational process was due to the fact that the learning material was not interesting or relevant to the students, they listened to lectures of which they could find the material themselves and study it in more pleasant conditions. In addition, many respondents criticized the subject and teaching method applied by teachers and expressed disappointment in the learning process. To the question: "Do you feel that your interests are being taken into account?" 60% of students replied they did not feel their opinions were respected or recognized, and this causes apathy for learning.

Many psychological theories of motivation attempt to answer the question of how to motivate students to learn. A number of scales for evaluating academic motivation have been developed worldwide, the most popular being the Academic Motivation Scale (AMS; Vallerand et al., 1992). However, it is important not only to understand students' motives, but also to offer them tempting methods of promoting motivation. The question arises as to how to strengthen learning motivation and attract students to learn. Therefore, the problem of this research is expressed by the question: which methods of student motivation are most effective when it comes to promoting academic motivation, due to the fact that the dispersion of successful methods for promoting academic motivation is one of the possible ways to increase the quality of education.

**The object of the article** – academic motivation.

**Purpose of the article.** To reveal the methods for student motivation used by lecturers of higher education institutions of Lithuania.

**Objectives of the article:**

1. To analyse the motivation of academic achievements from the theoretical perspective.
2. To determine the methods used by lecturers to promote students' learning motivation in the academic process.
3. To present solutions for improving the student motivation system.

**Research methods.** Analysis of scientific literature sources, interview data analysis, analysis of statistical data.

### Research methodology and organization

An empirical study was conducted in 2021-2022. The study involved 54 lecturers (27.8% of men and 72.2% of women) from various Lithuanian higher education institutions, who reflected on the most successful methods they use to motivate students in the academic process. The answers were written, analysed and semantic categories and subcategories were singled out. Data on internal and external methods of promoting motivation was summarized and presented as a percentage.

### The theoretical aspects of academical motivation

Motivation is a dynamic psychophysiological process, which controls the behaviour of a person and determines one's organization, direction, stability and activity. Motivation is what initiates, sustains, and concentrates behaviour (Sinclair et al., 2008).

Researchers apply the term Academic Motivation (AcM) to study motivation in the context of education (Vallerand et al., 1992; Vallerand, Pelletier, Koestner, 2008).

The Self-determination Theory is widely used in research of AcM. (Deci & Ryan, 2000; Ryan & Deci, 2017). It claims that different types of motivation reflect different levels of personal self – determination meaning the extent and degree of the behaviour that arises from the person himself. (Autonomous regulation and controlled regulation). Autonomous motivation is characterized by engagement in activities out of a sense of interest, valuing, and volition (Ryan & Deci, 2017).

Intrinsic motivation, which is divided into three types (intrinsic motivation to know, intrinsic motivation to improve, intrinsic motivation to experience (Ryan & Deci, 2017; Vallerand, Pelletier, & Koestner, 2008), is a form of motivation that shows greater self-determination because a person acts for his own interests, pleasure and satisfaction when taking part in various activities.

External motivation is related to a person's behaviour and actions initiated not by internal but by external factors. The types of external motivation differ by the level of personal self-determination (external regulation, introjected regulation, identified regulation, and integrated regulation).

External regulation indicates behaviour that shows a person's indecision and is not autonomous, meaning that it is influenced by rewards, pressure, limitation. For students, external motivational factors manifest themselves in the form of grades, parental, pedagogical, and social expectations (Ryan & Deci, 2017).

External motivation includes external motivational forces that encourage students to have work done. To some extent, external motivation plays a significant role in learning. Many students resent tasks that in their opinion are useless due to the fact that they perceive those tasks as meaningless, and not leading to any positive changes in their academic environment or the acquisition of useful skills. However, if an tempting prize is offered to those who complete the task correctly, it can encourage many students to finish the tasks quicker and more accurately.

Nevertheless, receiving a prize or an award does not guarantee student motivation, and the pride of loved ones does not always depend on academic performance. According to a survey of University students, only 25% of respondents consider good grades to be a motivation to study (Sinclair, 2008). In reality, for external motives to be effective, a student must crave rewards and understand that academic achievement is the only way to receive those rewards. However, despite the temptingness of a reward, external motives are not as effective as those arising from self-determination. External awards or punishments can distract a student from the learning process and do not work in the long run. Most of the time, students, who study for a reward, stop studying after receiving it (Sinclair, 2008).

Introjected regulation describes engaging with activities because of an internalized sense of compulsion, pressure toward standards, or self-esteem contingencies. Identified regulation is an autonomous form of motivation because activities are self-endorsed and consciously valued (Ryan & Brown, 2017).

Integrated regulation happens when identified regulation coincide with a person's values and needs.

When it comes to intrinsic motivation, it stems from within and is the most effective method of motivation for students. Regardless of the external rewards, a student's personal interest in the subject material is what motivates him or her to study something for a long time. Careful work, supported by internal interest, can improve academic achievements.

Inherently motivated students are curious, they like the process of learning and mastering a subject, and a new topic is not an obstacle for them, but another opportunity to learn something new. However, students often need to be led by an experienced teacher in order to realize their potential and make their studies truly effective (Sinclair, 2008).

When promoting academic motivation, educators should use various methods of motivation and effective ways of influencing. Research shows, that educators make lectures more tempting and engaging by rejoicing and celebrating student success, using humor, teaching interesting topics, adapting learning for future careers, and offering the possibilities of personal choices (Sinclair, 2008).

By showing that a subject is enjoyable and not boring, teachers can keep the attention of students who are immersed in what they are learning and will want to continue studying the subject independently in the future (Sinclair, 2008). Establishing a relationship between student and teacher is an integral part of motivation and educational experience can determine whether a student is motivated internally or externally.

The effort in studying can be determined by a deep interest in the subject, high ambitions, a desire for popularity among students or pressure from parents. Meanwhile, a student's professional future is highly dependent on the motive behind his or her involvement in learning. These motives were identified in the study by HSE researchers (Maloshonok et al., 2015) in which they used two complementary theories of academic motivation, self-determination theory and achievement goal theory. 37 students participated in the interview. Students were asked about their study goals, incoming assessments, future plans, and teaching practices at their university. It was found that the most motivated students were those whose desire to obtain a good grade coincided with a great interest in the subject, a sense of the intrinsic value of studies and a desire to use the skills acquired at university for professional and personal growth (Maloshonok et al., 2015).

The theory of the goal of achievement states that there can be two goals: the goal of mastery and the goal of the result (Elliot, 2007; Elliot & Fryer, 2008). Moreover, it claims that people strive to reach their goals and participate in activities in an attempt to show competency or avoid demonstrating incompetence. In the context of achievement, there are two different types of goals - of tasks and of ego.

Engagement in a task means assessing competency (i.e., abilities) by independent or task-related criteria, therefore, success is perceived when a lot of effort is required to master a skill and improve personal performance. The goal of the ego is to assess competency based on normative standards, for example, success is perceived as demonstrating high ability compared to others making the same effort (Adie & Jowett, 2010).

Students with goals of mastery are competency-oriented, in other words their interest lies in the acquisition of new knowledge necessary for personal and professional growth. Such students more often talk about the desire to improve in the future - to create a career or to raise their social status through profession. Education is seen as a great opportunity to raise social status (Elliot, 2007). Students seeking excellence perform tasks honestly, valuing them as a contribution to their own development.

Students, who possess ego-oriented or result-oriented goals, are set on going to extreme lengths, including cheating, to get a better grade. Result-oriented students mainly strive for good self-representation - they try to present their skills in a positive way and thus obtain a high evaluation of their competency (Elliot, 2007). This is a rather superficial approach to learning.

The goal orientations of mastery and ego correspond to the motivational climate of mastery and ego (Elliot & Fryer, 2008). The climate of mastery reinforces self-improvement, learning from mistakes, effort, and pleasure, while the ego climate rewards for tasks which require minimum effort and punishes for mistakes (Elliot & Murayama, 2008). Studies show that motivational climate reinforces specific types of goal orientation and that changing the motivational climate can change the nature and / or intensity of goals (Smith, Smoll, & Cumming, 2009).

In general, a climate of mastery has more advantages than an ego one. The main advantages are: less anxiety about the activity, a greater sense of competency, more enjoyment of the activity, more intrinsic motivation and effort (Elliot & Murayama, 2008).

Orientation to mastery (especially coinciding with orientation to low ego) is also associated with a variety of adaptive achievements, such as consistent effort, perseverance in the face of failure, sustainable and better outcomes. Researchers have also found that a climate of mastery created by teachers is associated with higher self-esteem, while an ego climate influences lower self-esteem (Elliot & Fryer, 2008).

The goal of mastery is to develop better competency according to internal personal criteria and strengthen internal motivation, and the purpose of it is to demonstrate that competency based on normative and interpersonal criteria, meaning the indication of external motivation (Kaplan & Maehr, 2007).

## **Results**

The qualitative data obtained from the study was broken down by type of motivation. The aggregated data on the promotion of internal and external academic motivation are presented in Figure 1. It can be said that lecturers rely on both internal and external motivation when encouraging students to learn, and more than a third of respondents (38.9%) apply both types of motivation. It is noticed that external motivation is relied on by teachers twice as often when compared to internal motivation (20.4% and 40.7% respectively).

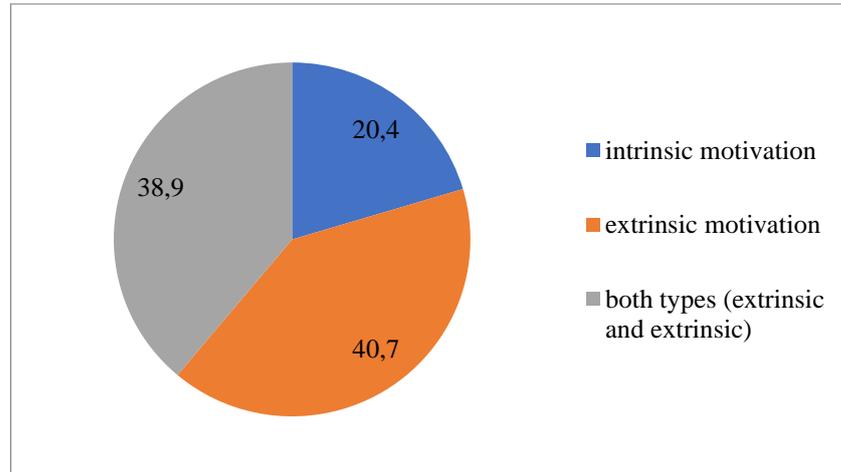


Fig 1. Types of motivation that are used in the academic process (%)

\*Source: compiled by the author based on the results of the study

After examining this data in more detail from a gender point of view (Figure 2), it was noticed that female lecturers are more likely to rely on external motivation, while male lecturers rely on both types of motivation (both internal and external). Both men and women are less likely to promote internal motivation compared to external motivation, but there are no statistical differences between the sexes ( $p > 0.05$ ).

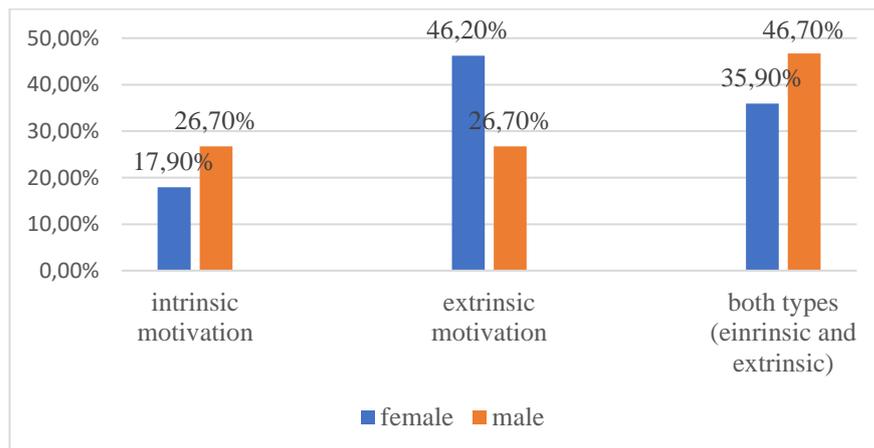


Fig 2. Types of motivation that lecturers rely on in the academic process distributed by gender (%)

\*Source: compiled by the author based on the results of the study

In the analysis of the content of the qualitative data, meaningful units were singled out – categories and subcategories of statements. Table 1 provides statements illustrating the category "Methods for promoting internal motivation". The lecturers, encouraging internal motivation, rely on the recognition of students' competence ("I name what new skills they have acquired", "I point out not only mistakes, but also the strengths of the work), evaluation of efforts ("Praises for properly performed work and efforts"), emphasize creativity ("I dedicate creative tasks that have neither right nor wrong answers"). The subcategories singled out show that students are motivated by the emphasis on the meaning of work in practice ("I prescribe laboratory tasks that are of interest, have aspects of practical application in order to see the meaning of what they are doing"), increasing responsibility, recognizing the opinion of students.

Table 1

Category "Methods of promoting intrinsic motivation"

Sub-category	Statements	Code of the respondent
Recognition of competency	I name the skills that they have acquired.	MRZ
	I allow students to make mistakes and create a common higher-level product.	VAL
	I acknowledge not only the mistakes but also the strengths of their work.	MVGF
	I encourage students that they are truly capable of doing it. This is especially suitable for foreign students from "exotic" countries (India, Pakistan).	VNG
	I recognize the progress and achievements of students and motivate them for it.	MJE
	Becoming a professional in your field and being able to compete in the labor market.	MRZ
	I say that I believe that they can influence the future if they work responsibly.	MRA1
Recognition of efforts	Praise for work done properly and the efforts made.	MRB
	I always praise the effort if you students put in a lot of it. And clearly for the results.	MRA1
Promotion of creativity	By engaging in the discussion, I ask for examples from students' personal experiences, giving them creative freedom.	VAŠ
	1. I give them creative tasks that have no right or wrong answers, but critical thinking is important when performing them (to select the right sources, make decisions) 2 I apply reflective teaching (when the student can reflect on the learning process himself) for the to see their success and what goes wrong and what could be done differently to succeed.	MRK
	Promotion of creativity.	VAN
	It is important to let students work creatively.	MEG1
Emphasis on the meaning of work in practice	Describing the prospects, in other words, intrinsic motivation.	VNG
	Becoming a professional in your field and the ability to compete in the job market.	MRZ
	Intrinsic motivation is what makes you want to do interesting things. I give them laboratory work that is interesting and has practical application aspects for them to see the meaning of what they do.	VDD
	I explain to them that they can get better job opportunities, higher competitiveness in the labour market, wider opportunities to reach their goals and move forward.	MIS
Increasing responsibility	1. Creating the opportunity to be responsible.	VAN
	2. Promoting leadership and portraying yourself as a leader.	VAN
	Setting clear assessment criteria and introducing students to them.	VMD
Recognition of the student's opinion	I apply reflective teaching (when the student can reflect on the learning process himself) for the to see their success and what goes wrong and what could be done differently to succeed.	MRK
	Verbal remarks from my direct supervisor, that my work is important.	MMK
	Ask students for their opinions as often as possible before explaining the topics of the lectures.	MRG
	I encourage students to take part in debates for their thoughts that have been expressed.	VEN

\*Source: compiled by the author based on the results of the study

Table 2 contains statements reflecting the category "Methods of external motivation promotion". Certain subcategories are singled out: grade raising, exemption from tasks, changing the environment, more interesting methods of working, personal communication. The abundance of illustrative statements in the subcategory: "Increasing grades" indicates that this method is used by the most respondents. By applying the method of agreement, the lecturers motivate by exempting students from certain tasks for diligent work ("If they work effectively during lectures, homework will not be assigned"), often apply the method of changing the environment ("We exchange the lecture for a tour, during which we see real examples of production", "Lectures are organized in unexpected spaces"). Some share personal experiences.

**Table 2**

Category „Methods of external motivation promotion“

Sub-category	Statements	Code of the respondent
Increasing grades	Additional points to the exam, additional points to the cumulative grade.	MJV
	For good attendance, adding points to the exam.	MVS
	For those who actively participate in the lecture, additional cumulative points are added.	MIA
	I motivate by grades.	MRB
	I emphasize the cumulative points for seminars.	VGM1
	Additional points for active participation, engagement, questions asked. The opportunity for students to participate in the creation of agreements, for example, if they do not submit their work on time, they can send a pp presentation, but the grade will be lower.	MIG
	Good grades; Knowledge that is needed in practice.	MVS
	I allow them to choose their own ways of doing their own work. I let them re-take mid-term tests to get a better grade.	MDG
	For pro-activity in group work, I add points to the cumulative grade.	MLS
	I encourage them to do their work better, i.e. retake the colloquium for a better grade.	VEN
	Higher pay.	VRR
	I give students additional points if I see their efforts.	VMD
Exemption from tasks	I give them additional points if I see the efforts of the students. If they work effectively during lectures, homework will not be assigned. If during lectures they solves tasks, answers the questions asked, I will exempt them from the exam.	MVS
	Exemption from the mid-term test.	MJV
	If tasks are completed on time, no additional work is assigned.	MIA
	The sooner (but qualitatively) the task is completed, the earlier the lecture ends.	MGG
Change of environment	Organization of outbound lectures.	VMD
	We exchange the lecture for a tour, during which we see real examples of production.	MSG
	The best works are exhibited in the public spaces of the college.	MIA
	We organize a thematic trip or lesson in nature.	MIA
	Lectures are organized in unexpected spaces.	MSB
More interesting methods of working	Better working conditions.	VRR
	I allow them to choose from several types of tasks.	MSG
	Practical study.	VMF
	Tasks are selected that will be required in the practice of work by profession.	MVE
	Use of digital learning objects.	VMD
	Inclusion of students by games, dynamic lectures.	VVG
Personal communication	Elements of play during teaching.	MVS
	Personal face-to-face conversations.	MSB
	Detailing personal or practical experience.	MIS1

\*Source: compiled by the author based on the results of the study

When analysing the ways of motivating students, that were identified by the lecturers, they were grouped and assigned to certain groups of methods, therefore this can be expressed by percentages (Figure 3). Almost half (43.3%) of lecturers use the agreement method, 20.00% use the internalization method, and 16.7% of lecturers rely on the identification method. A tenth (10.0%) of respondents use several methods of motivation (agreement and identification), less than a tenth apply agreement and internalization or try to make demands.

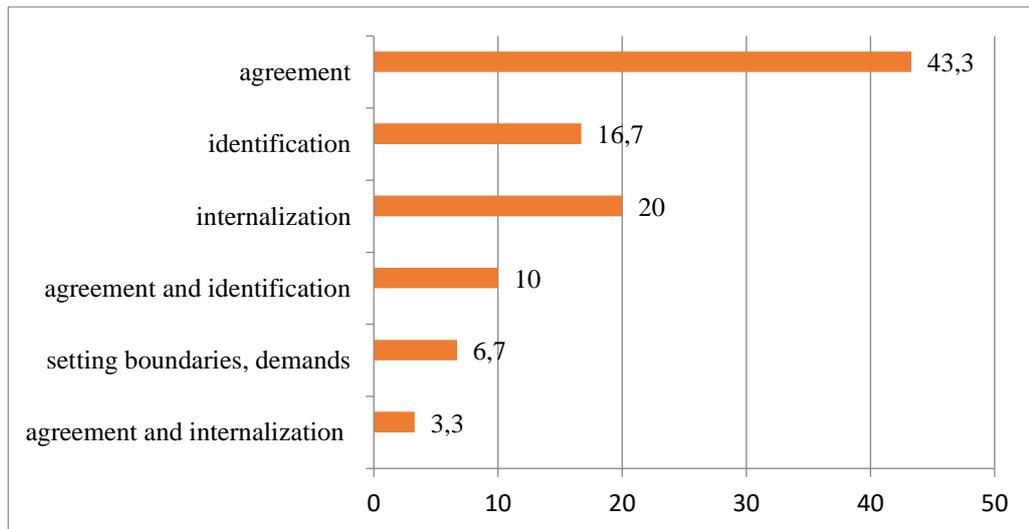


Fig 3. Motivation methods used by lecturers (%)

\*Source: compiled by the author based on the results of the study

Comparing the use of motivation methods from a gender point of view, we can say that about half of teachers of both sexes use the method of agreement. Male teachers compared to female lecturers are more likely to apply an agreement and a method of internalization. Unlike men, female teachers also rely on the method of identification (22.7%) and sometimes make strict demands (9.1%). There were no statistical differences in the use of motivation methods in terms of gender ( $p > 0,05$ ).

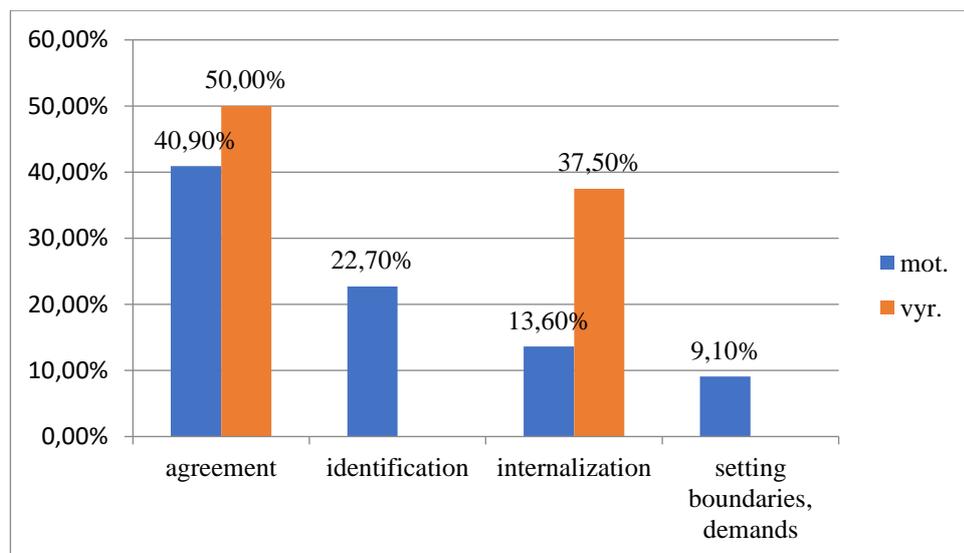


Fig 3. Motivation methods used by lecturers by gender (%)

\*Source: compiled by the author based on the results of the study

### Conclusion

When promoting academic motivation, educators should use various methods of motivation and effective ways of influencing. It is established that lecturers rely on both internal and external motivation, and more than a third of respondents (38.9%) apply both types of motivation. Both men and women promote internal motivation less often than external. During the qualitative research, it was established that when promoting internal motivation, lecturers apply the following motivational methods: they recognize the competency of students, evaluate their efforts, opinions, creativity, motivate by emphasizing the significance of the tasks performed for future practice, increase responsibility. External motivation is stimulated by raising the grade, exempting from tasks, changing the educational environment and applying more interesting working methods. About half of the teachers of both sexes use the agreement method. Male lecturers are more likely to apply the

method of agreement and internalization, while female lecturers rely on the method of identification. In order to more purposefully choose motivational methods, lecturers should better understand the values of students and associate with them identification (autonomous) and integrated regulation, when a person acts because he thinks it is important and more often rely on the motivation of the goal of achievement – to show competency, avoid demonstration of incompetence, to strengthen the orientation towards competency in the climate of mastery, to look more often for individual motivation promotion solutions.

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## ASSESSMENT OF EMPLOYEE COMPETENCE DEVELOPMENT AT SCANDBOOK UAB

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### Abstract

The article formulates the problem of employee competence development, to analyze and systematize the theoretical sources of various Lithuanian and overseas authors, and discusses practical competence development assessment methods, the latest models of researcher competence development have been evaluated. The article analyzes the evaluation of competencies development of UAB Scandbook employees. The level of competencies of the employees and the most useful ways of education were explained.

Keywords: competencies, education, evaluation, abilities, skills.

### Introduction

In the context of the rapid pace of change in science and technology, competencies become extremely important for the quality and requirements of the work performed by a specialist (Bilbokaitė, 2013). The accelerating pace of life places even greater demands on the personality than before. Employees are required to have higher competencies due to emerging innovations, technical change, and the growth of responsibilities. Scientific institutions, universities, colleges, professional institutions must take into account and transfer more knowledge and practice to students. And in order to survive in a competitive business, employers need to take care of their employees by deepening their competencies: sending them to courses or providing on-the-job training, as well as innovation to keep up with emerging innovations. Competence in higher education alone no longer guarantees a good professional position and even more so a social adaptation. Successful more often for those who stand out with high emotional intelligence, is able to orientate in abundant social interaction and solve social situations (Antinienė, Lekavičienė, 2012).

A person learns by reading books, conducting experiments, reflecting on their activities, and conducting research on their activities, and so on. However, there is a certain maximum level of improvement that an individual achieves through self-directed learning. To learn more people are looking for the support of others, that is, external learning (Trakšelys, Melnikova, 2016).

The object of the research of the article is the evaluation of the development of employees' competencies.

Objectives of the article:

1. To analyze the concept of employees' competencies from the theoretical point of view.
2. To perform the analysis of employee competence development assessment in UAB Scandbook.

Research methods: analysis of scientific literature, methods of comparison and generalization. A quantitative research method - a survey - was used to conduct an employee competence development assessment survey. Excel was used to summarize the survey data.

Thus, relevant competencies: abilities, skills, behavior model, application of knowledge, validation of qualifications, the result of learning experience (Bilbokaitė, 2013). Different competencies are closely interlinked, and their individual components (e.g., communication skills, team skills, etc.) are specific to each of them, enabling support workers to succeed in today's competitive environment. Therefore, it can be stated that competence determines the successful activity of an employee (Bilbokaitė, 2013).

### The concept and essence of competence

The concept of competence has only become more widely used in the West since the 20th century. In the second half of the 1990s, in the social sciences and in the practice of education and human resources, and coming to Europe from the United States (Gedvilienė, 2015). One of the first to use the concept of competence was the American psychologist White in 1959. (Virgailaitė-Mečauskaitė, 2011). Also one of the first to contribute much researcher D. McClelland back in 1973 to competencies in personnel management, based on a good knowledge of his job and responsibilities, knowledge, skills, and so on. t. (McClelland, 1973). However, the most important foundations for the research of competence are laid by the American researcher R. E. Boyatzis (1982) (Martinkienė, 2014).

The emergence of the concept of competencies has been driven by objective socio-economic changes: novelty of innovation, technological progress, changes in work organization, who need to change their approach to the labor market and their needs. Technological change and socio-economic change require greater

empowerment, independence and responsibility of employees. The management of human resources in companies is increasingly based not on qualifications but on competencies (Gedvilienė, 2015).

Competence is a part of the science of education that has the following characteristics: knowledge, skills, behavior and personal qualities. Another concept related to competencies is education. According to R. E. Boyatzis (1982), competence is an individual's self-perception and understanding of qualities that are causally related to efficient or better performance of work. Recent years of competency research show that excellent executives, leaders, professionals, and people working in simple jobs, from salespeople to bankers, need three groups of behavioral habits as threshold skills and three groups of competencies as exceptional performance. R. E. Boyatzis (2008) distinguishes these threshold groups of competencies presented in figure 1.

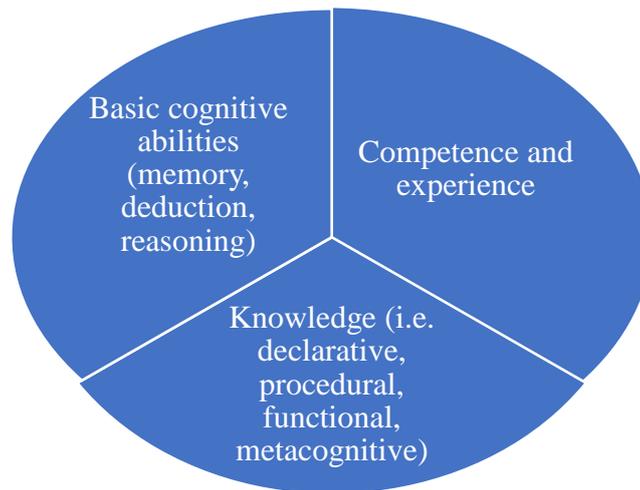


Fig 1. Threshold competence groups.

\*Source: Boyatzis, 2008, 7p.

E. Virgailaitė-Mečkauskaitė (2011) distinguishes the three-tier concept of competence, which is close to the statement of R. E. Boyatzis (2008). E. Virgailaitė-Mečkauskaitė (2011) states that competence is a three-way concept that includes knowledge, abilities, skills, values and personal qualities required to perform an activity, and the author singles out the structure of general competence presented in Figure 2 (Virgailaitė-Mečkauskaitė, 2011).

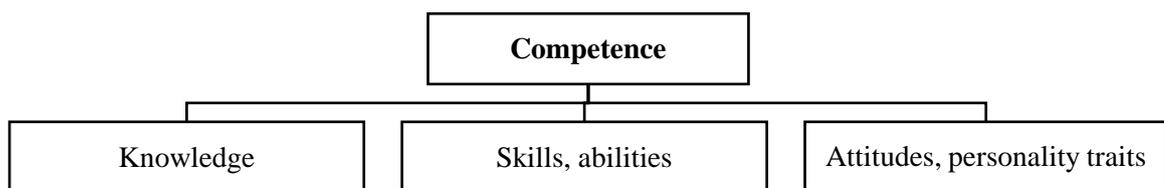


Fig 2. General structure of competence

\*Source: Virgailaitė-Mečkauskaitė, 2011, 17p.

According to the singled-out concepts (Figure 2) and thresholds, it can be stated that the development of competencies is treated in a broader sense than the professional development of employees. The aim is to impart the knowledge, skills and attitudes necessary to perform a specific professional task. The aim of competence development is not only to transfer knowledge, but also to develop metacognitive abilities, means to transfer abilities and acquired competencies to professional activities and apply them appropriately (Trakšėlyš, Melnikova, 2016). The concept of competence is often confused with qualifications, but these are statements with completely different meanings. A comparison of the value of a qualification with a competency is given in Table 1.

Table 1

**Comparison of the concepts of competencies and qualifications**

Author	Competencies	Author	Qualifications
LR education the law, (2011)	the ability to perform certain activities based on the totality of acquired knowledge, skills, abilities, values.	LR education the law, (2011)	In accordance with the procedure established by the legal acts of the Republic of Lithuania, the totality of a person's competencies or professional experience and competencies required for a certain activity is recognized.
Virgailaitė-Mečkauskaitė, (2011)	it is a three-pronged concept that encompasses knowledge, skills, abilities, values, and personal necessary to perform any activity.	Pukelis, K., Smetona, A. (2014)	The result of a formal assessment and validation process, which takes effect when a state-recognized institution decides that a person has achieved the results of a study program and issues a prescribed document (certificate, diploma, etc.) confirming the person's competence to perform certain professional activities.
Prabawati, I., Meirinawati, AOktariyanda, T. (2017)	it is a combination of knowledge, skills and behavior that can be used as a means to improve performance.	Skačkauskienė, I., Katinienė, A. (2015)	it is the result of the learning and development process and the application of acquired skills or vocational education, work experience, thinking skills.

\*Source: made by author

Table 1 shows the difference that competencies are the understanding of personality traits and values and self-insight, which results in the preparation of priests, abilities in combination with technology, and the development of a set of behavioral characteristics has the authority to do something well, professionally. And qualification is formalized, systematized, documented knowledge (Skačkauskienė, Katinienė, 2015). In other words, a qualification is a document acquired through the acquisition of knowledge, and a competence is the ability to use that knowledge.

According to K. Trakšelis and J. Melnikova (2016), the competence of individuals determines the quality of the activities of the entire organization. Employees are not only responsible for their personal competence development. They must constantly promote the development of their organization's competence by developing the organization's competence so that organizations have the ability to respond flexibly to change and change themselves (Trakšelys, Melnikova, 2016). I Bilbokaitė (2013) emphasizes that competence is a transferable, knowledge, multifunctional combination of skills, aptitudes, talents and attitudes that is necessary for everyone to achieve individual satisfaction, ability to work and to be able to engage in various activities (Bilbokaitė, 2013). The lack of competencies is revealed by the decreased work efficiency, which shows that employees do not trust themselves, evaluate their work negatively, diminish their professional competencies, achievements and limit professional opportunities (Kairytė, Kvedaraitė, 2019). In today's economy, it is especially important for an employee to develop competencies so that he or she can make successful personal career decisions in the future. Also, the attention of employees to professional development is determined by objective reasons related to the rapid progress of scientific technologies and changes in social and economic life. Therefore, the need for employee training is inseparable from the interests of organizations (Navaitienė, 2014).

**Assessment of employee competence development at Scandbook UAB**

The evaluation of employee competence development in UAB Scandbook. Only 137 production workers were selected for the survey. This was chosen in order to find out the level of competencies of those working in production and the desire to be developed. In this way, we will see from the obtained results whether the development of competencies is necessary to improve the production results or their level is high enough, therefore, additional education is not necessary. Calculated according to the Paniotto sample formula:  $n = 1 / (\Delta^2 + 1 / N)$ , where n is the sample size, N is the size of the general population, Δ is the margin of error (with a probability of 0,954, Δ = 0,05). It turned out that 101 employees would need to be interviewed. As there were sick and holiday workers at that time, 117 respondents were asked to fill in the questionnaires, of which 102 answered. The survey was conducted in the week from March 28, 2022 to April 1, 2022. The questions were posted in an online space where respondents could log in after receiving links.

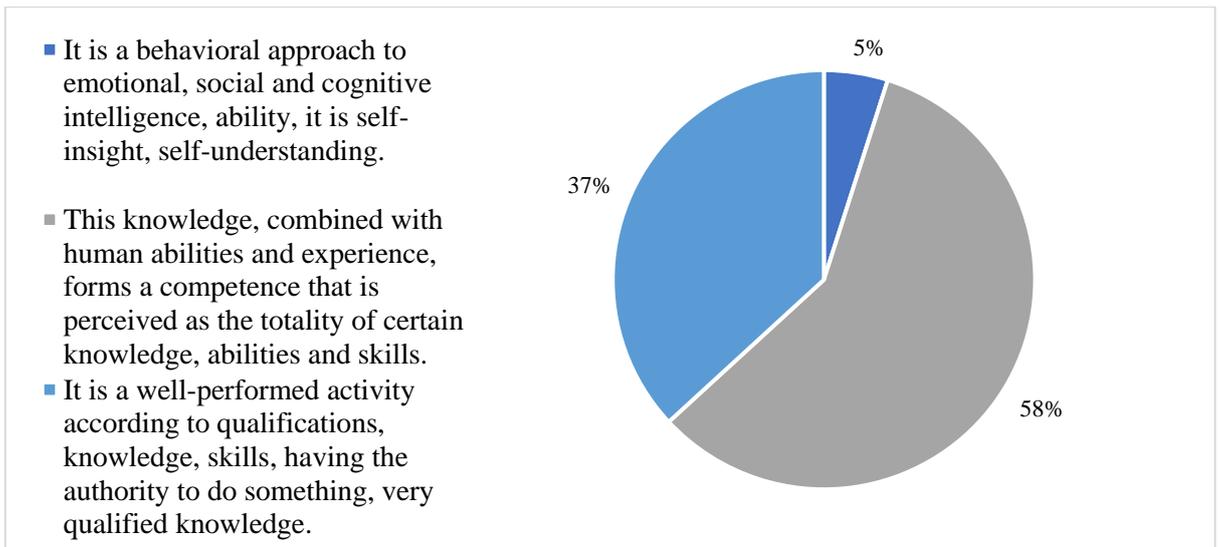


Fig 3. Perception of competence

\*Source: made by author

From the results of the study, which are presented in Figure 3. we see that respondents perceive competencies as a combination of knowledge with human abilities and experience, this answer was chosen by more than half of the respondents, 58%. The second similar definition is a job well done according to qualifications, knowledge and skills, this option was chosen by 37% of respondents. And only 5% of respondents chose the perception of competencies as a behavioral approach to emotions, cognitive intelligence, self-awareness. However, we can conclude from the obtained results that the proper use of knowledge and skills is the most important thing when working in a manufacturing company, and emotional intelligence is not so important.

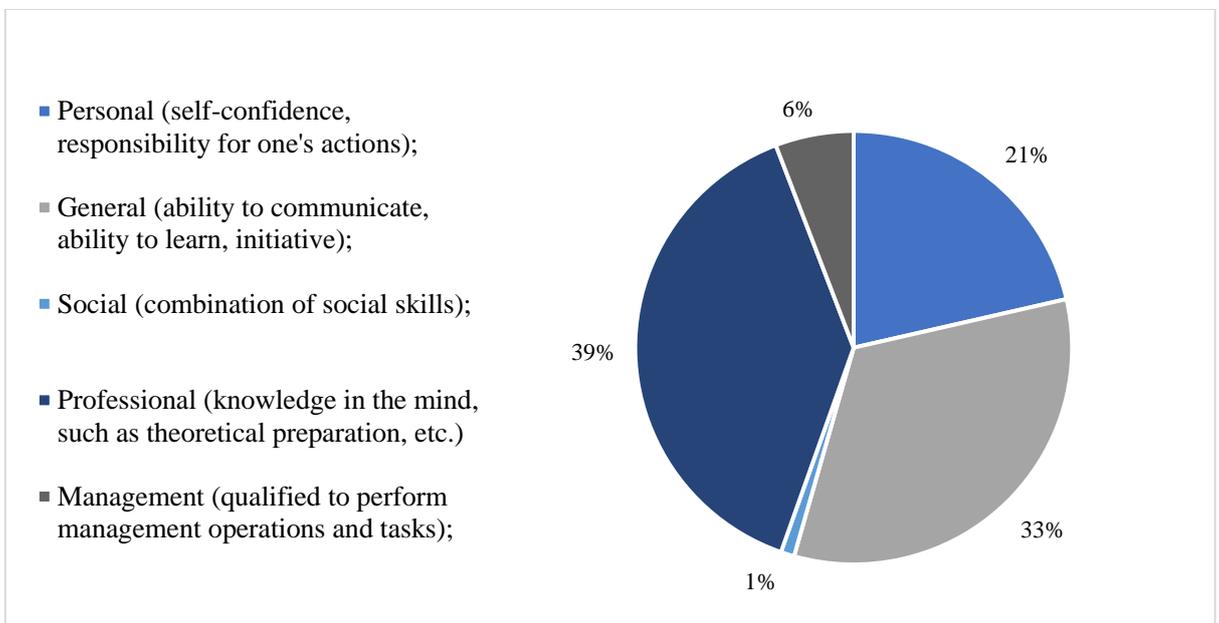


Fig 4. Important types of competencies at work

\*Source: made by author

Respondents were asked to select the types of competencies they considered most important in their work. Respondents singled out professional competencies, with 39% choosing this answer. The second option chosen is general competencies, with 33% of respondents choosing this answer. And the third answer was chosen by 21% of respondents. However, we can conclude from the presented results that the most important competencies in this company are professional, as the work takes place in the production of equipment that

requires specific knowledge and skills to operate. General and personal competencies are also important, as it is necessary to work in teams, collaborate to achieve a single goal, the research data of a quality product is presented in Figure 4.

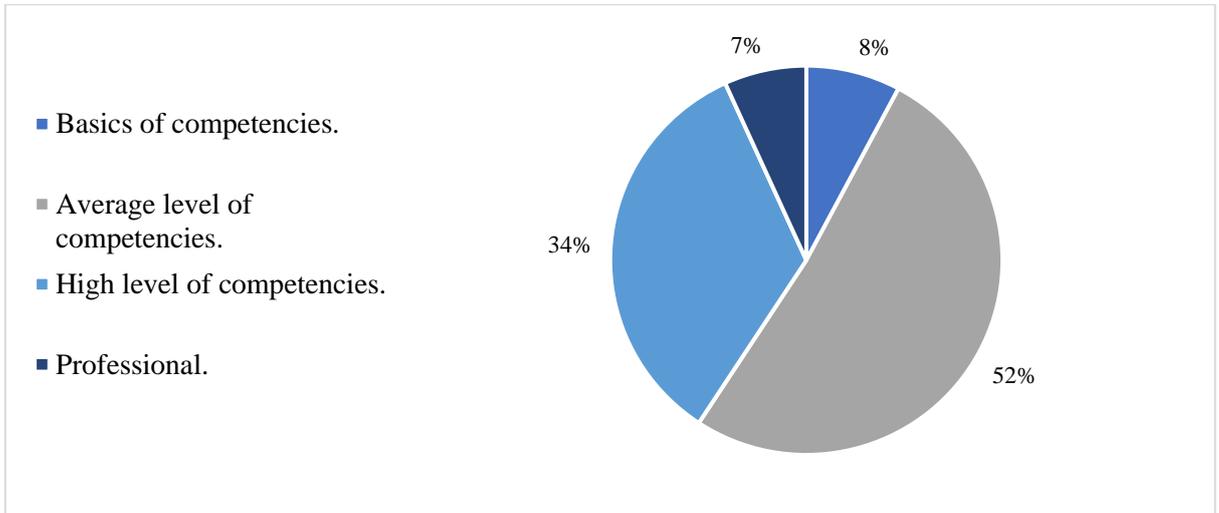


Fig 5. Level of competence  
 \*Source: made by author

When asked to assess the level of competencies, it turned out that 52% of employees evaluate their level of competencies on average. 34% have a high level of competence and 7% consider themselves professional, means there are professionals who know their work well and perform it flawlessly. And only 8% of respondents chose the basics of competencies. According to the visible data of the study in Figure 5, we can assume that the company is not in a bad situation with the development of competencies, as the highest percentage is at the level of medium and high competencies. The change in renewable technologies is extremely large and it is necessary to improve and develop competencies, as new information on how to improve quality and productivity at work emerges.

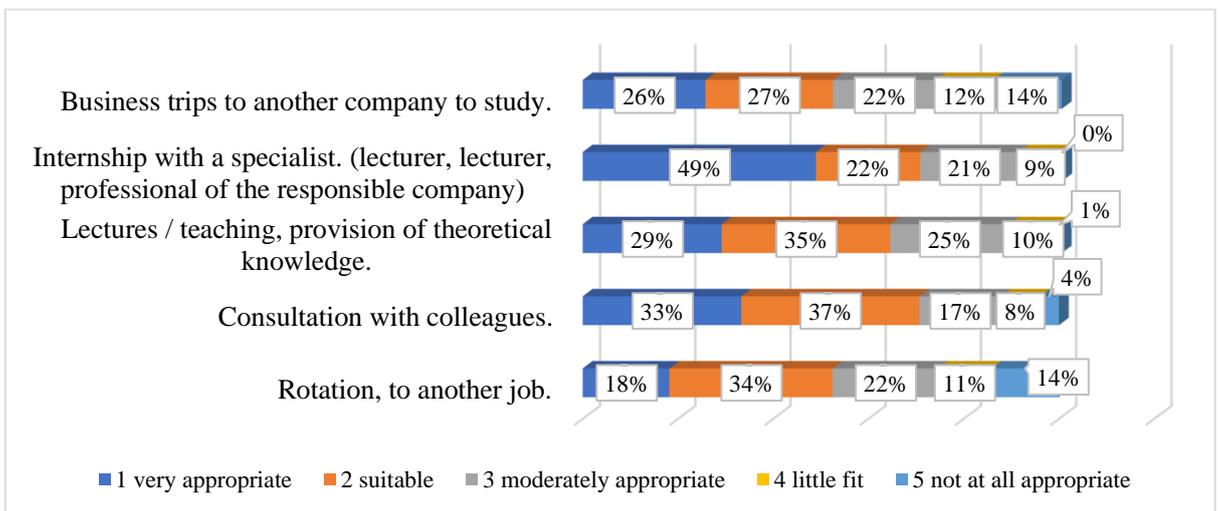


Fig 6. Competence development methods.

\*Source: made by author

From the results of the study presented in Figure 6. we see that in the opinion of the respondents the most useful model of competence development is practice with a specialist, this answer was chosen by 49% of the respondents. The least useful method of rotation is 18%. However, based on the obtained results, we can state that in order to effectively develop the competencies of employees in this company, it is necessary to apply practice with a specialist and encourage consultation with colleagues. Avoiding rotation and dry knowledge transfer, these methods will not provide adequate training and may lead to employee dissatisfaction.

## Conclusions

Competence is the understanding of personality traits and values, as well as self-insight, which results in the preparation of priests and abilities in combination with technology, and when a set of behavioral traits emerges, the authority to do something well, professionally emerges. There are various reasons for developing competencies, but the desire of employees to improve does not always coincide with the company's goals. Conscious individuals seeking to become professionals themselves seek or request on-the-job training, but there are also employees who need to be constantly motivated by the company to have a good, competent professional. There are two groups of reasons why employees seek to improve competencies. The first is the underlying reasons, such as raising the reward, it goes without saying that more effort is also needed to get more. Whether you are looking for a career ladder and are interested in new information or just want to become a professional in your field, a job that works flawlessly and at the same time raises the efficiency of the whole company. Among the basic reasons we can attribute the pursuit of better conditions, the desire to work in a comfortable workplace with a suitable schedule. Therefore, in order to change jobs, it is necessary to develop the necessary competencies. The second group would be higher reasons, such as pursuing a career, self-realization, striving for professional excellence, or a desire to be known, recognized as a professional.

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## RESEARCH ON YOUTH ENTREPRENEURSHIP PROMOTION PROJECTS IN THE EMPLOYMENT SERVICE

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### Abstract

Youth entrepreneurship promotion projects have shown that young people are not motivated and do not have enough entrepreneurial skills for their first self-employment. Projects promoting youth entrepreneurship help young people to increase their self-confidence and increase their motivation to work or study.

Keywords: Employment service, unemployment, youth.

### Introduction

Young people, as a vulnerable social group, face the issues of insufficient education, lack of social capital and unsuccessful personal fulfilment at work. This can affect a young person's motivation to work successfully for an extended period. Unemployment and low opportunities to acquire the skills needed for work can lead to social and psychological problems that might result in deviation of young people.

It is an unemployed 16-29 years old person with low social capital, a recipient of state financial support who lacks motivation to study and work. Youth professionals working in the employment service carry out projects that give young people the opportunity to acquire a profession and enter the labour market. Career counselling sessions and psychological counselling are available for young people. The Employment Service also runs events that develop job search skills, self-confidence, career planning and encourage young people to volunteer.

**The problem of the research** – young people with insufficient education, lack of social capital, face the problem of unsuccessful self-fulfilment at work. What main projects are being carried out by the Employment Service to address this issue and how it is helping young people to find a successful job.

**The object of the research** – the research of youth entrepreneurship promotion projects in the Employment Service.

**The aim of the research is** – to analyse entrepreneurship promotion projects carried out by the Employment Service.

#### **Research tasks:**

1. Define the concepts of youth entrepreneurship and youth guarantee initiatives.
2. Carry out an analysis of the projects implemented by the Employment Service to promote youth entrepreneurship.

**Research methods** – analysis of scientific literature and secondary data, their systematization and generalization.

### Concepts of youth entrepreneurship and guarantee initiatives

It is widely acknowledged in the scientific world that employment and entrepreneurship are among the most important factors influencing changes in the country's economy, although the results of research on self-employment in Lithuania show that Lithuanians, unlike other European citizens, emphasize their lack of entrepreneurial abilities and skills. This shows that entrepreneurship education is one of the most important processes, the quality assurance of which in the education of a young person is considered to be an aspiration that can enrich not only young people but also society at large. (Žukauskaitė-Gustė, 2016)

The concept of entrepreneurship derives from the English word entrepreneurship, which is associated with a person's ability to combine capital, work and natural resources to run a business, innovate for profit and risk their wealth. Entrepreneurship is the leadership and organizational skills necessary for business owners to produce more goods and services for their customers. It is a way of thinking of a person as well as social, managerial and other competences enabling them to apply the available knowledge to their daily life, i. e. specific skills that allow you not only to organize your business, but also to take risks for the decisions made (Ekonomikos terminai, 2022).

According to the Employment Service, the average annual rate of youth (aged 16-29) unemployment in 2020 accounted for 10.5 %, in 2021 – 10.9 %, and in 2022 according to January results the overall rate of youth unemployment in the country amounted to 6.8 %.

These figures show that increase of employment is crucial for the integration of young people into the labour market, and that active labour market measures are therefore designed to combat unemployment. Employment programs were launched when the EU Council published a recommendation in 22 April, 2013 on the establishment of the Youth Guarantee Initiative, and the country's municipalities started implementing them in July, 2017.

The initiative aims to ensure that all people under the age of 29 are offered a job, continued to study or an internship within four months as of completing a formal training or becoming unemployed. The initiative has been running since 2014.

The aim of the Youth Guarantee initiative is to mobilize young people in the shortest possible time: by keeping in touch with the labour market or by providing access to further education. The aim is to reduce youth unemployment and improve the situation of young people who are neither working nor studying by helping them to find a job after leaving school. This initiative is open to young people under the age of 29. (Užimtumo tarnybos jaunimo garantijos, 2022)

The aim of these programs is to integrate young unemployed people into the labour market.

Table 1

<b>Average annual percentage of unemployed young people (16-29 years)</b>			
Average annual percentage of unemployed young people (16-29 years) of the overall population aged 16-29			
Territory	2020	2021	2022
IN THE COUNTRY	10,5	10,9	6,8

\*Source: made by the author (source (Statistiniai rodikliai, 2022))

Within 3 months of participating in the program every fifth participant got a job. Also, there are young people who want to implement their business ideas working for themselves, so the state provides support. 210 young people under the age of 29 received state support to implement business start-up ideas and to create their first job. Youth are disproportionately victims of unemployment and low-quality jobs. Active labour market programmes increase earnings and employment. But the effects vary greatly between programmes' type, design and context. (J. Kluge, S. Puerto, D. Robalino, J. M. Romero, F. Rother, Jonathan Stöterau, F. Weidenkaff, M. Witte, 2017)

A study evaluating the effectiveness of youth entrepreneurship promotion projects and the opportunities for increasing entrepreneurship showed that young people are not motivated and do not have enough entrepreneurial skills to perform well at their first self-employment. Although the study showed that there was a wide range of the offered programs with the attempts to reach all sectors of society, individuals were not made aware of the diversity of projects. The study found that in order to increase the youth entrepreneurship, the public needs to be educated about ongoing projects, seminars and trainings on entrepreneurship and taxation. Entrepreneurship would be more effective if it were taught from an early age (at schools, universities).

### Data analysis of youth entrepreneurship promotion projects

Job skills promotion. The Employment Service can help you get a job and acquire the skills you need directly at the workplace by reimbursing your employer for part of your pay for a period.

This opportunity is open to persons who: have the status of unemployed, under 29 years of age, are not working or studying, as well as a person who has not been able to find a job for more than half a year and has not acquired any professional qualifications. Preference is given to persons who have not previously used the financial support of the Employment Service and are looking for a job for a longer period.

The text will summarize the 3 main projects:

1. "Increasing the social competences of young people". This project is one of the largest and most time-consuming projects to develop a package of services for 16–29-year-olds who are not in employment, education or training, registered with the Employment Service, to integrate young people into active life and reduce youth unemployment. The aim of the project is to reduce the number of 16–29-year-olds who are not in employment, education or training by implementing measures to

promote early intervention and activity. The start and end of the project activities, the value of the project and the funds used are shown in Table 2 below.

Table 2

Project "Increasing Social Competences of Youth"			
Project "Increasing Youth Social Competences".			
Start of implementation of project activities 27/05/2019 end of 30/02/2020.			
The value of the project is 4.014.260,78 Eur			
Use of funds	2022	2021	2020
	7.784,78 Eur.	1.420.788, 39 Eur.	1.252.572, 23 Eur.

\*Source: made by the author (source (Jaunimo garantijos , 2022))

Service packages are planned for this project; a brief review of each:

**Introductory meetings.** During these meetings, the project participants are introduced to the project and its activities, the methods of the project participants' communication, cooperation, work groups and other social skills. Opportunities for more effective integration into the labour market and the education system are discussed. Participants' expectations and career plans, barriers to acquiring professional qualifications, retraining and entering the labour market are discussed. Activities are planned according to the individual needs of the participants.

**Group counselling.** Counselling groups assess young people's motivation and self-confidence. Each session begins with a discussion on the topic of the meeting, and young people are actively encouraged to discuss, communicate, share their own experiences. During the classes, teamwork is encouraged, group work, games and tests help to engage young people in the activities, to form their own goals and to achieve them. During the group counselling, the project participants are given the opportunity to know themselves better and to reveal their strengths and weaknesses.

**Introduction to the possibilities of the education system and paid work.** These activities are led by employees of companies or educational institutions. Participants are introduced to the company, its activities, employment opportunities, and educational institutions – learning programs and learning opportunities.

**Summary meetings for self-assessment.** The sessions discuss what young people have learned in all sessions, what knowledge and skills they have acquired and how they will apply them in life. Participants discuss their plans after the project: job search, learning plan, etc., the participants are encouraged to make comments on what they liked, what they did not like, what could be improved. Meetings on image creation in cyberspace organized by a career counsellor.

**Psychological services are provided.** During a group session, the personal components of a fulfilling life, the application of critical and creative thinking at work, the enhancement of self-expression, emotional intelligence, and other topics relevant to young people are discussed. The participants are involved into discussions applying various methodologies. During an individual session, personality traits, skills for job and professional interests are identified.

**Work skills, professional interests and personality traits are identified.** Psychologists that specialize in this particular field assess the participants' skills for work, professional interests and personality traits in order to make it easier to understand which job suits the participants best according to their character traits, inclinations and interests. During individual consultations, project participants are tested on Holland Code psychometric tests, and feedback is given to each participant.

**Legal services are provided.** Brief information on employment law is provided during the sessions. A lawyer - expert in this particular field introduces the project participants to the legal aspects of employment: a labour contract, pre-contractual relationship, the rights and obligations of the employer and the employee as well as the ensuing liability under the Labour Code, the information related to the personal data protection. Aspects of labour dispute resolution is also provided.

All the above activities help building self-confidence and increase motivation to work or study. The theoretical knowledge is acquired by the project participants during group consultations through various tests, experiences and self-analysis tasks. Tasks allow them to know their feelings, needs, desires, values that can help in achieving personal goals. During each group session, a lot of attention is paid to maintaining a friendly atmosphere allowing the participants to feel at ease and to develop communication skills. Project participants are given the opportunity to apply a creative approach to the problems they face and their. A certificate is awarded to those who successfully complete the project activities. (Jaunimo garantijos , 2022).

2. "Promoting Youth Employment" This project is open to young people (16 to 29 years old) who are registered with the Employment Service and are not in education or training, who participated in the Youth Intervention Initiative Initial Intervention Project ("Enhancing Social Competences of Youth"). During the project, active labour market policy measures are being implemented, considering the individual needs of young people in order to ensure the smoothest possible integration into the labour market. The project aims at integrating young people into the labour market and thereby contributes to the matching of labour market demand and supply, increasing the employment of young unemployed by enabling them to participate in active labour market policy measures. The aim of the project is to reduce the number of 16–29-year-olds who are not in employment, education or training. This project will promote the employment of 16–29-year-olds registered with the Employment Service. Faster and more sustainable integration into the labour market of the unemployed, the uneducated and the untrained. The start and end of the project activities, the value of the project and the funds used are shown in table 3 below.

Table 3

<b>Project "Promotion of Youth Employment"</b>				
Project "Promotion of Youth Employment"				
Start of implementation of project activities 15/03/2019 end of 14/11/2022.				
The value of the project is 14.555.336,22 Eur.				
Use of funds	2022	2021	2020	2020-2022
	321.449,95 Eur.	5.905.241,55 Eur.	3.468.639,73 Eur.	8.792.754,95 Eur.

\*Source: made by author (source (Jaunimo garantijos , 2022)

This project is implemented by the Employment Service under the Ministry of Social Security and Labour of the Republic of Lithuania (without partners). The project is funded by the European Social Fund and the state budget of the Republic of Lithuania. Young people participate in the project for free.

3. PCC - Creating Your Future Perspectives". During the implementation of the project, 18,665 unemployed people from the target groups of the project will be included in the support for learning. Vocational training will provide them with the opportunity to improve their professional qualifications and competencies, apprenticeships will improve the preparation of the unemployed for practical activities, help them to develop their professional skills and gain valuable work experience, and provide recognition of non-formal and informal learning competencies.

It is also expected that 17,547 unemployed people from the target groups of the project will be included in supported employment during the project implementation. Supporting the acquisition of work skills will help to address the lack of work experience, and subsidized employment will provide an opportunity to return to the labour market.

The Mobility Support Facility will enable 2,200 unemployed people to find employment and work away from their place of residence.

The project will ensure equality between women and men and non-discrimination on the grounds of sex, race, nationality, language, origin, social status, religion, belief or opinion, age, disability, sexual orientation, ethnicity, religion. The aim of the project is to help the unemployed registered with the Employment Service, including the long-term, the unskilled and the disabled, to acquire qualifications, improve their competences and integrate into the labour market. The start and end of the project activities, the value of the project and the funds used are shown in the table below.

Table 4

**Project "IPPC - Creating Your Future Perspectives"**

Project "IPPC - Creating Your Future Perspectives"			
Start of implementation of project activities 2014 end of 2020.			
The value of the project is 234 108 889,00 Eur.			
Use of funds	<b>2022</b>	<b>2021</b>	<b>2020</b>
	No data	No data	178 411 804,85 Eur.

\*Source: made by the author (source (Jaunimo garantijos , 2022))

The benefits of this project for young people – it ensures equality and non-discrimination between women and men (gender, race, nationality, language, origin, social status, religion, belief, age, disability, sexual orientation, ethnicity, religion); helps the unemployed registered with the Employment Service, including the long-term, the unskilled and the disabled, to acquire qualifications and improve their skills and integrate into the labour market.

The Employment Service also provides business support. One project is to support self-employment and the other is to subsidize job creation. Individuals under the age of 29 may also take part in distance learning provided by the State Tax Inspectorate for young people intending to start a business. Opportunity to participate in the European exchange program for entrepreneurs "Erasmus for Young Entrepreneurs"

Volunteering. There is an opportunity to participate in the project of the Department of Youth Affairs under the Ministry of Social Affairs together with partners: "Youth Voluntary Service".

In addition, resolving the problem of youth unemployment and under-employment requires, on the one hand, growth of salaried employment in the formal economy. This leads to more jobs for young people and encourages the transition from the informal to the formal economy. On the other hand, the quality of employment (e.g. productivity, working conditions) in the informal economy, where the majority of young people work, should be improve (C., Coenjaerts, C., Ernst, C., Fortuny, M., Rei, D., & Pilgrim, I. M. , 2009 ).

**Conclusions**

1. The results of research conducted in Lithuania on the issues of self-employment show that Lithuanians, unlike other European citizens, place the greatest emphasis on the lack of their entrepreneurial abilities and skills. Entrepreneurship is linked to a person's ability to combine capital, work and natural resources to run a business. According to the Employment Service, the average annual rate of youth (aged 16-29) unemployment in 2020 accounted for 10.5 %, in 2021 – 10.9 %, and in 2022 according to January results the overall rate of youth unemployment in the country amounted to 6.8 %.

Thus, these figures are quite high and show that increase of employment is crucial for the integration of young people into the labour market, which is why active labour market measures are aimed at combating unemployment. Since July, 2017 Employment promotion programs or, in other words, youth guarantee initiatives have been launched. The aim of this initiative is to actively involve young people in the shortest possible time.

2. It can be concluded that the Employment Service carries out a large number of projects to promote youth entrepreneurship. These projects are aimed at faster and more sustainable integration of young people (16-29 years old), who are not in employment, education or training, into the labour market. Employment Service specialists really do their best in order to help young people to get a job or over a certain period to acquire job-related skills, which they are lacking, directly in the workplace. This option is available to anyone who meets certain above-mentioned requirements. An acquired profession is the beginning of a successful career.

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## THE IMPORTANCE OF LEADERSHIP IN CRISIS SITUATIONS IN LOGISTICS COMPANIES

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### Abstract

The article analyzes the scientific literature, which allows to identify the essence of the concepts of leadership from a theoretical point of view. A manager must lead companies that have certain managerial personal qualities, talents that are revealed in crisis situations. A qualitative study of the leadership process and leadership style in logistics companies has been conducted..

Key words: leadership, manager, crisis situation.

### Introduction

Leadership, leader is a very important aspect in every organization. Leadership ensures action plan, coordination, and rhythmic work. It seems that every personality can lead, but the talents and abilities of a leader are revealed in crisis situations. The ability to turn away from the situation, keep the nerves and mind cold, and make sudden decisions are important traits of a manager. A. Petrulis (2016, 123) argues that good (proper) leadership is becoming an important factor in business, government, and many of the groups whose activities affect our lives. A. Petrulis (2016, 123) states that society has a kind of preconceived notion that leadership is a very simple and completely or at least effortless activity. It seems that every personality can lead, but the talents and abilities of a leader are revealed in crisis situations. It is often the case in practice that the best managers are employees who have risen to the career ladder in the organization's hierarchy, working in the organization for a long time, compared to those who are working in a managerial position as soon as they start working in the organization. We can compare this sentence to professional sports: as soon as you start practicing athletics, you will not compete in the Olympic Games, where the best athletes from all over the world and a considerable amount of knowledge gather. All the personality traits and abilities of a leader are revealed when an organization finds itself in a crisis, critical situation.

**The aim of the article:** to find out the importance of leadership in a crisis in logistics companies.

#### **Objectives of the article:**

1. To analyze the analysis of leadership concepts from the theoretical point of view;
2. Carry out a study of the leadership process and leadership style in logistics companies.

**Research method:** scientific literature, analysis of articles, qualitative research.

### Manager, analysis of leadership concepts

A. Petrulis (2016, 127) quoting A. Seilius (Seilius, 2001: 142, 157) states that in order to achieve effective leadership, certain qualities of a leader are necessary: intelligence; clear perception; propensity to advise; perseverance; beliefs; demand; willingness and ability to deal with difficult issues; ability to apply existing knowledge; clarity of thinking; ability to summarize data; application of business settlement solutions; creativity; diligence; honesty; caution; domination; justice; the ability to manage an unacceptable situation; staff training; duty; official authority. A modern manager must be very flexible in all this: be able to adapt to constantly changing environments, personalities, not be afraid to apply non-traditional methods, be effective: be able to do work in the shortest possible time with the least possible human and material resources, constantly improve and improve their qualifications and the cartel. The modern leader must have chosen one of three leadership styles: autocratic, democratic, or liberal. A. Petrulis (2017, 108) states that leadership style can have positive and negative traits, which in one way or another are revealed in the person of the leader, it depends on his personal abilities. In addition, you need to improve your psychological and communication skills, because the leader must be like a rock-breaker. He cannot bring his personal problems to the company or organization, as this would interfere with the rhythmic work, the emotions would create difficult conditions for making certain decisions. The manager must be motivated to strive for the best, must be able to inspire with his motivation, infect other employees, must have an impeccable reputation in the company, set an example for others. Of course, one must have strong leadership qualities, not be afraid to take the initiative, to be able to mobilize others for work. M. Tvarijonavičius and D. Bagdžiūnienė (2014, 116) quoting N. A. Peterson and P. W. Speer (2000) state that the manager empowers subordinates in two ways: in the sense of relationships (the manager delegates powers, encourages subordinates' responsibility and initiative); in a

motivational sense (the manager encourages subordinates to believe in their competence and abilities). The concept of managerial empowering behavior integrates these assumptions of empowering leadership. M. Tvarijonavičius and D. Bagdžiūnienė (2014, 116,117) quote M. Ahearne and his colleagues (2005) state that the empowering behavior of a manager includes four aspects: increasing the meaningfulness of subordinates' work, their involvement in decision-making, trust in high results and granting autonomy. A. Petrulis (2016, 126), quoting, states that a manager is understood as a person who is theoretically and practically ready, has the best qualities necessary for a manager, is able to direct the minds and feelings of subordinates to achieve the goals of the organization, to perform a set task (Šimanskienė, Seilius, 2009: 36), this is shown in Table 1.

**Table 1**

**The concept of leadership**

<b>Author</b>	<b>The statement</b>
N. A. Peterson, P. W. Speer, (2000)	The manager empowers subordinates in two ways: in the sense of relationships (the manager delegates powers, encourages the responsibility and initiative of subordinates); in a motivational sense (the manager encourages subordinates to believe in their competence and abilities). The concept of managerial empowering behavior integrates these assumptions of empowering leadership.
A. Seilius, (2001)	In order to be effective, certain qualities of a manager are necessary: intelligence; clear perception; propensity to advise; perseverance; beliefs; demand; willingness and ability to deal with difficult issues; ability to apply existing knowledge; clarity of thinking; ability to summarize data; application of business settlement solutions; creativity; diligence; honesty; caution; domination; justice; the ability to manage an unacceptable situation; staff training; duty; official authority.
M. Ahearne, (2005)	The empowering behavior of a manager involves four aspects: increasing the meaningfulness of subordinates 'work, involving them in decision-making, trusting in high performance, and giving autonomy.
L. Šimanskienė, A. Seilius, (2009)	A manager is understood as a person who is theoretically and practically ready, who has the best qualities necessary for a manager, who is able to direct the minds and feelings of people subordinate to him to achieve the goals of the organization, to perform the set task.
A. Petrulis, (2016)	Good (proper) leadership is becoming an important factor in business, government, and the many groups whose activities affect our lives.
A. Petrulis, (2017)	A leadership style can have positive and negative traits that manifest themselves in one way or another in the person of the leader, depending on his or her personal abilities.

\*Source: Compiled by the author based on scientific literature

After analyzing the concept of leadership in Table 1, it can be stated that the leadership style is chosen according to the traits that in one way or another reveal the personality of the leader. Management in an organization will be effective when the manager has certain leadership qualities.

**Crisis situation**

In the world and in Lithuania, companies and organizations are more or less confronted with various crisis situations sooner or later. Crisis situations occur due to internal (company, organizational) and external (state level) factors. Internal crises in companies and organizations are due to the fault of employees, managers, incompetence not done, not done, and external crises are due to processes that affect the entire state. Internal crisis situations in organizations and companies occur due to rejection, poor work or unfulfilled work. Internal crises, compared to external crises, can be prevented, easily and easily remedied and thus avoided from an awkward situation. Internal crises often require "victims" as well: company employees, managers receive reprimands, are dismissed or even fired. External crises are caused by state, global factors. Examples of the external crisis include the COVID-19 pandemic, the global financial crisis, war and so on. Smaller companies and organizations usually suffer from such crises because they do not have sufficient resources to manage such crises and situations. Large companies and organizations often have the necessary and sufficient resources and resources to manage various crises. External crises are very difficult to prevent and predict, because external crises affect the state and other companies and organizations. The internal and external causes of crisis situations are presented in Table 2.

**Table 2**

**Causes of crisis situations**

Internal (Company, organization boundaries)	External (State, international reasons)
It happens due to the fault of employees, managers, not done, not done certain work	It happens because of processes that affect the entire state.

\*Source: Compiled by the author based on scientific literature

In summary, leadership is an important and relevant thing in any area of life. Without leadership and a good, proper leader, there would be no purposeful, rhythmic work, no certain tasks. The importance of leadership and the abilities of the manager are strongly highlighted in crisis situations, when decisions have to be made at an unfavorable time, which can mean the fate of the organization, the company and their employees.

**Investigation of crisis situations in logistics companies**

A qualitative study was conducted by interviewing the managers of logistics companies about crisis situations. Qualitative content analysis method was used for the analysis of qualitative research. The analysis of qualitative content facilitates the understanding of the meaning of the context in the text. Category creation is a core feature of qualitative content analysis.

*Organization of interviews with informants.* The questionnaire consisted of 10 open-ended questions, and several presented demographic questions. The survey questionnaire is available on the website and a link was sent to the heads of the logistics companies in April.

*Ethics of qualitative and quantitative research.* Ethical issues are very important in qualitative research. Empirical research is carried out without violating the rights of the researcher and in accordance with the principles of research ethics (Žydzūnaitė, 2017): Confidentiality is guaranteed for informants, the respondents are acquainted with the content of the research, and justice is observed. 3 informants participated in the study. The codes assigned to the experts participating in the study are: R1, R2, R3, as shown in Table 3.

**Table 3**

**Data of informants**

Informant details	Informant - R <sub>1</sub>	Informant - R <sub>2</sub>	Informant - R <sub>3</sub>
Gender	Female	Male	Male
Age	36-45 years old	26-35 years old	46-55 years old
How long has he been in the company	11 and over years	3-5 years	5-10 years
Education	Higher university	Higher university	Higher university
Leadership style	Democratic	Democratic	Democratic

\*Source: compiled by the author

The results of the qualitative study allowed to identify the problems presented in Tables 4, 5 and 6:

**Table 4**

Category	Subcategory	Confirmatory statements
<b>Crisis situation</b>	Crisis situation faced by the informant	R <sub>1</sub> - <..... <i>Destruction of private business by public authorities: no aid during pandemics, only bureaucracy, inspections, intimidation, no tax breaks....&gt;. R<sub>2</sub> - &lt;... <i>Pandemic, quarantine...&gt; R<sub>3</sub> - &lt;... <i>We have been dealing with the Covid-19 situation for the last few years. The situation is even more complicated at the moment, as the situation in our business is affected by the war in Ukraine...&gt;</i></i></i>
	Action plan in crisis situations	R <sub>1</sub> - <... <i>We tried to adapt to the constantly changing procedures, to implement them, which required significant additional resources, we received support, which later had to be repaid after the end of the pandemic. Wages also had to be raised during the pandemic, as the minimum monthly wage changed and the authorities did not hear a request from a private business not to do so during quarantine, and there was no increase in wages in public institutions. This once again shows the government's excessive interference in private business...&gt; R<sub>2</sub> - &lt;...<i>Processes had to be optimized, and a number of processes had to be digitized. Transfer documents to the digital space. Many documents have been prepared to meet the requirements of Covid-19. Employees had to be tested, and so on...&gt;</i></i>

		R <sub>3</sub> - <...In accordance with the company's relevant regulatory documents and the instructions of the operations manager, all employees were summoned and informed that the work would be performed remotely. Accordingly, a survey was conducted on whether employees would be able to work from home. IT equipment (remote computer connection programs) was prepared accordingly. All interested parties were also informed about the remote operation of the company through various means of communication...>
	The period during which a crisis situation has been overcome	R <sub>1</sub> - < During the crisis period - a pandemic, private business-logistics could not stop, not as the state institutions closed and quarantined them, could rest. In the event of a logistics disruption, e.g. the closure of products by public authorities would lead to a shortage of products, so private business and logistics worked continuously throughout the pandemic...> R <sub>2</sub> - <...As the provision of services remotely in the company was not a new thing, only the work of the administration remotely was new, we managed to cope within a week. Only the work itself continued remotely until it was allowed to return to work physically in the workplace...> R <sub>3</sub> - <... There was a need to react quickly. Each new challenge sometimes took weeks, another day, and maybe even hours. Decisions had to be made here and now, otherwise there would be a cessation of activities...>

The survey data show that companies are most often confronted with external crises, with the Covid-19 pandemic and the quarantine leading up to it being the response. Informants had to reorganize their work to adapt to the situation in the country, to apply new working methods. The informants could not delay, they had to make decisions in a flash here and now without stopping the workflow.

**Table 5**

Category	Subcategory	Confirmatory statements
<b>Difficulties in a crisis situation</b>	Difficulties encountered by the informant during a crisis situation	R <sub>1</sub> - <... We faced challenges — we had to stay in the market, reassure our employees, adapt to ever-changing procedures, and find the resources to do so. There was a lot of hard work to survive, even though we felt stable in the market...> R <sub>2</sub> - <...Not all employees had printers at home, they had to learn to use additional electronic systems for document movement in the company. It was necessary to start using intensive means of distance communication intensively...> R <sub>3</sub> - <...That the information changed very quickly, and it was the case that we did not have time to process the documents in accordance with the new legislation. Sanctions are also introduced within a few hours, and flows of freight flows are adjusted very quickly to arrive and reach their destination....>
	Informant's relationship with colleagues during a crisis situation	R <sub>1</sub> - <... We did not get angry with our colleagues, because it was already a difficult time to support each other and try not to stop working....> R <sub>2</sub> - <...Working from home, not in your office causes some difficulties, it is more difficult to communicate with each other, which automatically leads to a problem of discommunication. The general situation in the country also affected all employees psychologically...> R <sub>3</sub> - <...All staff tried to understand the current situation. But there were also those who were outraged...>
	Certain workers made redundant during / at the end of the crisis	R <sub>1</sub> - <... The workers were not laid off...> R <sub>2</sub> - <... No, the workers were not laid off...> R <sub>3</sub> - <... It was because the changing laws required one employee to be laid off because the employees did not want to work in the new working conditions....>

The results of the qualitative research revealed that the difficulties of informants are related to employees and new legislation and sanctions. It was necessary to support the employees, train them to work remotely, and monitor the psychological condition of the employees due to the ongoing pandemic in the country. The

changing legal acts forced to change and process the existing documents, and due to the imposed sanctions, the flow of cargo had to be regulated abruptly within a few hours. Informants considered the biggest shortcoming during the investigation to be the rapid change in the law and the poor communication of state institutions with business. After analyzing the results of the interviews, it can be stated that the informants, as the managers of the companies, did everything to control the situation.

Informants (R1, R2, R3) also expressed their opinion on the work of state institutions: they made a mistake in accepting state aid.

**Table 6**

Category	Subcategory	Confirmatory statements
Crisis reflection	Informant's opinion of where he erred as manager	R <sub>1</sub> - <... We made a mistake in asking for state support, did not envisage having to return...> R <sub>2</sub> - <... I think the decisions made were logical, measured and biased towards all employees...> R <sub>3</sub> - <... That perhaps new measures have been taken too harshly. More communication is needed with employees...>
	What would the informant do differently if a similar crisis situation were to recur	R <sub>1</sub> - <... Otherwise, we would not be asking for state support...> R <sub>2</sub> - <... I would organize remote work and communication training for Team Building...> R <sub>3</sub> - <... Go deeper into the current crisis to avoid repeating the same mistakes...>
	Whose fault the informant sees during a crisis situation	R <sub>1</sub> - <... The fault of public authorities, because the support was provided, and if the company's turnover fell not by 30%, but e.g. 29%, that aid had to be repaid. There would be less interference by public authorities in private business...> R <sub>2</sub> - <... I don't see any guilt...> R <sub>3</sub> - <... Of course, the manager takes full responsibility...>

Summarizing the data of the informants' interviews, it can be stated that the informants mainly faced external crises caused by the situation in the country and abroad. Informants, as managers, did their best to manage and resolve crisis situations in the shortest possible time. This required lightning-fast decisions here and now without too much consideration. Over time, the situation in the country has changed, as a result of which the informants have coped with the crises, made a reflection and would have behaved differently if a similar situation had recurred. The opinion of the informants on the issue of guilt differed: one blames the state institutions, the other did not see guilt and the last took responsibility as a manager.

## Conclusions

The analysis of scientific literature and articles has shown the importance of leadership, a suitable, competent manager to maintain the viability of the organization, the company, and to resolve emerging crisis situations. Crisis situations and their management fully demonstrate the manager's competence and ability to deal with difficulties.

The research showed that the competent manager is able to describe the crisis situation, know how to deal with it, draw up an action plan, mobilize other employees to work, make decisions in a flash. At the end of a crisis, make a reflection, understand where mistakes have been made, what they would no longer do or do otherwise, and take responsibility.

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## CHALLENGES FACED BY STARTUP ENTREPRENEURS IN PAKISTAN AND LITHUANIA

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### Abstract

Entrepreneurship is on the increase all across the world. In many regions of the world, startups have gotten more attention in the recent decade. The number of startups in Pakistan and Lithuania has also expanded at an exponential rate. The current situation of startup entrepreneurs in Pakistan and Lithuania is examined in this study. The article has two objectives: first, it seeks to identify the issues faced by startup entrepreneurs in Pakistan and Lithuania between 2015 and 2021, and second, it seeks to provide solutions for these entrepreneurs to overcome these obstacles. The analysis is based on information gathered from semi-structured interviews with company founders, investors, and representatives in both states. Furthermore, the extensive utilization of applicable literature enhances the strength of the findings and facilitates their interpretation.

Entrepreneurship, Startups, Pakistan, Lithuania, Problems

### Introduction

Entrepreneurship is on the upswing all across the world (Westfall, 2020). In many regions of the world, startups have gotten more attention in the recent decade. The number of startups in Pakistan and Lithuania has also expanded at an exponential rate. I will analyze the current state of startup entrepreneurs in Pakistan and Lithuania.

The Global Entrepreneurship Index (GEI) is a yearly indicator that assesses the state of entrepreneurship ecosystems in 137 countries. As per the Global Index report 2020, Lithuania ranks 31 places among the top 37 upper-middle-income economies in the Global Innovation Index 2020 with human capital and science as well as innovative outputs as the country's top strengths. As per this indicator's report for 2019, Pakistan ranked 108<sup>th</sup> out of 137 countries with a score of 17.30, which implies the country has performed poorly in all the entrepreneurship indicators (International Entrepreneurship Development Data |GEDI, 2020).A startup ecosystem is surrounded by many issues that hinder the startup's operations and negatively impact its growth. Challenges faced by startup entrepreneurs are pivotal to the growth of business ventures. An entrepreneur is a person who plans, manages, and takes risks in a commercial enterprise. The degree to which promoting an entrepreneurial culture and developing new businesses in a sustainable and competitive manner is a challenge varies per country. Starting a business and being an entrepreneur are both exhilarating and terrifying experiences. Entrepreneurs face numerous challenges when starting a new business, including insecurity, stress, a negative mindset, overwhelming feelings, a lack of support, a desire to give up, growing a business, raw material problems, marketing problems, out-of-date technology, a lack of infrastructural facilities, a lack of skilled labor, and so on. An entrepreneur must overcome obstacles in order to run a successful firm. The study's main goals are to identify the challenges that new entrepreneurs face and to analyze the solutions that can help them overcome them.

#### **The subject of research:**

The subject of this research paper is to delve into the difficulties faced by startup entrepreneurs while carrying out startups in two different countries: Pakistan and Lithuania. The study should be planned, and the necessary steps should be substantiated in writing: the existence of a problem situation, the formulation of the research subject to necessary and necessary modifications, a general outline of research objectives, a critical review of current scientific findings in the literature, the formulation of the main hypothesis and possibly working additional questions, the determination of the research field, the placement and time of the study.

#### **The problem and research goal in research:**

The paper has two goals: Firstly, the aim is to address the challenges faced by startup entrepreneurs in Pakistan and Lithuania, secondly, to find solutions for these entrepreneurs to overcome these

#### **Literature Review:**

Defining a strategic structure for the field of entrepreneurship has proven to be the most difficult component of the process. Most academics have defined entrepreneurship primarily in terms of who the entrepreneur is and what they do (Shane & Venkataraman, 2000). (as cited in Venkataraman, 1997). Entrepreneurial intention, according to researchers, is a person's desire to start an entrepreneurial activity or become self-employed; self-employment is opposed by a waged or salaried entity (Tkachev & Kolvereid, 1999). Rather than a "one-size-fits-all" strategy, authors Eckhardt and Shane (2003) believe that

entrepreneurship is a continuous manner of evolving and extending with new goals, emerging items, and means-end chains. Entrepreneurship, according to Ajzen (2011), is a mechanism through which a person operates as an entrepreneur with the purpose of engaging in initiatives with a high likelihood of creating profit.

In order to attract international investors and entrepreneurs, several industrialized countries give special visas to persons who want to invest and start a new business. To put things in perspective, Canada's federal and provincial governments have shared special investor and entrepreneur visa systems for some years, albeit they are now being upgraded. Multiple Tier 1 entrepreneur and investor visas are available in the United Kingdom for "high-value migrants" who meet specific educational, language, and asset requirements. EB-5 visas provide investors with a path to a green card if they invest at least \$500,000 in a firm that creates or retains ten full-time jobs in the United States. 2019 (Lofstrom & Wang).

Learning about a country's startup culture is both crucial and fascinating (Bates, 1990). In essence, culture is a mash-up of several elements. Standard of life, monthly salaries, literacy rate, poverty rate, crime rate, hobbies, language, food, religion, and so on are all examples of cultural values. Because the two countries in this study have diverse cultures, it is critical to investigate their norms and values in depth. Business culture is significant in the field of entrepreneurship since it influences both established businesses and new start-ups (Edelman et al., 2016).

When the interests of locals or the general public are compromised, corruption arises, and it can take many forms, including bribery, extortion, and theft (Mauro, 1995). When corruption grows from within a country's departments, it discourages investors, creates a loss of customer faith in the government, elevates crime rates owing to unfair decisions made on behalf of corruption, tarnishes the company's brand, and reduces investment with less flow of money (Djankov, 2009).

### **Data and Research Methodology**

Six interviews with Pakistani and Lithuanian entrepreneurs were conducted in order to gather primary data. An inductive approach was used as the research approach, a case study was used as the research design, qualitative data was used as the research strategy, primary and secondary data were used as data sources, and in-depth semi-structured interviews -Individual depth interviews were used as the data collection method. Purposive sampling was used to select the sample size for this research paper. Web of Science, Google Scholar, other indexes, and official websites was used to acquire secondary data. To critically examine the literature on related issues, a number of published publications and journals were consulted.

Semi-structured interviews have been a key emphasis of strategies for gathering primary data during this investigation. Qualitative interviews took place over the phone, via Zoom, and in person. The interviews were conducted in the local languages of the two countries. The collected primary data has been transcribed into English.

Case study, cross-sectional/social survey, comparative, and longitudinal research designs are among the five types of research designs identified by researchers (Bryman & Bell, 2011). The case-study design was chosen since the goal of this study is to investigate the challenges faced by startup entrepreneurs. The case-study research design was employed to perform this study. This research design was utilized to learn more about regional business structures, habits, traditions, and differences in norms and values of start-up entrepreneurs in Pakistan and Lithuania.

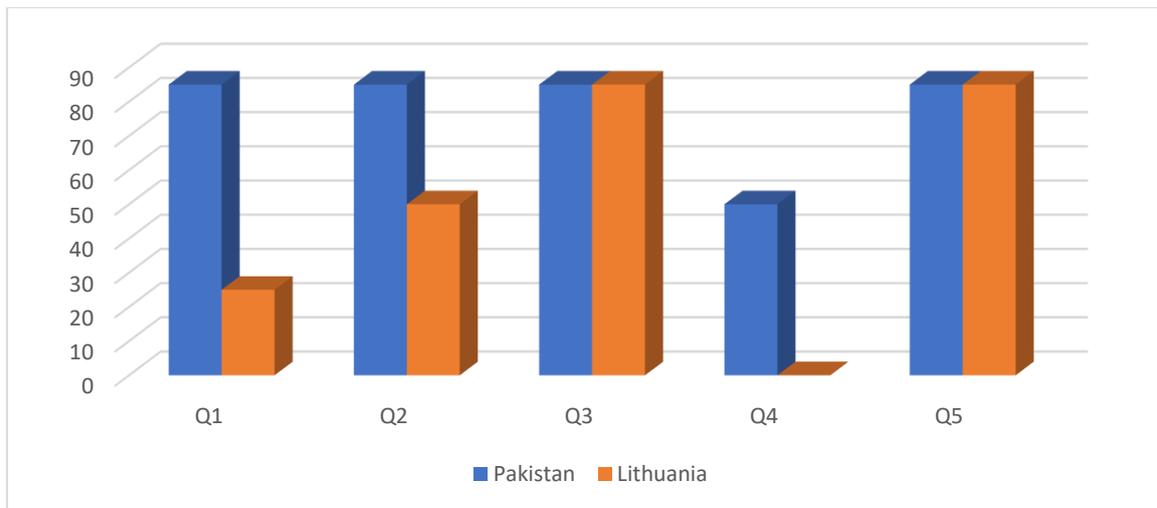
Questions Number	Interview Question
1	Is the Procedure for registration of a company is difficult? What kind of problems did you face while registering a company?
2	Did you face problems while you were searching for labor for your startup?
3	World economic order is changing these days. Are you preparing for the future?
4	Did you face bribery, or corruption, a common practice for starting and maintaining a startup?

5	Do you want to give suggestions to new entrepreneurs so they will not suffer from that problem that you suffered from?
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## Results

The responses of the participants to the interview questions are discussed in this section. The investigation is focused on the two countries. Each question displays the results based on the country. Because these questions focus on qualitative comprehensive replies concerning the challenges related to startups in the two countries, they all employ a ratio scale.

### Questions Have been analyzed



According to the statistics, 85.4 percent of respondents strongly agreed that launching a startup in Pakistan nowadays is extremely tough. Furthermore, 22.2 percent of respondents thought that registering a business is a challenging process. To back up this allegation, the majority of Pakistani entrepreneurs agree that there are no standard procedures for registering firms. This is true since no industry has a set of laws and regulations for business registration. "Registering a company is a very time-consuming process that can take up to a year to obtain a trademark," according to entrepreneur. Because the Chamber of Commerce does not have a set of required documents, they can ask for any document, making the procedure exceedingly ambiguous and time-consuming. This demonstrates that registering a business is a critical issue for aspiring entrepreneurs in Pakistan.

In contrast, just 25% of respondents believed that registering a company in Lithuania in the current era is a very challenging process for foreigners. This indicates that the registration process is challenging for only a few startup entrepreneurs. 85 percent of the respondents said they didn't agree. As a result, only a some percent of startup entrepreneurs find the registration procedure challenging. These were businesses owned by foreigners in Lithuania who found the registration process challenging owing to a language barrier. The cost of hiring translators increases the startup's expenses, which has a negative impact on the venture's operations.

In Pakistan, 85% of entrepreneurs feel that finding skilled workers is tough. These individuals believe that job advertisements are costly for startups, and that getting qualified workers is difficult. "I had to train my personnel because they were untrained," stated Entrepreneur 2 from Pakistan. "It's always difficult to find educated and skilled employees to join a firm," said startup entrepreneur 1. As a result, the lack of skilled workers stymies the startup process. 25% of those polled said they didn't agree with the question. Friends, family, and referrals have helped these entrepreneurs find skilled workers. In Lithuania, on the other hand, 50% of respondents strongly agree that getting skilled labor is a challenging issue, indicating that recruiting qualified personnel is not a problem for any organization. 50% percent of respondents disagreed with the statement. These entrepreneurs are just starting out and want to operate as solo traders until they break even. This shows that Pakistan has more difficulty in finding skilled labor.

In the answer to 3 questions, both countries' 85% entrepreneurs are prepared as they know how to prepare for future and they also replied after covid 19 we are more prepared now.

Bribery is a frequent method for starting and maintaining a business in Pakistan, according to 50% of respondents. In Lithuania, however, 0% of people disagree with the assertion. "I had to pay a particular amount to get my startup registered," says entrepreneur 2 from Pakistan. "I had to pay a lawyer to have my business registered and tax filed to expedite the process otherwise I would have been unable to do it," said Startup 3 from Pakistan. According to the Transparency International Index 2020, Pakistan receives a 31 out of 100 (on a scale of zero to highly corrupt), indicating that the country is massively corrupt. This is one of the reasons why the country's startup culture is slow and sluggish.

In the answer to 5 No startup is easy and there is a lot of risks involved but self trust and patience is the key. Always do your homework beforehand. Write your business proposal and do your feasibility working. Make sure you know the tentative revenues, expenses, ROI, Capital expenditure etc.

- Learn what Your competitors or anyone who is somewhat close to your idea is doing. You have to come up with all their shortcomings in order to sustain or get their share of market.

- Choose a mentor. Discuss and Get feedbacks and help from them on weekly basis.

- Always have a contingency plan for whatever you're doing.

- Keep multiple options at hand whenever choosing a vendor, location or product range.

## Conclusions

Every startup entrepreneur has difficulties. The focus of this study was on startup entrepreneurs in Pakistan and Lithuania. The difficulties faced by startup entrepreneurs in Pakistan include difficulties with brand and registration, finding skilled labor force, demand for high salaries, law and order situation, lack of investors and financing options, rising inflation, lack of knowledge of government programs, lack of support programs, copyright laws and bribery.

Similarly, in Lithuania, startup businesses faced obstacles such as locating competent personnel, high salary demands, maintaining current staff, and a lack of awareness of investment possibilities.

To summarize, unfavorable regulations such as difficulties registering firms, submitting taxes, and a lack of government support in the form of co-working spaces, training, and other resources have all had a detrimental influence on startup entrepreneurs. These issues have posed a stumbling block in the company's operations. Entrepreneurs' time and energy are wasted due to lengthy and complicated business processes.

To make it easier for consumers and startups to do business, the government must work to improve the business climate. It's vital to improve fund laws and enforcement, as well as startup registration and compliance. To help the startup ecosystem thrive, all people and businesses must have their safety guaranteed.

It is critical to raise awareness of government support programs for entrepreneurs who are just starting out. This will make the programs more accessible and allow more individuals to learn about them. Furthermore, colleges and universities can support businesses by hosting competitions, and conferences, and adding entrepreneurship into their curriculum. People will learn about entrepreneurship and how to finance a firm as a result of this.

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## DYNAMICS OF FOREIGN DIRECT INVESTMENTS IN ROMANIA DURING 2016-2021

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### Abstract

The objective of this study is to assess the dynamics of FDI in Romania starting from 2016-2021. Romania is a country that has switched from communism to democracy, and the years 2004 (NATO accession) and 2007 (EU accession) are the ones that have positively influenced the life and future of our country. Due to foreign investments implemented by the EU in various fields such as: agriculture, infrastructure, services, industry, banking, finance and insurance, production of electricity, gas and water transportation and telecommunications, wholesale and retail trade, green energy. Keywords: Romania, European Union, Foreign Direct Investments (FDI), Economy

### Introduction

Romania's choice to focus on Western values is not only relevant for the economics (economic stability, competitiveness, more developed trade relations), but also on fields such as culture, social life and security on the international plan especially taking into consideration the geographical position, Romania being the border of the European Union.

Foreign investments made in Romania come from European Union member states, these being the most important trading partners of the country (Germany, France, Austria, the Netherlands), with the primary interest of making a profit, businesses that have contributed significantly to the modernization of the Romanian economy.

We can understand the impact of FDI on a country through factors such as: market development, quality of infrastructure, the relationship between economy and politics, trade agreements but also the links between the business environment, fiscal stimulants offered by the state and labor force training.

The largest share of FDI stocks in Romania is part of the Services Sector - 47% of the total, and the lowest share of the total manufacturing industry is high - tech - 5%. For 2016, Romania attracts only 5% of the total volume of FDI related to high-tech industries and knowledge-intensive services in the region. Most of the stocks were reduced to Hungary - 52%, Poland - 18% and the Czech Republic - 14%, the regional specialization thus acting to the detriment of Romania.

**The object of the article.** The foreign direct investment in Romania during 2016-2021

**Purpose of the article.** To analyze the dynamics of foreign direct investment in Romania during 2016-2021.

#### **Objectives of the article:**

1. To describe the definition of FDI and its role in the economy.
2. To analyze the types of FDI in Romania and FDI dynamics during 2016-2021.
3. To identify the largest investors in Romania, and their contribution to the national economy.

**Research methods.** Analysis of scientific literature, national and European conclusions reports, analysis of statistical data from the Romanian National Institute of Statistics and Eurostat (Statistics dates of European Union).

### **The definition of FDI and the its role in the economy**

FDI is the category of international investment that reflects the objective of obtaining a lasting interest by an investor in one economy in an enterprise resident in another economy. The lasting interest implies that a long-term relationship exists between the investor and the enterprise, and that the investor has a significant influence on the way the enterprise is managed. FDI may be seen as an alternative economic strategy, adopted by those enterprises that invest to establish a new plant/office, or alternatively, purchase existing assets of a foreign enterprise. These enterprises seek to complement or substitute international trade, by producing (and often selling) goods and services in countries other than where the enterprise was first established (Eurostat, Foreign Direct Investments).

FDI is an investment in one country, into a business or corporation in another country with the intention of establishing a lasting interest. Lasting interest differentiates FDI from foreign portfolio investments, where

investors passively hold securities from a foreign country. A foreign direct investment can be made by obtaining a lasting interest or by expanding one's business into a foreign country (Corporate Finance Institute).

FDI is defined as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor (FDI enterprise or affiliate enterprise or foreign affiliate). FDI implies that the investor exerts a significant degree of influence on the management of the enterprise resident in the other economy. Such investment involves both the initial transaction between the two entities and all subsequent transactions between them and among foreign affiliates, both incorporated and unincorporated. FDI may be undertaken by individuals as well as business entities. Flows of FDI comprise capital provided (either directly or through other related enterprises) by a foreign direct investor to an enterprise, or capital received from an investing enterprise by a foreign direct investor. FDI has three components:

1. Equity capital is the foreign direct investor's purchase of shares of an enterprise in a country other than its own.

2. Reinvested earnings comprise the direct investor's share (in proportion to direct equity participation) of earnings not distributed as dividends by affiliates, or earnings not remitted to the direct investor. Such retained profits by affiliates are reinvested. 246 World Investment Report 2007: Transnational Corporations, Extractive Industries and Development

3. Intra-company loans or intra-company debt transactions refer to short- or long-term borrowing and lending of funds between direct investors (parent enterprises) and affiliate enterprises. FDI stock is the value of the share of their capital and reserves (including retained profits) attributable to the parent enterprise, plus the net indebtedness of affiliates to the parent enterprise. FDI flow and stock data used in World Investment Report are not always defined as above, because these definitions are often not applicable to disaggregated FDI data. For example, in analyzing geographical and industrial trends and patterns of FDI, data based on approvals of FDI may also be used because they allow a disaggregation at the country or industry level. Such cases are denoted accordingly.

Direct investment enterprises are corporations, which may either be subsidiaries, in which over 50% of the voting power is held, or associates, in which between 10% and 50% of the voting power is held, or they may be quasi-corporations such as branches which are effectively 100% owned by their respective parents. The relationship between the direct investor and its direct investment enterprises may be complex and bear little or no relationship to management structures. Direct investment relationships are identified according to the criteria of the Framework for Direct Investment Relationships (FDIR) including both direct and indirect direct investment relationships. (Eurostat, Economic Globalization)

Direct investment statistics cover all cross-border transactions and positions between enterprises which are a part of the same group as defined in the FDIR. According to the standard (core) and supplemental presentations, FDI statistics include direct investment positions (equity and debt), direct investment income flows (distributed earnings, reinvested earnings, interest income) and direct investment financial flows (equity and debt). That part of the difference between closing and opening FDI positions in a particular reporting period that cannot be explained by financial transactions is referred to as "other changes". These "other changes" arise from price changes, movements in foreign currency and changes in volumes. Market value is the preferred conceptual basis to measure both direct investment positions and transactions .

Direct investment statistics are presented on an aggregate basis in terms of assets and liabilities and also, separately, on a directional (both for inward/outward FDI) basis with a geographical and industry breakdown. For both inward and outward FDI on the directional basis the allocation by partner country uses the debtor/creditor principle. The directional data are also classified and analyzed according to industrial activity. Directional data for both geographic and industry analysis should be derived from the basic information compiled on FDI assets and liabilities. It is recommended that the geographic and industrial allocation required for the FDI directional presentation should be made by the compiler excluding FDI transactions and positions effected through any resident Special Purpose Entity (SPE).

FDI can stimulate a target country's economic development and create a more conducive environment for companies, the investor, and stimulate the local community and economy. Positive economic development stimulation: easy international trade, employment and economic boost, tax incentives, development of resources, resource transfer, reduced costs, increased productivity, increase in a country's income (Research FDI website, 3 March 2021).

Foreign direct investment offers advantages to both the investor and the foreign host country. Below are some of the benefits for businesses: market diversification, tax incentives, lower labor costs, preferential tariffs, subsidies. The following are some of the benefits for the host country: economic stimulation, development of human capital, increase in employment, access to management expertise, skills, and technology (Corporate Finance Institute).

**Pros:** Diversifies investor portfolios: Individual investors have the potential to achieve greater portfolio efficiency (return per unit of risk), as FDI diversifies their holdings outside of a specific country, industry, or political system, provides technology to developing countries: Recipient businesses receive "best practices" management, accounting, or legal guidance from their investors. They can incorporate the latest technology, operational practices, and financing tools. By adopting these practices, they enhance their employees' lifestyles, provides financing to developing countries: Recipient countries see their standard of living rise, Promotes stable, long-term lending (Amadeo, January 2022).

Despite many benefits, there are still two main disadvantages to FDI, such as: displacement of local businesses, profit repatriation (Corporate Finance Institute).

**Cons:** Not suitable for strategically important industries: Countries should not allow foreign ownership of companies in strategically important industries, Investors have less moral attachment: Foreign investors might strip the business of its value without adding any, Unethical access to local markets: They can use the company's collateral to get low-cost, local loans. Instead of reinvesting it, they lend the funds back to the parent company (Amadeo, January 2022).

FDI happens when an individual or business owns 10% or more of a foreign company. If an investor owns less than 10%, the International Monetary Fund defines it as part of their stock portfolio. Less than 10% ownership doesn't give the individual investor a controlling interest in the foreign company. However, it does allow influence over the company's management, operations, and policies. For this reason, governments track investments in their country's businesses. Foreign direct investment is critical for developing and emerging market countries. Their companies need multinational funding and expertise to expand their international sales. Their countries need private investment in infrastructure, energy, and water to increase jobs and wages. The UN has also promoted the use of FDI to combat the impacts of climate change (Amadeo, January 2022).

### Trends of foreign direct investment in Romania

The graphic below analyzes FDI trends in Romania, presenting the types of investments and the largest investors. According to Fig. 1, FDI in Romania follow an upward trend until 2016 from 4517 (EUR millions) in 2017 to the amount of 5266 (EUR millions). In the following years 2018 ,2019 the amount decreases to 5173 (EUR millions), and in 2020 decreases to 3005 (EUR millions).

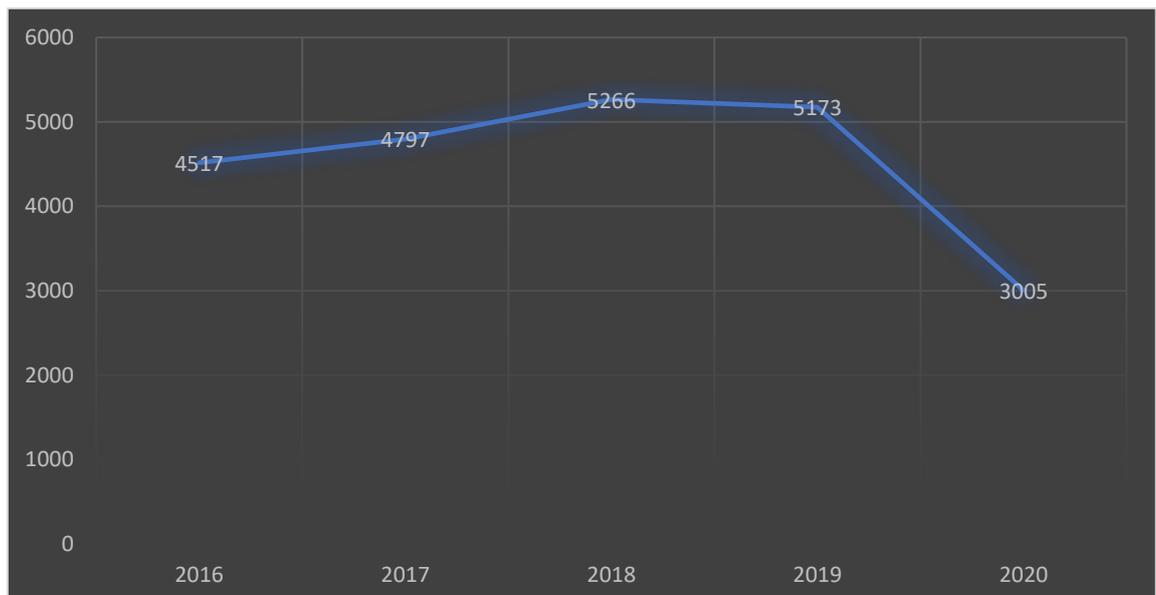


Fig. 1. Evolution of Foreign Direct Investments in Romania 2016-2020/EUR millions

\*Source: made by authors from BNR.ro

The equity contribution of FDI companies in 2016-2020, is differentiated into the categories of greenfield, mergers and acquisitions, business development, and enterprise restructuring.

In 2016, greenfield investments contributed 78 million euros to the investment flow in equity investments of FDI companies, and mergers and acquisitions by 184 million euros. In terms of distribution by main economic activities, foreign direct investment in greenfield enterprises was mainly oriented towards the manufacturing industry (31.6% of the FDI balance in greenfield enterprises). Other branches in which these investments have a significant share are: trade (16.8%), construction and real estate transactions (15.9%) and professional, scientific, technical and administrative activities and support services (8.9%).

In 2017, greenfield investments contributed only 77 million euros to the investment flow in equity investments of FDI companies, and mergers and acquisitions by 213 million euros.

In terms of distribution by main economic activities, foreign direct investment in greenfield enterprises was mainly oriented towards the manufacturing industry (30.9 percent of the FDI balance in greenfield enterprises). Other branches in which these investments have a significant share are: construction and real estate transactions (16.5 percent), trade (15.4 percent) and professional, scientific, technical and administrative activities and support services (8.4 percent).

In 2018, the contribution of greenfield investments was only 43 million euros, and the contribution to the capital of the companies acquired through mergers and acquisitions was 165 million euros.

In terms of distribution by main economic activities, foreign direct investment in greenfield enterprises was mainly oriented towards the manufacturing industry (28.9 percent of the FDI balance in greenfield enterprises). Other branches in which these investments have a significant share are: construction and real estate transactions (19.0 percent), trade (17.6 percent) and, respectively, financial intermediation and insurance (9.3 percent).

The contribution to equity in FDI enterprises in 2019, amounting to 2,238 million euros, is differentiated in greenfield, mergers and acquisitions, enterprise development, as well as enterprise restructuring. Greenfield investments amounted to only € 67 million, and mergers and acquisitions accounted for € 106 million, business restructurings worth € 1,416 million and business developments worth € 649 million.

In terms of the distribution of the main economic activities, FDI in greenfield enterprises were mainly oriented towards the manufacturing industry (28.1% of the balance of FDI in greenfield enterprises). Other branches in which these investments have a significant share are: trade (22.6 percent), construction and real estate transactions (19.5 percent), respectively financial intermediation and insurance (7.7 percent)

In 2020, greenfield investments registered only EUR 23 million, and mergers and acquisitions amount to EUR 42 million. The restructuring category of enterprises represented the main beneficiary of foreign investments received through equity contributions, with a flow of 948 million euros, due to the difficult economic environment in which the companies operated in 2020. This aspect highlights the fact that, although the total investment was low in 2020, foreign investors provided the necessary resources for the operation of FDI enterprises in difficulty.

The last category of investments, business developments, recorded a negative value (-30 million euros), mainly due to capital withdrawals in the first quarter of the year. In terms of distribution by main economic activities, foreign direct investment in greenfield enterprises was mainly oriented towards the manufacturing industry (27.8 percent of the FDI balance in greenfield enterprises). Other branches in which these investments have a significant share are: trade (24.0 percent), construction and real estate transactions (17.8 percent), respectively financial intermediation and insurance (8.0 percent)

According to this graphic from 2016, the Netherlands is in the top of foreign investors in Romania, constituting 39% of the total investors, followed by Germany with a percentage of 21%. Austria ranks 3rd with 19%, and on the last position in the ranking is Singapore with 0.1%.

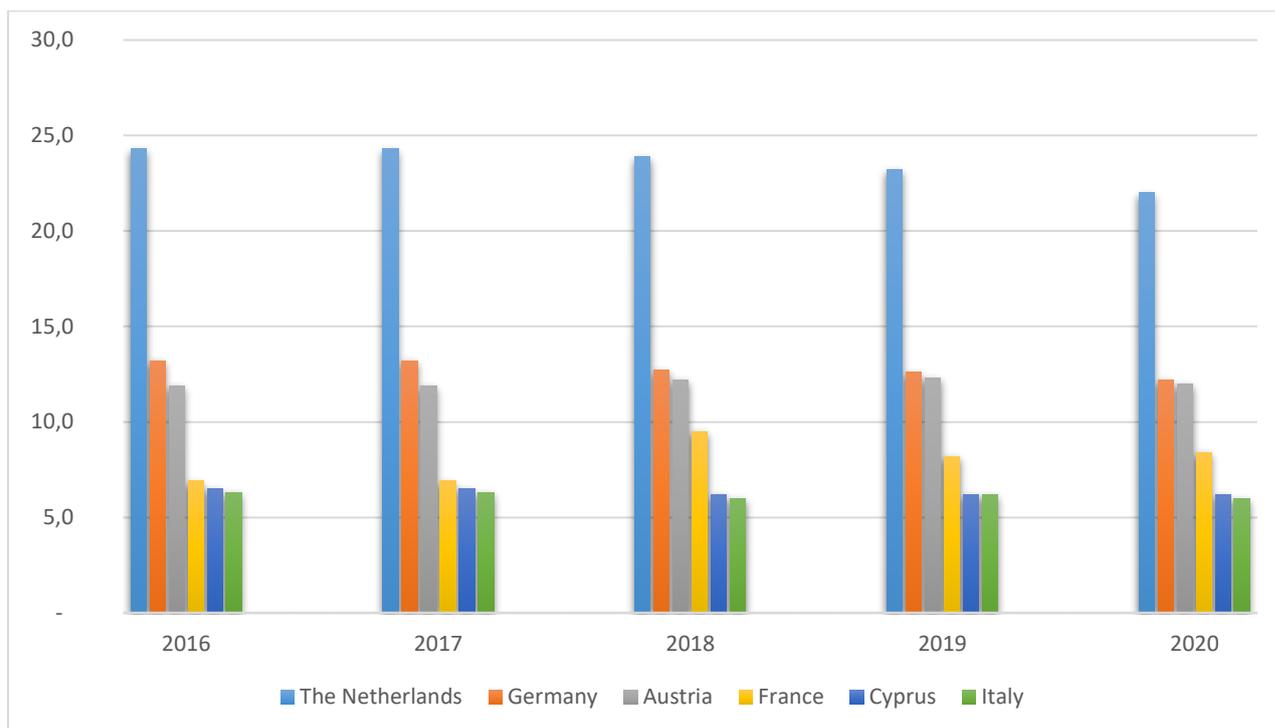


Fig. 2. Foreign Direct Investors in Romania 2016-2020 in percentages

\*Source: made by authors from <https://ec.europa.eu/eurostat>

The chart shows that the Netherlands dominates in the top six countries that made investments in Romania during 2016-2021. On the second position we can find out that Germany had a slight decrease in the analyzed period. Austria is the country that is on the third position with a positive insignificant influence. The last three countries from the top six are France, Cyprus and Italy. Cyprus and Italy are maintaining a constant percentage in the chart for all the year, but France marks a high point in 2018, in previous two years 2016, 2017 FDI of France it remained at the same level and in the following years 2019, 2020 registered a slight decrease compared to the maximum point in 2018.

In 2016, the Netherlands had the biggest value in the chart (approximative 24 percent), followed by Germany with (13 percent), Austria (approximative 12%), and France, Cyprus and Italy with values higher than 6 percent.

The top six countries, ranked by share in the FDI balance as of December 31, 2017, are: the Netherlands (approximative 24 percent of the FDI balance at the end of 2017), Germany (approximative 13.2 percent), Austria (approximative 12 percent), and France, Cyprus and Italy above (6 percent) as in the previous year. Regarding the order of the first six countries of origin of direct investments, it is noted that, compared to the previous year, France surpassed Cyprus and Italy, ranking fourth.

Ranked by the share held in the FDI balance in December 31, 2018, are: the Netherlands with the same constant value as in the previous years. Germany (approximative 13 percent), Austria (approximative 12 percent), France with a significant increase comparing to the other years with almost (10 percent) and Cyprus and Italy above (6 percent).

The Netherlands registered a softly decrease in comparison with the first three years of the analyzed period with approximately 0.4 percentage points in 2019. If we are talking about Germany and Austria we can say that they have not big changes in the last three analyzed years (2018-2020), just (0.1 percentage points comparing with the previous years and approximatively 0.4 percentage points) in 2020. In 2019 Cyprus and Italy was on the same position with 6.2 percent, but in 2020 only Cyprus maintained the same value, Italy decreased with 0.2 percent in the same year.

The Romanian market has a great potential for growth, interest and volume of foreign direct investment in Romania are concrete indicators of this fact. Benefits of FDI in Romania:

✓ As a first advantage, in terms of the business environment, we can mention the policy of the Romanian Government, focused on supporting private entrepreneurs and stimulating free initiative. Government action aims to strengthen a stable and predictable business environment, eliminate economically

unjustified state monopolies, strengthen free government competition, increase the transparency of the business environment and financial and monetary policies, and liberalize the labor market.

- ✓ Short time for setting up a company - in Romania, a company can be set up in 3-5 working days.
- ✓ The low cost of skilled labor - the availability of material and human resources, can be an opportunity for business development for both Romanian entrepreneurs and foreign investors.
- ✓ Other benefits: non-taxation of reinvested earnings, sound fiscal policy, access to European funds, position in Europe - EU Member State and NATO Member State.

When we talk about less favorable aspects we can mention first of all: corruption, lack of transparency, inefficiency of public administration, bureaucracy, poorly developed infrastructure or rather, infrastructure that is in the process of continuous development, given the commitment to bring infrastructure motorways to EU standards.

## Conclusions

Following our research, we came to the following conclusions, Foreign direct investment (FDI) is an investment in one country, into a business or corporation in another country with the intention of establishing a lasting interest.

In Romania between 2016-2021 we have identified the following types of FDI: greenfield, mergers and acquisitions, business development, and enterprise restructuring.

The Romanian market has a great potential for growth, interest and volume of foreign direct investment in Romania are concrete indicators of this fact.

The Netherlands is one of the biggest investors in Romania: every year having over 30% of the total countries investing in Romania.

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## THE EFFECT OF STATE RAILWAYS ON THE ECONOMY IN THE REPUBLIC OF TURKEY

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### Abstract

The railway sector is a developed sector in the world, especially in the European Union, and is a developing sector in Turkey. In the field of transportation, railway is safer than land transportation and financially more convenient than air transportation. The management activities of the Republic of Turkey State Railways (TCDD), which is the leading institution of the railway transportation system in Turkey, were examined in this article. Port management, freight and passenger transportation covers the main business activities. TCDD's business activities are progressing towards branding in this field in Turkey. These partnerships and affiliates contribute to the railway infrastructure of Turkey, from vehicles on the railway to signalling, from exports to raw materials.

Keywords: Railway, TCDD, Port

### Introduction

The transport sector is an important part of the economy all over the world. The railway sector constitutes a large part of this part. The railway sector is a sector that takes responsibility for the part from the production cost to the end consumer. The railway network, which is more popular and used in accordance with its purpose in regions where trade is intense, is developing in Turkey. The railway sector, which was started to be built in the pre-Republican period in Turkey and has continued to develop in the post-Republican period, has the potential to carry the freight and passenger transportation to the country's economy in the most appropriate way. The main reason for this subject is to emphasize the importance of the railway sector, to provide a superficial transfer of the past and present of the railway sector, and to define the partnerships and affiliates of the Republic of Turkey State Railways.

**Research object:** Republic of Turkey state railways.

**Purpose of the article** – to analyse the effect of state railways on the economy of the Republic of Turkey.

**Research tasks:**

1. To present the importance of state railways in the economy.
2. To identify the effect of state railways on freight and passenger transport in the economy of the Republic of Turkey.

**Research methods:** Analysis of literature sources and statistical data.

### The importance of state railways in the economy

Railway transportation is a type of transport that can be carried out between longer details, safer and less harmful to the environment compared to the road transportation mechanism. Railway transportation, especially in freight transportation, has been transformed into a mechanism that provides integration with other transportation vehicles by making radical reforms in recent years. Providing easier access to the production and consumption centers of the railroad and making it suitable for combined transportation systems play an important role in increasing the demand for rail transportation not only in the Turkish Economy but also in other countries of the world.

Railroads are the most efficient transportation mode for moving goods on the earth's surface. Railroads are of particular importance for the movement of commodities that heavy and moved in bulk over long distances where the transportation spend represents a large portion of the total delivered cost. Just a few examples of commodities moved by railroad are coal, grain, fertilizer, chemicals, forest products, finished motor vehicles and metals, among many others.

Compared to truck, railroads are less expensive but also typically represent a lower level of service. In the railroad revenue segment that is most competitive with trucking (i.e., intermodal), shipments via railroad are typically priced at a 10%-15% discount as compared to trucking. On shipment of goods that are less competitive with trucking, the difference in rates can be much higher, or the trucking industry may be unable to profitably compete for the freight entirely.

Compared to transportation by barge on the inland waterway, railroads are a higher-cost, but a faster option. For many bulk railroad commodities that are less time-sensitive, such as grain, shipment via lower-cost barge would be preferable, but the constraint is the lack of a waterway in the needed location.

The economic rationale of rail transportation can be summarized as follows:

- **Market area.** Rail transportation enables to transport raw materials over **long distances** (paper, wood, grain, chemicals, metallic products, etc.) as well as to move passengers and freight (cars, agricultural equipment, etc.). The average length of a domestic rail freight haul was 1,300 km in the United States, compared with 700 km for trucks. Intermodal integration has favored a market segmentation and a specialization of rail transportation. Intermodal rail tends to operate on a sub-system linking major port gateways to inland centers.
- **Capacity.** No other land transportation mode has the capacity of rail as a wagon can carry up to 100 tons of freight, more than three times that of a truck. Another important attribute relates to economies of scale since unit trains can be assembled and that container can be doublestacked if clearance permits.
- **Costs.** Rail transportation has **high construction and maintenance costs** but shipping costs decrease with distance and load. Its increasing returns enable to absorb traffic peaks and growths. Transshipments (loading and unloading) and train assembly also increase costs. Rail operating costs are divided according to labor (up to 60%), locomotives (16%) and wagons, fuel, maintenance and equipment (24%).
- **Benefits.** It accelerated the **industrialization process**, as in several countries the emergence of rail transportation was concomitant to an industrial take-off. It also accelerated economic development and human settlements, especially in North America where rail transportation was a dominant factor of territorial expansion in the late 19th and early 20th century. Furthermore, rail transportation consumes about four times less energy per ton-km or per passenger-km than road transportation. Rail transportation is an **important source of employment**. Industrial activities range from the construction of the rolling material, the installation of rails, the maintenance of the material, the operations of the rolling material, and management. Rail transportation also has multiplier effects on industrial activities such as steel and transportation engineering. Safety is also a fundamental attribute of the rail transport system as it is, after air transportation, the safest mode.

Railroads haul a wide range of bulk commodities, chemicals, finished motor vehicles and intermodal containers, roughly approximated in the chart below. It is important to note that while intermodal units represent approximately half of railroad unit volume, intermodal represents roughly one-quarter of railroad revenue (shown below 20% in the chart below because some intermodal freight is captured in other categories). The railroads' revenue per unit is lower for intermodal than carload traffic because one intermodal unit carries less tonnage than a carload and is also more competitive with the highway.

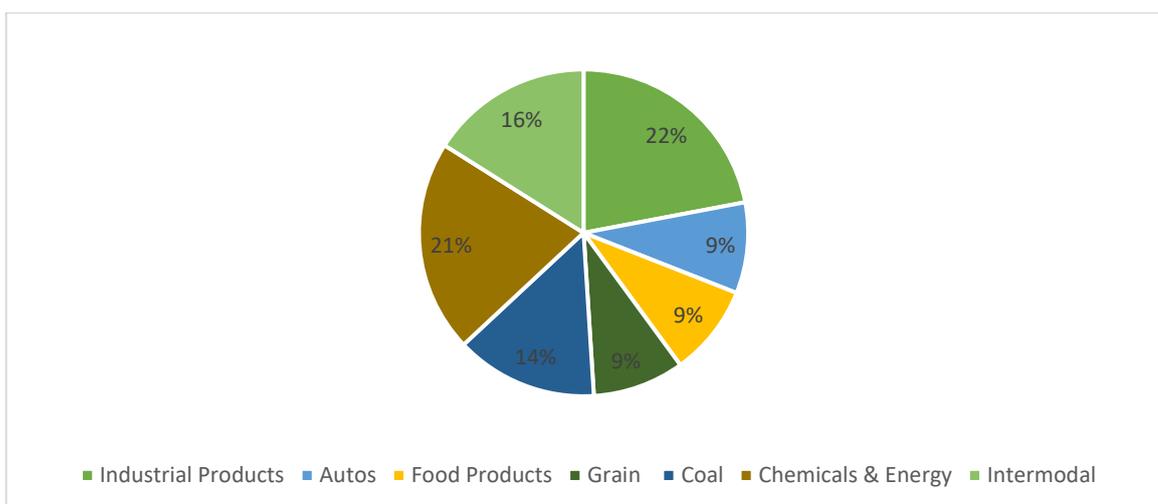


Fig. 1. Rail Revenue By Category

Source: <https://www.freightwaves.com/news/why-are-railroads-still-important-in-the-current-era#:~:text=Railroads%20are%20the%20most%20efficient,of%20the%20total%20delivered%20cost.>

## The effect of state railways on freight and passenger transport in the economy of the Republic of Turkey

Railways are more punctual in terms of time and more convenient in terms of cost compared to land and air transport. Railways have always been the forward leader of integration and economic development in the field of transportation. It makes a great contribution economically, socially and culturally to every place where the railways come. In addition to freight transport, it is also an important element of passenger transport. Since Turkey is an energy-importing country, the transportation operations it performs in one go reduce the energy need for Turkey a little bit and highlight its environmentalist identity with environmentally friendly engines (Karahan, 2014).

Another important element of transportation, the importance of which is increasingly understood in terms of transportation systems, is the railway. Railways are punctual in time and more convenient in terms of cost compared to land and air transport. Since the Republic of Turkey is behind in terms of railways compared to developed countries, transportation activities were carried out mostly by highways within the country. Railways have always been the pioneer of integration and economic development in the field of transport. It makes a great contribution economically, socially and culturally to every place where railways stop. It enables heavy loads to be transported to the desired destination in a cost-effective and safer way at once compared to road and air transport by means of wagons. In addition to freight transport, it is also an important element of passenger transport. Since Turkey is an energy-importing country, the transportation operations it performs in one go reduce the energy need for our country a little bit and highlight its environmentalist identity with environmentally friendly engines (Aydemir, 2018).

**Passenger transport** has an important place in the transport sector. With the development of technology, people gave up on riding animals and on foot to go from one place to another, and turned to motor vehicles. Today, highways are preferred mostly for travel. The reason for this is that it is possible to reach every point easily. However, due to seasonal changes, security vulnerabilities and being a fuel importing country, at some point, it has changed the course of transportation to airlines. Due to the fact that air passenger transport is very expensive and it is not easy to reach everywhere, it has not been fully used in some regions. In maritime passenger transportation, this transportation sector could not be used collectively on a country basis, since there is no sea, except for the western, southern and northern regions of Turkey. Passenger transportation by rail has been operating for many years and has reached the limit of widespread use, reaching the top in public transportation, especially in metropolitan cities.



Fig. 2. High-speed rail lines built for High Speed Train in Turkey

Source: (<https://www.uab.gov.tr/uploads/announcements/ulastirma-ve-altiyapi-bakanligi-2019-yili-faaliyet/uab-2019-faaliyet-raporu.pdf>)

In the YHT (new high-speed train) operation, which started in 2009, 942 thousand passengers were transported in the same year. The number of YHT passengers carried was 5 million 86 thousand in 2014, when the Ankara-Istanbul line was opened, 8 million 274 thousand in 2019 and 2 million 833 thousand at the end of

2020. Compared to 2019, there was a 66% decrease in the number of passengers and a 65% decrease in passenger-km in 2020.

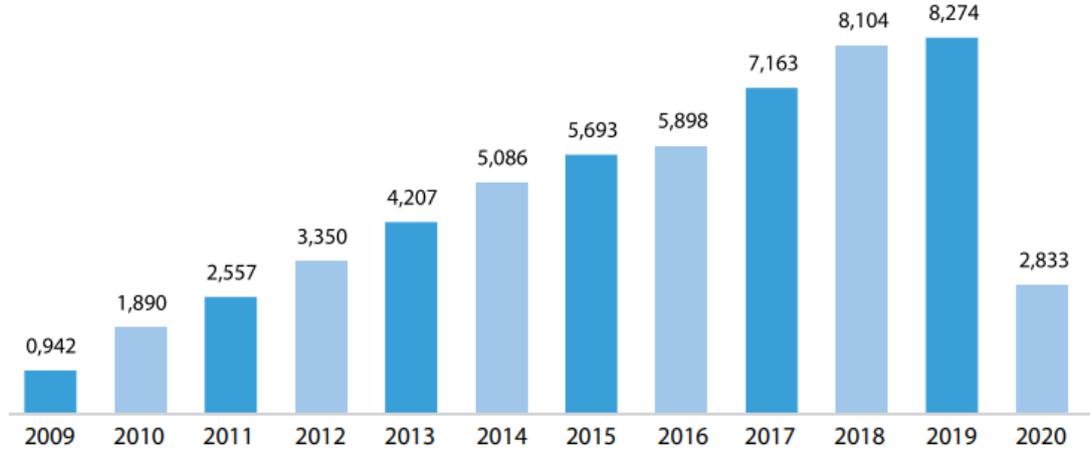


Fig. 3. Passenger Transportation (MillionTons)

Source: (<https://www.uab.gov.tr/uploads/announcements/ulastirma-ve-altyapi-bakanligi-2019-yili-faaliyet/uab-2019-faaliyet-raporu.pdf>)

**Freight transportation** gained importance as a result of the widespread use of steam engines with the Industrial Revolution. While the effect of human and animal power has decreased in transportation, with the development of steam engines and their availability in the world, transportation operations have started to be integrated into rail systems gradually. The reduction of human and animal power and the transition to railways provided time savings in terms of logistics and increased safety. In addition, it has greatly reduced the production cost and minimized the part from the production facility to the end consumer, thus paving the way for the consumer to buy products at more affordable prices. Reducing the cost of production not only contributes to the decrease in inflation but also directs foreign investors to Turkey.

In 2020, there was an increase of 2% on a netton basis and 4% on a netton-km basis compared to 2019 in freight transportation. On the basis of the program; 102% realization in netton and 105% realization in netton-km was achieved. Freight wagon rotation period, which was 8.5 days in 2019, decreased by 4.7% to 8.1 days in 2020.

Table 2

Load Category	NETTON (thousand)			NETTON-KM (million)		
	2019	2020	Change(%)	2019	2020	Change(%)
Domestic	26490	26275	-1%	11424	11359	-1%
International	2546	3442	35%	753	1357	81%
Administrative	250	172	-29%	127	83	-34%
TOTAL	29286	29895	2%	12304	12799	4%

Source: (<https://www.tcddtasimacilik.gov.tr/uploads/images/Strateji/TCDD-Tasimacilik-2020-Faaliyet-Raporu.pdf>)

## Conclusions

The railway sector has a direct impact on the economic, social and cultural structure and is an important issue that should be emphasized. Railway investments are important investments not only for economic development, but also for social and cultural unity. These investments have knitted every place it visits with a social network, carrying culture and bringing economic development. In this study, the importance of the railway sector, studies on the past and present of the railway sector and the history of the Republic of Turkey State Railways, the effects of freight and passenger transport were carried out. Railways came into our lives with steam engines and became a sector that takes responsibility from the production cost to the end consumer. The railway sector is one of the keys to economic development. Turkey made an effort to develop this breakthrough, which it started with the pre-Republican period, in the post-Republican period, but these investments were suspended to a large extent, especially with the start of the Second World War. In the following periods, the necessary importance was not given. Since the beginning of the 2000s, railway investments have started to intensify again.

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## **IMPACT OF INFORMATION TECHNOLOGY ON THE ECONOMIC DEVELOPMENT IN INDIA**

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### **Abstract**

The Indian economy has undergone a major makeover over the last decade due to the IT boom. There has been a significant rise in the standard of living of those who have largely contributed to this sector. This article encloses the economical changes, rural migration, impact on GDP and India becoming a superpower, greener and the journey of India towards becoming a developed nation. The article also entails how the IT industry has contributed to the overall development of all the sectors and industries thereby improving the efficiency of the government in itself.

Keywords: Information technology (IT), Indian IT Industry, IT hub of India, economic development.

### **Introduction**

Information technology is the technological advancement that deals with storage, retrieval, analysis and disseminating useful information. Usage of IT minimises cumbersome processes and thereby increases the efficiency of people. The Indian Economy underwent a major change in 1991 with the introduction of LPG (Liberalisation/Privatisation/ Globalisation). India survives mainly as an IT hub for Outsourced work. India is one of the most top-ranking countries that is a leading sourcing destination across the world which comprises 55% off market share in the global Service sourcing business.

India has become the central hub of digital capabilities round the world with 75% of global digital talent growing and has the required skills in the country. India has one of the highest numbers of digitally talented people. It's highly commendable that 66% of its revenue generation for the Indian IT sector comes from foreign exports.

**The object** - Information technology in India.

**Purpose of the article** - to analyse the activities on IT in the development of India's economy.

#### **Objectives:**

1. To present the role of information technologies in the economic development.
2. To understand the effect of information technology on globalisation.
3. To carry out the Data Analysis of the various stages of IT industry in India and Employment opportunities.

**Research methodology:** analysis of literary articles, interpretation of data tools, employed statistical tools, trend analysis.

### **The role of Information Technologies in the Economic Development across the Globe**

Globally IT has been the key factor for rapid developments in all sectors and increased availability of Information at the fingertips of people. IT has paved the way to overcome geographical and economic boundaries in the world. Today knowledge functions as a production factor. Rapid growth of visual, written, audio media and Internet technologies has brought great convenience for creation of new products, and markets. New technologies were reduced costs of information and communication and fast communication have increased the sensitivity and flexibility of international markets. But the increasing availability of more detailed information of social phenomena makes it particularly useful to use tools that can exploit this informational richness. This opens up fascinating new horizons on almost all fields of knowledge. IT has evolved as a life changing phenomenon to the global participants and has largely contributed to the development in the world GDP [1].

Globalization is able to have this much of an impact on the global landscape and the key catalyst for globalization is, information technology. The progression towards globalization has been around for centuries, but it really became noticeable in the early 1900's with technological advances. The telegraph and telephone allowed people to communicate across borders in seconds when previously it would take weeks or months to relay messages. The invention of the airplane allowed for much quicker international travel, while communication devices such as the radio allowed people all over the globe to listen to news from all over the world in near real time.

However, that this is not what we consider globalization today. The early 1900's were one of the major stepping stones in helping us get to our current state of globalization, but during that period there was no collective worldwide integration as many of the global processes of that time were still one-dimensional. Globalization really came to being in the latter part of the 20th century with advances in information technology. Information technology was the driver in creating the worldwide integration of various global markets that make up globalization [Lawlor, 2008].

IT has become a serious part of economy. Almost all firms and consumers use computers and Internet connection for economic purposes, such as providing consumers with a more diversified and customized products, improving product quality, and selling goods and services. Evidently, the extension of IT and its influences on economic growth in both developed and developing countries has increased very fast during the last two decades. However, country data on computer, cell phone, and Internet users illustrate different IT diffusion rates across countries and regions, IT use indicators illustrate an increasing trend, despite the recent world economic crisis. For example, the steady growth of the number of mobile cellular subscriptions is noticeable, reaching 67 per 100 inhabitants by the end of 2009 globally. This confirms that consumers are willing to continue spending part of their disposable income on mobile services - even at times of financial constraints [Farhadi, 2012].

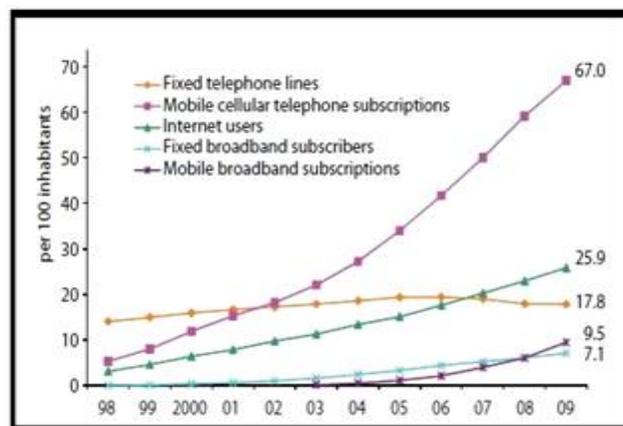


Fig. 1. IT use indicators

Source: ITU World Telecommunication/ICT Indicators database

While the specifics of the technology industry continue to reveal a strong and growing sector, the most important characteristic of technology is the extended impact on the global economy and the job market. In many ways, the lines are becoming blurred between the direct growth of technology and the indirect influence it has on every business and every facet of life. The largest growth comes from “born tech” companies, which have technology as a central part of their identity. These firms have contributed 52% of total market value growth since 2015. Another 20% of market value growth has come from companies with a tech-led strategy that augments more traditional models. Along the same lines, CompTIA’s Cyberstates report describes the economic impacts of the technology industry. The direct economic impact—the dollar value of goods and services produced during a given year—amounts to 10.5% of U.S. economic value, which translates to over \$2.0 trillion. Beyond this, there are indirect impacts, such as every job in IT services and custom software development leading to an estimated 4.8 additional jobs created or supported through direct, indirect or induced means.

Employment is one of the most significant aspects of the technology industry. For many years, technology employment has been more robust than overall employment, with lower unemployment rates and stronger job prospects. Looking forward, tech occupation employment is expected to grow at about twice the rate of overall employment in the U.S., with many occupations growing at 4x-5x the national rate. Cyberstates provides greater detail behind this trend. In terms of industry specifics, IDC projects that the technology industry is on pace to exceed \$5.3 trillion in 2022. After the speed bump of 2020, the industry is returning to its previous growth pattern of 5%-6% growth year over year. The United States is the largest tech market in the world, representing 33% of the total, or approximately \$1.8 trillion for 2022. Among global regions, western Europe remains a significant contributor, accounting for approximately one of every five technology dollars spent worldwide. As far as individual countries go, China has clearly established itself as a major player in the global tech market. China has followed a pattern that can also be seen in developing regions, where there is a twofold

effect of closing the gap in traditional categories such as IT infrastructure, software and services, along with staking out leadership positions in emerging areas such as 5G and robotics.

**The Global Technology Industry: \$5.3 Trillion**  
Estimated 2022 spending at constant currency | Encompasses hardware, software, services and telecommunications



Fig. 2. The Global Technology Industry  
Source: *idc*

Software and tech services make up half of all spending in the U.S. technology market, significantly higher than the rate in many other global regions. Countries that are not quite as far along in these areas tend to allocate more spending to traditional hardware and telecom services. Building out infrastructure and developing a strong tech-savvy workforce does not happen overnight. Scenarios do exist, however, whereby those without legacy infrastructure—and the friction that often comes with transitioning from old to new—may find an easier path to jump directly to the latest generation of technologies. The enormity of the technology industry is a function of many of the trends discussed in this report. Economies, jobs and personal lives are becoming more digital, more connected and more automated—a trend that is only accelerating after recent events. The platform for computing has become much more stable, with access to technology no longer limited by location or constrained to certain activities. As a result, more energy is pouring into creative solutions, further expanding the opportunities for both IT professionals and IT channel firms [4].

The Technology industry has contributed largely towards the development of India. The growth of information technology in India and its effect on the economy is presented in the next chapter.

### The situation in India in the context of the impact of IT on economic growth

The start of IT in India will be discussed first. Inception of IT in India [5]:

- Stage 1 Prior to 1980: The Government of India realised that the software sector held a significant potential for growth. Despite low fundings, Tata Consulting Services was formed in 1974.

- Stage 2 1980 to 1990: The IT industry underwent a turmoil in the 80s and 90s mainly due to lack of infrastructure and heavy dependency on imported hardware. These two problems arise creating hurdles in economic growth. After certain policies were introduced, Nasscom was formed with the aim to be the catalyst towards growth.

- Stage 3 1990 to 2000: The 1990s was seminal not only for the IT and ITeS industries, but for the country as a whole the growth of India's service sector has drawn global attention. Encouraged by the liberalisation the flow of foreign investment came to India and MNCs like IBM came to India and expanded opportunities for the industry further.

- Stage 4 Post 2000: By 2000, the Indian IT industry had grown to over 220₹ billion of revenue—that was 50x from 1990.

With the theme 'Taking The Next Digital Leap', Digital Technology Sabha 2022 was organised as a virtual conclave from February 22, 2022 to February 24, 2022. The flagship event of Express Computer brought government thought leaders and experts from the technology industry to discuss digital transformation in the government sector. Several IT related reforms came up in this conference and India takes pride in having 1.2 billion mobile phones and the cheapest data rates in the world. Significantly, the Indian government believes that AI can boost the country's GDP with US\$ 957 BN by the year 2035 [Govind Choudhary; 2022].

The Information Technology & Information Technology Enabled Services (IT-ITeS) sector is a

field which is undergoing rapid evolution and is changing the shape of Indian business. Among other sectors, the IT sector in India has been driving growth for the last decade and more, and has the potential to continue doing so for the next couple of years if shortcomings are met and challenges are faced.

The main reasons for the successful establishment of software companies in India and its strong performance standards. Industry is one which is not limited to software development alone. Technology can be applied in libraries, hospitals, banks, shops, prisons, hotels, airports, train stations and many other places through database management systems, or through custom-made software as seen fit.

can be attributed to the following:

- Cost advantage

Given the labour market conditions in India, there exists substantial scope of the simultaneous buying and selling of securities, currency, or commodities in different markets or in derivative forms in order to take advantage of differing prices for the same asset for performing services from India. This, along with a large pool of talented and English people labour force, was the genesis of the IT sector's dominance in the world IT services industry. There is a gradual shift in service offering and innovation. Service offerings that have evolved from low-end application development to high-end integrated IT solutions.

- Quality / maturity of process

Having made its mark India has proved itself as a centre of low-cost and wide range of service offerings, the Indian IT / ITES sector has also proved its mettle in the quality of the service offerings, as demonstrated by the fact that it hosts more than 55% of SEI CMM level five firms and highest number of ISO certified companies. Its contribution to the nation's GDP has grown impressively. The Information Technology & Information Technology Enabled Services (IT-ITeS) sector is a field which is undergoing rapid evolution and is changing the shape of Indian business standards. Its contribution to the nation's GDP has grown impressively.

- Ease of Scalability

The Indian work culture is being reshaped with the advent of start-ups. Over the past five years or so India has witnessed over 7,500 tech start-ups at various stages of evolution with over 1,000 new additions in 2020. Technology links businesses directly to clients, especially in the advertising world where the digital platform makes advertisements easy and affordable even for small and medium-sized enterprises. This makes technology a powerful tool that can benefit even those enterprises that are not directly connected to technology. Moreover, the ease with which a company can scale its operations (up or down) has been a great value driver for the success of the Indian IT / ITES service sectors growth.

Data Analysis of the market size is crucial to study the Indian IT industry. The market capitalisation of the industry is one of the best. While most other sectors couldn't perform optimally, IT always bet the benchmark. IT industry's revenue was estimated at around US\$ 191 billion in FY21, growing at 7.7% y-o-y. It is estimated to reach US\$ 350 billion by 2025. Moreover, revenue from the digital segment is expected to form 38% of the total industry revenue by 2025. Digital economy is estimated to reach Rs. 69,89,000 crore (US\$ 1 trillion) by 2025 [3].



Fig. 3. Market size of Indian IT Industry

Source: IBEF, Ministry of commerce and industry, Government of India

The Indian IT industry is largely dominated by Software. The Indian minds which have the perfect blend of logic and analytical skills have proven themselves time and again that they are the best of programmers. Hence, the IT industry in India has about 71.7% of software products that are sold within the country and

exported as well. The domestic markets have also started the local consumption of IT products. Secondly, the manufacturing industry has leveraged on the production capabilities and achieved a great scale of production in IT hardware. To support both the industries, BPO and L&D had to be incorporated for sustenance.

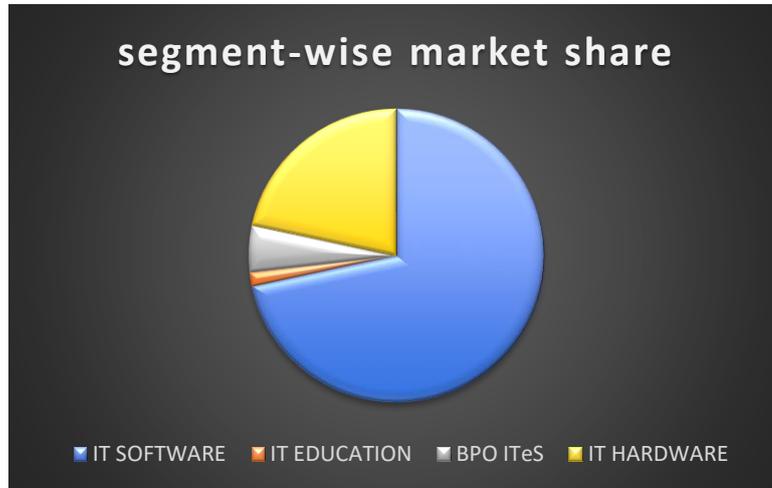


Fig. 4. IT segmentation in India

Source: IBEF, Ministry of commerce and industry, Government of India

Total number of employees grew to 1.02 million cumulatively for four Indian IT majors (including TCS, Infosys, Wipro, HCL Tech) as on December 31, 2021. Indian IT industry employed 205,000 new hires, up from the 185,000 jobs added in FY20 and had 884,000 digitally skilled talents in 2021. The total market size of the Indian IT market, including hardware, was 191 billion U.S. dollars [7].

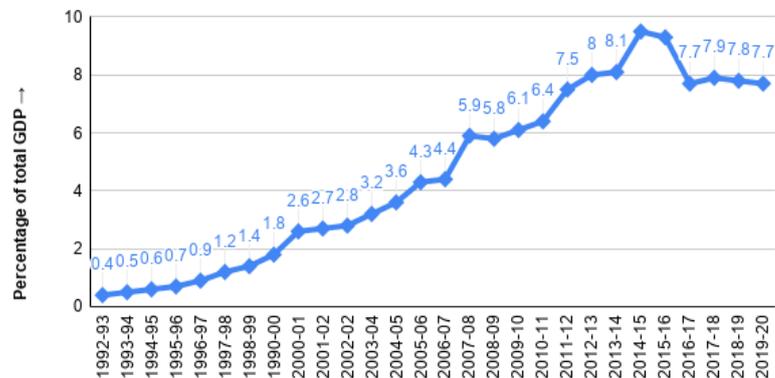


Fig. 5. IT industry's share in GDP

Source: IBEF, Ministry of commerce and industry, Government of India

The IT industry in India has led to a huge cultural and lifestyle changes. Several success stories have happened wherein the families have been greatly uplifted as 1 member would have gotten a job in the IT industry and moved to a city. The entire family is highly benefited and their standard of living would have drastic changes due to a single employment opportunity. Usually, people across the country migrate to the southern states where the IT industry is rampant and thereby leading to the entire country's growth.

## Conclusions

The success of the IT industry is intertwined with information and communication technologies as most of the ITES services use such technologies for providing their services. Lack of information infrastructure is considered to be one of the major impediments in the diffusion of Information and Communication Technologies. Government can play an important role in building global, national and local information infrastructure. In the era of networking and distributed computing, communication technologies have a pivotal place in the diffusion and production of IT. The communication sector as a whole has been growing 24% per

year in real terms since 1999-00. Its share in the GDP has more than doubled from 1.6% in 1999-00 to 3.5% in 2004-05. The story in telecommunications is the same. In 1990-91, India had just five million telephone lines in total. Currently, telephone lines are expanding at the rate of more than 5 million per month. In urban areas, tele-density has reached 31%. However, tele-density in the rural areas at 2 % remains low.

For India to fully capitalize on the opportunity and sustain a disproportionate lead in the global IT-ITES space, it needs to focus on five key areas: Enhancing the talent pool advantage -- focus on skill development to better leverage the world's largest working population. Strengthening urban infrastructure in existing (tier I) and emerging (tier II and tier III) cities and continued emphasis on proactive regulatory reform to facilitate greater ease of doing business. Driving a philosophy of operational excellence amongst industry players (across the board) to ensure that India based delivery sustains world-leading benchmarks in performance, fourthly, one needs to catalyze domestic market development with particular attention paid to hardware and software product development. This will help the Indian IT industry to grow dynamically by establishing more close links with industrial and commercial users. Also, this will foster intensive learning in the area of product development for a large and rapidly growing domestic market. Current HR trends within the IT-ITES industry should focus to take adequate steps to develop talent, particularly among college students. Lastly, improving E-Governance, E-Commerce, E-Banking models for the benefit of all and reaching out telecommunication and communication Infrastructure to remotest places for developing IT industry and for effective business & governance is required.

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## INCITEMENT TO HATRED AS A CRIMINAL OFFENCE: LOGICAL ARGUMENTATION

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### Abstract

This paper discusses the incitement as a social wicked act and seeks to highlight this action as a criminal offence, we try to analyse this social phenomenon in a justice area by logical argumentation. Today, the great majority of democracies agree that all human beings, regardless of their gender, race, nationality, views, sexual orientation or other identity characteristics, are equal and must be given equal opportunities. Violation of the principle of equality carries the strictest criminal penalties.

*Keywords:* hate speech, hate crime, crime, hate speech, criminal offence, criminal code.

### Introduction

Hate speech publicly incites hatred or violence against individuals or groups on the basis of certain characteristics of those individuals. Hate speech is punishable, but a distinction must be made between hate speech and hate crimes. Almost all offences enshrined in law can be considered hate crimes if they have the two elements necessary for a hate crime: the law states that it is an offence and the act has a hate motive. Conversely, hate speech is a unique criminal offence. Hate speech is any form of incitement, dissemination or justification of hatred and violence directed against a person or a group of persons based on certain characteristics such as gender, sexual orientation, race, ethnicity, nationality, language, age, health, religion or belief. Hate speech violates the dignity of the victim. Hate speech does not have an underlying offence. This means that if hate speech does not have a hate motive, it is merely a personal expression that does not give rise to liability. Hate crime is a much broader concept than hate speech.

**The object of the article:** Incitement to hatred as a criminal offence.

**The purpose of the article:** to provide valuable insights into the information of incitement as a social wicked act and to seek to ensure the effectiveness of its prevention by discussing the logical argumentation.

**Objectives of the article:**

1. to discuss the concept of the logical argumentation;
2. to draw the map of the logical argumentation; to present the Case Studies.

**Data and methods of analysis**

To understand the effectiveness of the prevention of such criminal activity - as incitement to hatred and its negative consequences we examined various Case studies and legal documents that allowed the use of secondary statistics.

### Argumentation and main concepts

#### First argument can be discussed - Act

The first element of hate crime is the act. A hate crime is not a unique offence - there must be another offence committed against a person or group of persons. Such an offence can take many forms, but the offence must be defined by the law. In some cases, it can be not only criminal offences, but also administrative offences and other unlawful acts.

Hate crimes can be based on offences such as threats, physical attacks, rape, murder, destruction of property and others.

#### Second - Motif

Once it is established that a criminal offence has been committed, a motive must be established. Hate crimes are committed because of negative attitudes towards certain groups in society. This feature distinguishes hate crimes from other offences. In the case of hate crimes, the perpetrator chooses the victim because of certain characteristics of the latter. Such characteristics may be, for example, language, religion, ethnic origin, race, gender, sexual orientation or other. Although the most common victims of hate crime are persons belonging to minorities, hate crime can also affect persons who would be considered to be in the majority in society.

The target of a hate crime may be one or more persons and property associated with a particular social group or group. In the case of the deliberate arson of a gay club, the State should investigate whether this event should be considered a hate crime. However, such an incident would only constitute a hate crime if the arsonists set the club on fire because of their negative attitudes towards the LGBT+ community or members of the LGBT+ community.

**Third - State responsibilities**

Even before a hate crime occurs, the state has a duty to protect individuals from such offences and to ensure the general order and security of society.

In the event of a hate crime, the relevant authorities should ensure an effective investigation to uncover the details of the incident and those responsible. In the case of hate crimes, the state has additional obligations: the responsible authorities must ensure that the investigation is carried out thoroughly and without prejudice to the victim. Most importantly, the state must take all reasonable steps to uncover the hate motive and assess whether it played a role in the incident.

Given that hate crimes affect not only the victims but also the community as a whole, whose members share the same characteristics as the victims, the State should take measures to ensure that the affected group has trust and confidence in the responsible authorities and their ability to protect.

**Fourth - Recommendations from the Prosecutor General**

The recommendations of the Prosecutor General provide that, in the case of offences committed by computer systems in cyberspace (on the Internet), in relation to incitement against particular groups of people (Article 170 of the CC) or discrimination against them (Article 169 of the CC) the practice of pre-trial investigations, where the investigation establishes that the Internet Protocol (IP) address of the computer used for the possible commission of a criminal offence in the above-mentioned category is located on a server physically located in a foreign country, and it is not possible to identify the user of the system of the computer in question without a request for legal assistance, it is necessary to take into account the principles of the rationality, expediency and economy of the conduct of the pre-trial investigation, in certain cases. Some countries (e.g. the USA) refuse to comply with requests for legal assistance from the Prosecutor General's Office in criminal cases of this nature and to provide legal assistance to the Republic of Lithuania in identifying potentially unlawful, racial, national, religious or other intolerant hatred or discrimination against particular groups of people in public cyberspace, as the constitutional laws of some countries treat the inherent freedom of speech more broadly than the Constitution and laws of the Republic of Lithuania and, unlike the criminal law of the Republic of Lithuania, do not criminalise such acts.

**Fifth - Characteristics of hate crime**

The term hate crime is used in Lithuania to describe criminal acts motivated by hatred against a group of persons or a person belonging to such a group on the grounds of age, gender, sexual orientation, disability, race, nationality, language, origin, social status, religion, beliefs or opinions. Therefore, almost any criminal offence against a person, society or property can be considered a hate crime if it is motivated by prejudice or preconceived negative attitudes towards the above-mentioned groups or persons belonging to them.

The study investigated the attitudes of the Lithuanian population towards the extent of hatred directed against persons on the basis of their gender, nationality, language, religion, race and sexual orientation. Respondents were asked to indicate whether they strongly agree, partially agree, partially disagree or strongly disagree with the statement that there is hatred directed against persons in Lithuania on the grounds of their (a) race, (b) nationality, (c) religion, (d) sexual orientation, (e) gender and (f) language.

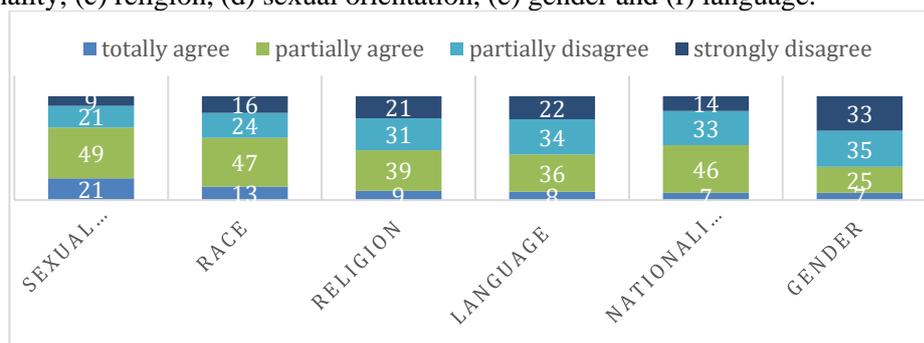


Fig 1. Provisions regarding the existence of hate in Lithuania

*\*Source: made by authors*

There is no specific and definitive list of which offences constitute independent hate crimes. Presumably, such offences include discrimination on grounds of nationality, race, sex, origin, religion or other group affiliation; the establishment and operation of groups and organisations with the purpose of discriminating or inciting against a group of people, and the obstruction of a religious ceremony or religious observance. As regards independent offences, it should be noted that the above-mentioned recommendations of the Prosecutor General and the recommendations of international prosecutors emphasise that genocide and other crimes against humanity that target a group with certain characteristics are classified as hate crimes. However, due to their qualitative and quantitative characteristics, as well as to differences in investigation and treatment, such crimes are not the subject of this recommendations.

## Results

Despite extensive legal regulation, hate speech and hate crimes are rarely recorded, although research shows that such incidents remain a problem among vulnerable communities. Official hate crime statistics show that in 2010, 158 offences under Article 170 of the Criminal Code (incitement to hatred) were registered, in 2012, 266 offences were registered, and in 2019 only 28 offences were registered. Furthermore, official statistics on the number of reports of incitement to hatred or hate crimes committed with a hate motive are not publicly available.

Over a period of almost ten years, 1,279 cases of incitement to hatred have been registered, but only 88 of them have reached court. Hate crimes are characterised by their extreme latency, so that the recorded offences reflect only a small proportion of the actual occurrence of this type of crime. While a more than 10-times reduction in the number of recorded offences could indicate positive progress in the fight against hate crime, both national and international organisations warn that the statistics do not reflect the real situation. The statistics are also distorted by the incorrect classification of hate crime as a public order offence (Article 284 of the Criminal Code). In addition, the number of reports of hate crimes and hate speech has not yet been published, making it difficult to determine the true extent of the crimes.



Fig 2. Pre-trial investigations initiated for criminal offences under Article 170 of the Criminal Code of the Republic of Lithuania (Incitement against any of any nation, race, ethnic, religious or other group of people), and the dynamics of the decisions taken in them during 2017-2020)

*\*Source: made by authors*

A survey was also set up for the public to express their views on crime prevention. The survey asked respondents how people who incite hatred by making hateful comments on the internet against people on the basis of their race, nationality, sexual orientation, religion, gender, language should be punished. Respondents could choose 1 of 3 answer options: (a) "Should be punished by a fine or restriction of liberty or arrest or imprisonment under the Criminal Code"; (b) "Should be punished by a warning or an administrative fine"; and (c) "Online commenting should not be punishable by a fine".

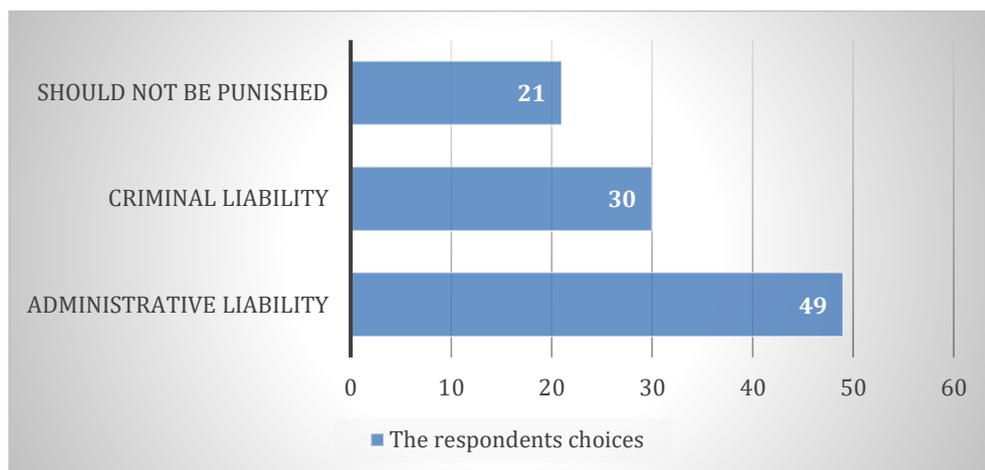


Fig 3. Provisions on penalties for incitement to hatred on the internet

*\*Source: made by authors*

The figure shows that almost one in two Lithuanians believe that the hate crime is a crime of hate speech. One in two Lithuanians think that hate speech on the Internet should be punished by a warning or administrative sanctions (49%), one in three thinks that it should be punished by a fine or a restriction of liberty, or by arrest or imprisonment under the Criminal Code (30%), and one in five thinks it should not be punished at all (21%). In conclusion, Lithuanian citizens believe that cases of hate speech on the internet are not so serious as to attract criminal liability and should be punished by administrative liability. On the other hand, criminal liability for incitement to hatred on the internet is generally very rare, due to the lack of systematicity of comments.

## Conclusions

Hate crimes are classified in the Lithuanian legal framework as independent criminal offences, with motive being identified as an aggravating circumstance or as a qualifying feature of the offence. However, hate crimes are often qualified as independent acts, and in some cases only as a breach of public order, despite the fact that the crime was committed in the absence of other persons, i.e. without any real incitement to others.

The term hate speech does not exist in the Criminal Code, but is covered by Article 170 of the CC - incitement to hatred, which appears to apply to both hate speech and hate crimes. The application of the provisions of the Penal Code in the fight against hate speech is currently problematic due to a lack of uniform case law. Despite the large amount of hate speech on the internet, pre-trial investigations are not being opened because they do not meet some of the criteria established by case law: seriousness and systematicity.

The theoretical meaning and practical relevance of the work: Although administrative liability for incitement to hatred on the internet is currently not applicable, almost one in two Lithuanians would support its application. The results of the survey revealed that the administrative process in some cases lacks technical means, which would make it impossible to identify the person writing the comments. However, in obvious cases where the identity of the person is absolutely clear (e.g. in social networks) and no additional technical means are needed, the authors believe that administrative liability could be one of the alternative forms of liability in the fight against online incitement to hatred.

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## CIVIL SERVANT ETHICS. CHIEF OFFICIAL ETHICS COMMISSION PRACTICE

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### **Abstract**

This article analyses civil servant characteristics through theoretical aspects and importance of ethics in civil service. Based on Chief official ethics commission practice, issues encountered by the commission concerning professional ethics violations are analysed.

*Keywords:* civil service, a civil servant, a state, society, ethic, Chief official ethics commission, ethical standards.

### **Introduction**

At present, in the course of social, political and economic processes in society, greater demands and new tasks are placed on civil servants. “Ethical management is a process focused on the promotion of ethical behavior of civil servants, prevention of misconduct, and raising public confidence in the government” (Palidauskaitė, 2010, p. 306). Ethics in the civil service is very important not only for the state and society, but also for foreign policy. Therefore, it is important for a civil servant not only to know or understand the requirements of professional ethics, but also to apply them to himself. Civil servants must respect their state, the people living in it, be honest, impartial, fair, but often headlines in the media advertise corruption, bribes, bias, influence trade and other factors that negatively frame a civil servant. Violations of the professional ethics of a civil servant are detrimental to society as well as to the economic and social sphere of the state. The public no longer trusts civil servants, they no longer trust the law. Violations of the ethics of a civil servant reveal a false public opinion about a corrupt civil service.

**The object of the article:** the ethics of a civil servant.

**The purpose of the article:** to reveal the professional ethics of a civil servant based on the practice of the Chief Commission Ethics Commission.

**Objectives of the article:**

1. To present the concept of civil service, legal peculiarities and ethical standards of civil servants and their regulation.
2. To analyze the practice of the Chief Official Ethics Commission regarding violations of ethics of a civil servant and to find out what consequences await violations of ethical norms.

**Methods of the article:** Taking into account the topic and specifics of the work of this article, as well as its aim and objectives, this article uses the methods of analysis of legal acts, scientific literature and the practice of the Chief Commission Ethics Commission. The method of generalization is also used to present the conclusions of the article.

### **Legal peculiarities of a civil servant**

Many legal features of a civil servant are regulated by the Civil Service Law of the Republic of Lithuania no. Act amending VIII-1316 (TAR, 2018, No. 12037, current wording as of 10/06/2021). One of the peculiarities is published in Article 19 of this Law. he declares that a civil servant is prohibited from engaging in any activity if it causes a conflict of public and private interests in the public service. Also 20str. announces that civil servants must improve their qualifications, which are financed from the state and municipal funds. Civil servants can also pursue a career in the civil service, but must meet a number of other requirements, such as: the requirements for a person to pursue a career as a civil servant; the requirements for a person who has acquired the status of a career civil servant; various requirements for official activities; restriction, prohibition of non-service activities. Also Art. 28 of the Law. it is announced that the remuneration of a civil servant consists of: 1) official salary; 2) bonuses; 3) supplement for length of service to the State of Lithuania; 4) payment for work on days off and holidays, night work, overtime and on-call time. Civil servants are encouraged and rewarded, as declared in Art. 31 of the same law. Civil servants are encouraged to: 1) give thanks; 3) a cash gift in the amount of 1 to 2 official salaries for a personal exclusive contribution to the implementation of the goals set for the institution or the achieved results and tasks (but not more frequently than twice a calendar year); 4) granting up to 5 paid days of rest (but not more than 10 working days per year)

or reducing working hours accordingly; 5) a lump sum in cash in accordance with the procedure established by the Government; 6) by financing the improvement of qualification not exceeding the amount of one official's salary per year. Countries civil servants shall be held officially liable for official misconduct, and material damage shall be brought to material liability for material damage caused to a state or municipal institution. Another legal feature of civil servants would be that a civil servant may receive the service penalties described in Article 33 of this Law. but the penalties may disappear, as declared in Art. the penalty shall cease to exist one year after the date on which the penalty was imposed.

The scientific peculiarities of a civil servant are also found in the scientific literature, but Glebové (2010) singled out the legal peculiarities of a civil servant and compared the duties of a civil servant with that of a person under an employment contract. It points out that the employment relationship between a civil servant and an employed person is governed by different legislation. The relations of the civil servant are regulated by the Law on the Civil Service and other legal acts regulating the activities of civil servants, and the employment relations of a person working under an employment contract are regulated by the Labor Code. It is mentioned that the Labor Code may also apply to a civil servant when the relations between the civil servants are not regulated by the Civil Service Law and / or the Statutes, and the Civil Service Law and / or the Statutes provide for special social and other guarantees. Another peculiarity of the civil servant singled out by the author is that the salaries of civil servants are paid from the state budget or municipal budgets. Legislation governing the activities of civil servants and the civil service in general imposes more obligations (restrictions) on civil servants than those provided for in the Labor Code. The author emphasizes that although a civil servant is, in a broad sense, only an employee, the legal relations of the service have their own peculiarities, due to special legal regulations for civil servants, strict relationship of rights and obligations, special requirements for persons seeking to serve as civil servants.

In summary, it can be stated that one of the main laws of the Republic of Lithuania is the Law on the Civil Service of the Republic of Lithuania. A civil servant has to meet many requirements, but also has legal features. Special legal regulation for civil servants, strict relationship between rights and duties, special requirements for persons seeking to hold the position of a civil servant, granting the right to pursue a career in the civil service, improving qualifications from the state and municipal funds, encouraging and rewarding civil servants follow strict rules because non-compliance with them is punishable. All these legal features distinguish a civil servant from other persons employed, therefore civil servants are considered to be representatives of a special field of work.

### **Ethics in the Civil Service**

Ethical standards for civil servants are set for civil servants, among many other requirements. The position of a civil servant in the state is special, therefore it is important to know and apply the rules of ethics of a civil servant, ensuring the rights and freedoms of people and representing and defending the interests of the society.

The standard, as published in the Lithuanian language dictionary, is a typical example, the norms of which are followed in determining someone's quality, shape and size. Ethical standards in the civil service are rules of conduct that are based on the ethical principles and values of a civil servant in order to determine what a civil servant should be and how the civil service should function.

The Code of Conduct for Civil Servants of the Republic of Lithuania distinguishes the main ethical principles of civil servants: 1) respect for the individual and the state; 2) justice; 3) selflessness; 4) decency; 5) impartiality; 6) liability; 7) publicity; 8) exemplariness (TAR, 2012, No. 21-965, current version from 16/02/2012).

The Law on the Civil Service of the Republic of Lithuania (TAR, 2018, No. 12037, current wording as of 10 June 2021) announces 14 basic principles of activity and ethics of civil servants:

1) responsibility - a civil servant must be responsible for the consequences of his or her actions, proper use of information, documents and confidentiality; at the request of the head of the institution or body to report on its activities;

2) openness. The civil servant must be open to a different approach, positive initiatives, dialogue, cooperation, innovation;

3) efficiency. A civil servant must strive for the results of official activity at the lowest possible cost and use the resources allocated to him economically;

4) creativity. A civil servant must be proactive, seeing among the challenges new opportunities for creating the success of the state and striving to implement them;

5) flexibility. A civil servant must be able to adapt to changing operating conditions and requirements, changes in technology, equipment, work organization and other circumstances;

6) loyalty to the state. A civil servant must act in the interests of the state, not violate its constitutional order, and, if necessary, take all lawful actions necessary to protect this order;

7) selflessness. A civil servant must use the state and municipal property entrusted to him or her only for the public welfare, not to benefit himself or herself or other persons related to him / her (spouse, partner (when the partnership is registered in accordance with the law) (hereinafter - partner), close relative, the person involved in the communication or another person specified in the declaration of private interests of the civil servant); to serve exclusively the public interest;

8) fairness and impartiality. A civil servant must be objective in making decisions to avoid personalities; to hear and provide such information as will enable the person to make the most appropriate decision; not to show their sympathy or antipathy and special attention to individuals or groups thereof;

9) decency. A civil servant must behave impeccably, not accept gifts, money or services, exclusive benefits and discounts from persons or organizations seeking to influence him in the performance of his duties;

10) respect for the individual and the state. A civil servant must respect a person and his or her fundamental rights and freedoms, the state, its institutions and establishments, observe the Constitution of the Republic of Lithuania, laws and other legal acts of the Republic of Lithuania and enforce court decisions;

11) political neutrality. The civil servant must be neutral towards the participants in the political process; in the event of a change of political power, must ensure the continuity of the public interest (does not apply to political (personal) trust in civil servants);

12) professionalism. A civil servant must strive for the highest quality results of official activity, perform his or her duties properly, and constantly improve;

13) justice. A civil servant must serve all people equally, regardless of nationality, race, sex, language, origin, social status, religious beliefs and political views; to be fair in the examination of requests, complaints, statements, not to abuse the powers granted to him; to use his service time efficiently and solely for the purposes of the service;

14) publicity and transparency. The official activity of a civil servant must be public and understandable, open to evaluation; a civil servant must avoid the conflict of interests established in the Law on the Coordination of Public and Private Interests of the Republic of Lithuania (hereinafter - conflict of interests). The operation of the principle of publicity may be restricted in order to protect the rights of the individual, the state, the service or a trade secret. The head of a state or municipal institution or body shall be responsible for the formation of the policy of official ethics in the state or municipal institution, body or system and shall control the implementation of the policy of official ethics in accordance with the principles of activity and official ethics of civil servants established in this Law.

Unfortunately, there are still cases where a civil servant does not comply with all the prescribed ethical standards and when headlines advertise violations of the ethics of a civil servant in the media, there is a misconception that all civil servants are corrupt persons who perform dishonestly in the public service.

Thus, in summary, ethics is a behavior that is acceptable to society or a particular professional field. It can also be said that the ethics of a civil servant are the rules of conduct that civil servants must follow in the performance of their duties in the civil service and thus build public confidence in the government and thus set an example of what a civil servant should be. It can also be interpreted that the ethical standards of a civil servant help to combat the arbitrariness of government, as official ethics is based on moral principles.

Summarizing the definitions of ethics, the main function of applying the ethical standards of a civil servant can be named - to ensure public confidence in the government by ensuring that civil servants work transparently and efficiently, and to follow the moral principles that underpin the ethics of a civil servant. The civil service is regulated in detail by codes of ethics and other laws for civil servants, which shows that the civil service pays a lot of attention to professional ethics. The rules of ethics in the civil service are of a general nature for all civil servants and specialized for each civil servant position.

### **Practice of the Chief Commission for Official Ethics**

Law on Reconciliation of Public and Private Interests Art. establishes that the control of ethical principles in the civil service is performed by: 1) the Ethics Committee of the Civil Service; 2) heads of state or municipal institutions; 3) the managers of the contracting authority, controlling the public procurement procedures; 4) institutions authorized by legal acts (TAR, 1997, No. 67-1659, current wording as of 11 July 2020). It is

important to mention that the law gives the Ethics Commission of the Civil Service exclusive competence to supervise the ethical supervision of other institutions established by this law and establishes it as the main institution that supervises official ethics in Lithuania.

The Chief Service Ethics Commission follows not only the Constitution and laws of the Republic of Lithuania and resolutions of the Seimas and the Government, but also the Law on the Chief Service Ethics Commission of the Republic of Lithuania (TAR, 2008, No. 81-3176, current wording as of 1 January 2021). This law establishes the status, tasks, principles of activity, procedure for the formation and organization of work, powers and organizational structure of the Chief Official Ethics Commission, and the performance of research. The Law defines the Chief Service Ethics Commission as a collegial institution established by the Seimas of the Republic of Lithuania and accountable to it, the purpose of which is to ensure that government institutions and persons working in them serve the people ethically. The Central Commission for Official Ethics bases its activities on the principles of respect for the individual and the state, legitimacy, impartiality, political neutrality, independence, collegiality, transparency, publicity and accountability. In order to assess which violations of ethics of civil servants are most common in Lithuania, it would be expedient to review and analyze the situations encountered due to violations of the Chief Official Ethics Commission by civil servants.

In the practice of the Chief Official Ethics Commission in 2021-2022, according to the data published on the official portal of the Chief Official Ethics Commission (hereinafter COEC), violations of ethics of civil servants are committed when the Law on Reconciliation of Public and Private Interests is violated (TAR, 1997, No. 67 -1659, current version from 2020-07-11).

Figure 1 shows the nature of the violation of the Law on the Coordination of Public and Private Interests in the Civil Service in 2021-2022, based on the data published on the official portal of the COEC.

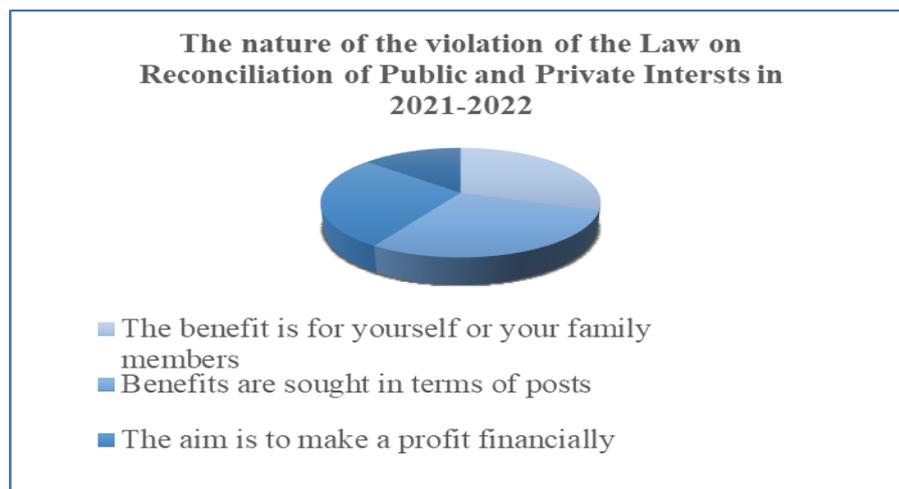


Fig. 1 Nature of violations of the Law on Reconciliation of Public and Private Interests (2021-2022)  
(Source: compiled by the authors based on the data of the official portal of the COEC)

Thus, in summary, the analysis of the COEC practice data from 2021 to 2022 revealed that civil servants violate the law on coordination of public and private interests by violating ethics, and companies, associations, unions violate the law on lobbying by submitting requests to the state to amend the laws of the Republic of Lithuania. In the event of a breach of the law on the reconciliation of public and private interests, civil servants shall not benefit from the ethical principles of civil servants and shall not represent their spouses or other members of their families, and shall act financially, it is also observed that during 2021 and 2022m. There are only a few situations regarding the use of an official car for personal purposes in the COEC practice. The analysis in the practice of the COEC when the law on lobbying is violated has shown that civil servants performing their service in the Ministry follow the principles of ethics of a civil servant and carry out their activities responsibly. In the event of the slightest suspicion of violating the Law on Lobbying, the COEC shall immediately provide detailed information. It has been observed that the large number of violations during the 2021-2022 practice of the COEC shows that violations of ethics in the civil service are still common, therefore the ethics of civil servants should be given even more attention.

### **Consequences for breaches of ethical norms**

In its decisions recognizing violations of ethical rules by civil servants, the COEC indicates recommendations to the relevant head of the offending civil servant to take preventive measures and to ensure that the offending civil servant implements them properly. Civil servants who have been found in the COEC decision to have committed violations of official ethics and who do not agree with such decisions, as well as disagree with the decisions of their immediate superiors after receiving COEC decisions, may appeal to the district administrative court within one month of publication or service. . What is the real consequences of the analysis of the decisions of the COEC that have been appealed to the court by civil servants who have violated the rules of ethics? A number of cases have been identified and analyzed that clearly identify the consequences for civil servants of breaches of ethical standards.

One of them is the case no. A-662-29-12, which dealt with the applicant's complaint against Mr S. December 17 decision and dismiss the case. The complaint stated that the COEC had decided that the applicant, while acting as the Director of the Department of Culture and Education of the Vilnius City Municipality Administration, had failed to declare his son, and by participating in the relevant procedures related to the coordination of this Competition did not take all measures to avoid conflict of interest provided for in the Law on Coordination of Public and Private Interests in the Civil Service and violated Article 3 (2), Article 11 (1), (2) and Article 6 (1) (10) Requirements of Article 7 (2). According to the applicant, the Commission had incorrectly assessed the facts and the supporting documents and therefore unreasonably considered that the applicant had participated in the preparation, consideration or adoption of decisions related to the Tender. The court, having clarified all the circumstances of the violation and other relevant arguments of the case, decided to satisfy the complaint of the applicant J. S. in part. Instead of a severe reprimand, a civil servant was sentenced to a lesser official punishment - reprimand. Thus, one of the consequences of breaches of ethics by civil servants is reprimand. Such a punishment seriously damages the reputation of a civil servant, as well as the further performance of service in public institutions and public confidence in civil servants. Although the COEC decision imposed a more severe penalty on a civil servant, the civil servant was able to mitigate the penalty in defense and thus at least slightly defend his honor as a civil servant.

The next case, which reflects more serious consequences for a civil servant for violations of ethical norms, is the case No. of the Kaunas Regional Administrative Court of 8 November 2017. I-1720-644 / 2017. In the case the applicant, a civil servant J. Š. appealed to the Kaunas Regional Administrative Court, requesting the annulment of Order No. AP-321, which was adopted after the Director of the Kaunas City Municipality Administration received the decision of the COEC regarding the civil servant J. Š. The petitioner indicated in the complaint that on 2017-04-10 the Director of the Kaunas City Municipality Administration had adopted an order regarding J. Š. dismissal from the position of the Chief Specialist of the Administrative Justice Division of the Public Order Division for gross misconduct. The applicant was penalized for working in 2017. February 21 Representing his daughter A. Š. in the investigation of the case of violation of administrative law, in which his daughter requested to annul the resolution of the Kaunas City Municipality Administration, violated the provisions of the Law on Coordination of Public and Private Interests in the Civil Service. The applicant stated that, in representing his daughter in court, he had not exercised his official position and had not performed his official duties, he was not obliged to take a decision himself and had not participated in its adoption, which would be related to his private interests. The applicant assessed that the representation of close relatives in the courts of the Republic of Lithuania was not an activity prohibited for a civil servant by the Law on Civil Service of the Republic of Lithuania. He also added that in its decision the COEC had offered to assess whether the official penalty proposed in the conclusion corresponded to the signs of a serious misconduct, but the Director of the Kaunas City Municipality Administration had not taken this into account when adopting the order on his dismissal. At the court hearing, the applicant admitted that he had violated the provisions of the Law on the Reconciliation of Public and Private Interests in the Civil Service, but considered that this misconduct could not be considered serious, and therefore imposed an official penalty - dismissal is revocable. After evaluating all the evidence and other aspects relevant to the case, the Court ruled that J. Š. to satisfy the complaint in part and to the applicant J. Š. to change the dismissal to a severe reprimand. Thus, civil servants also suffer consequences such as severe reprimand and dismissal for violations of official ethics. Strict consequences for breaches of the ethics of a civil servant should encourage civil servants to behave ethically and to comply with all ethical standards set out in the law.

In summary, therefore, it can be said that civil servants who violate the ethical standards of the civil service cannot do without consequences. The main consequences are various official penalties, such as reprimand,

severe reprimand, dismissal, and the imposition of a penalty is sometimes a restriction on holding a civil servant. Any penalty damages a civil servant and his reputation. Civil servants who have been recognized as having violated the norms of official ethics can no longer fully perform their duties in the civil service, pursue a career, and in the eyes of the public no longer have confidence in civil servants. Such severe penalties for breaches of official ethics should encourage civil servants to behave ethically. Although, as the analysis of the cases has shown, there are cases where a civil servant who has been twice admitted to having committed a breach of official ethics has been able to prove his innocence in a higher court, thus defending his name as a civil servant. This practice shows that ethics in the civil service is taken seriously.

## **Conclusions**

1. The civil service is a public body in which persons employed perform public administration functions in the exercise of their powers and in a transparent manner. The civil service employs persons who are called civil servants. A civil servant is a representative of a special field of work who ensures the smooth functioning of the state in the performance of his or her duties in public institutions. The main purpose of a civil servant is to serve the state and its people. It can be said that civil servants ensure all the most important aspects of the rule of law. It would be hard to imagine a state living without civil servants, such as police officers, judges, customs officers, and so on. Without civil servants, it is impossible to ensure state security and transparency in state institutions, in other words, the state would not be able to function normally. One of the main laws of the Republic of Lithuania is the Law on the Civil Service of the Republic of Lithuania. A civil servant has to meet many requirements, but also has legal features. Special legal regulation for civil servants, strict relationship between rights and duties, special requirements for persons seeking to hold the position of a civil servant, granting the right to pursue a career in the civil service, improving qualifications from the state and municipal funds, encouraging and rewarding civil servants follow strict rules because non-compliance with them is punishable. All these legal features distinguish a civil servant from other persons employed, therefore civil servants are considered to be representatives of a special field of work. Ethics is behavior that is acceptable to society or a particular professional field. It can also be said that the ethics of a civil servant are the rules of conduct that civil servants must follow in the performance of their duties in the civil service and thus raise public confidence in the government and thus set an example of what a civil servant should look like. It can also be interpreted that the ethical standards of a civil servant help to combat the arbitrariness of government, as official ethics is based on moral principles. Summarizing the definitions of ethics, the main function of applying the ethical standards of a civil servant can be named - to ensure public confidence in the government by ensuring that civil servants work transparently and efficiently, and to follow the moral principles that underpin the ethics of a civil servant. The civil service is regulated in detail by codes of ethics and other laws for civil servants, which shows that the civil service pays a lot of attention to professional ethics. The rules of ethics in the civil service are of a general nature for all civil servants and specialized for each civil servant position.

2. After analyzing the data of the COEC practice from 2021 to 2022, it became clear that civil servants violate the Law on Reconciliation of Public and Private Interests by violating ethics, and companies, associations and unions violate the law on lobbying by submitting requests to the state to amend the laws of the Republic of Lithuania. In the event of a breach of the law on the reconciliation of public and private interests, civil servants do not follow the principles of public service ethics and do not adequately represent the performance of transparent civil service activities, seek to benefit their spouse or other family members, also it is observed that during 2021 and 2022m. There are only a few situations regarding the use of an official car for personal purposes in the COEC practice. The analysis in the practice of the COEC when the law on lobbying is violated has shown that civil servants performing their service in the Ministry follow the principles of ethics of a civil servant and carry out their activities responsibly. In the event of the slightest suspicion of violating the Law on Lobbying, the COEC shall immediately provide detailed information. It has been observed that the large number of violations during the 2021-2022 practice of the COEC shows that violations of ethics in the civil service are still common, therefore the ethics of civil servants should be given even more attention. The main consequences are various official penalties, such as reprimand, severe reprimand, dismissal, and the imposition of a penalty is sometimes a restriction on holding a civil servant. Any penalty damages a civil servant and his reputation. Civil servants who have been recognized as having violated the norms of official ethics can no longer fully perform their duties in the civil service, pursue a career, and in the eyes of the public no longer have confidence in civil servants.

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## UNFAIR TERMS FOR THE CONSUMER. LEGAL CONSEQUENCES

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### Abstract

This article analyzes unfair terms to the consumer. The main tasks are: to theoretically substantiate the concept of unfair consumer terms in consumer contracts; to carry out an analysis of the legal regulation and possible consequences of unfair terms for the consumer in legal acts; to analyze the data of the research of unfair terms with regard to the consumer in Lithuania carried out by the State Consumer Rights Protection Service in 2018 - 2020.

KEY WORDS: unfair terms, consumer legal consequences, consumer contract, contract terms.

### Introduction

The relevance of unfair consumer terms is justified by the fact that the inclusion of new objects in civil circulation creates a number of regulatory loopholes. In addition, consumer protection in the European Union is constantly evolving and evolving, and the financial crisis and the COVID-19 virus have led to its further expansion and protection of consumer rights internationally and in mortgage law. Consumer protection in consumer contracts, there is a need for clear and precise regulation of unfair terms in the case law of the consumer and for their legal consequences.

**The subject of the article:** unfair terms in consumer contracts.

**The aim of the article:** To analyze the conditions and legal consequences for unfair consumers and the complaints about unfair terms in consumer contracts examined by the Consumer Rights Protection Service in 2018-2020.

**Objectives of the article:**

1. To present the concept of unfair consumer terms in consumer contracts;
2. Carry out an analysis of the legal regulation and possible consequences of unfair terms for the consumer in legal acts;
3. To analyze the data of the research of unfair consumer conditions carried out by the State Consumer Rights Protection Service in 2018–2020 in the Lithuanian context.

**Methods of research of the article:** Taking into account the topic and specifics of the work of this article, as well as its aim and tasks, the methods of analysis of legal documents, scientific literature and case law are used in this article. The article also presents the statistical data of the research on unfair conditions of the consumer conducted by the State Consumer Rights Protection Service in 2018–2020, therefore a statistical analysis is performed. In order to compare the case law and the data of the State Consumer Rights Protection, a comparative method is used. The conclusions of the work are formulated using the method of generalization.

### The concept of unfair consumer terms in consumer contracts

The concept of a consumer contract is enshrined in Article 6.2281 of the Civil Code of the Republic of Lithuania (TAR, 2000, No. 74-2262, current wording 20-03-03-30), Art. which states that "in a consumer contract, the trader undertakes to transfer ownership of the goods to the consumer or to provide services to the consumer, and the consumer undertakes to accept the goods or services and pay for them". It should be noted that the concept of a consumer contract is also enshrined in the Law on the Protection of Consumer Rights, which states: y. to meet the personal, family and household needs of the consumer "(Law on Consumer Protection of the Republic of Lithuania, V.Ž., 2007, No. 94-1833, current wording 20-01-07).

The essential features formed in the practice of the SCL, the corresponding contract of which is classified as consumption: (i) Goods or services are acquired by the consumer - a natural person; (ii) a natural person purchases goods or services for his own personal use; (iii) Goods or services are provided by an entrepreneur (natural or legal person acting for business purposes) (Report of the Civil Cases Division of the Supreme Court of Lithuania, 2014). LAT being formed The case law states that "given the inequality of the parties' position, the institute of a consumer contract is based on the weaker party's legal protection doctrine, which seeks to protect the rights and legitimate interests of the consumer as the weaker party and restore the balance between consumer and trader interests". (Consumer Protection in Consumer Contractual Relations: A Review of Legal Regulation and Case Law II, 2010).

Terms of consumer contracts which have not been individually negotiated by the parties and which, as a result of a breach of the requirement of good faith, substantially upset the balance of rights and obligations of

the parties to the detriment of the consumer are considered unfair. Terms which have not been influenced by the consumer, in particular if such terms are set out in a standard contract drawn up in advance by the seller or service provider (Unfair contract terms, 2021)

The compliance of contract terms with the general fairness criteria is assessed on a case-by-case basis to determine whether such contract terms are transparent, clear and comprehensible to the consumer and whether the trader has provided the consumer with all relevant information to conclude the contract. who does not understand the contract or does not have all the information necessary to decide is unable to make an appropriate decision (Chamber of Judges of the Criminal Cases Division of the Supreme Court of Lithuania, Cassation Case No. 3K-3-42 / 2014). It should be noted that non-transparency is the basis for market distortions, but the effective functioning of competition in the market determines the protection of the consumer against unfair business practices. The inclusion of unfair terms in consumer contracts is a topical problem in Lithuania, as suppliers of goods or services, by unilaterally drafting a consumer contract, include unfair contract terms in the content of the contract that are intended for re-use. 2011).

An examination of the scientific literature and of certain legislation shows that unfair terms for consumers are terms which were not discussed by the parties at the time of the contract and which infringe the rights and obligations of consumers in breach of the requirement of good faith. The basis of the consumer contract is to provide for the weaker party, which will allow to resolve the conflict with regard to the weaker party in the event of a legal event, and from the Lithuanian point of view it is usually not the consumer but the supplier providing the service or product.

### **Unfair terms and possible legal consequences**

The Unfair Contract Terms Directive (93/13 / EEC) protects consumers from unfair standard contract terms imposed by traders. It applies to all types of contracts for the purchase of goods and services, such as the purchase of consumer goods online or offline, gym subscriptions or contracts for financial services such as loans. The Directive was amended in 2019. November 27 Directive (EU) 2019/2161 on better enforcement and modernization of the Union's consumer protection rules as part of the "Review of EU consumer law - a new consumer case". The amendment obliges Member States to provide for effective sanctions in the event of infringements. It must be transposed into national law by 2021. November 28 and shall apply from 2022. May 28 (Unfair contract terms directive, 2019).

Under Article 3 of Directive 93/13 on unfair terms in consumer contracts, a term is unfair if: (1) it has not been individually negotiated; and 2) contrary to the requirement of fairness, this causes a significant imbalance in the rights and obligations of the parties to the detriment of the consumer. This general definition is set out in the Annex to the Directive, which contains an indicative and non-exhaustive list of terms that may be considered unfair from more than 50 judgments of the Court of Justice of the European Union. For example, unfair terms include the exclusion of jurisdiction from the consumer, the limitation of liability for damage to health and / or gross negligence, compulsory arbitration in a country other than the consumer's place of residence, and so on. (Lippi, Salka, Contissa, 2017).

According to Lippi, Palka et al., (2017) European consumer law seeks to prevent companies from using so-called 'unfair contract terms' in their contracts, as companies very often unilaterally draft a contract and require consumers to accept it.

The legal consequences of establishing unfair terms in consumer contracts include court and State Protection Service rulings eliminating contracts that provide unfair terms to the consumer. The use of unfair terms in contracts may also result in fines. One of the consequences is that if it is established that the terms of a fair contract have been found to be unfair, the company should compensate the consumer for pecuniary and non-pecuniary damage. According to VATAT, consumer disputes are examined in accordance with the provisions of Section 6 of the Law on Consumer Protection of the Republic of Lithuania. It has been established that consumer disputes are settled out of court by the following authorities:

- Communications Regulatory Authority;
- Bank of Lithuania;
- State Energy Regulatory Council;
- Lithuanian Bar Council;
- State Consumer Rights Protection Service.

These authorities may also use authorized consumer associations to carry out out-of-court settlement actions in consumer disputes, such as conciliation (Law on Consumer Protection Valstybės žinios 2020, No. 20-10602 (2), (current version 2020-09-18)).

In order to investigate the legal consequences of unfair terms for consumers in the Lithuanian context, a statistical analysis of unfair terms provided by the State Consumer Rights Protection Service is performed. This makes it possible to assess in which sectors and for what reasons consumers have had the most complaints about unfair terms against consumers. The State Consumer Protection Service is a state institution that implements the state consumer protection policy in the areas of consumer protection, supervision of the activities of non-food market and tourism service providers, and seeks to ensure effective consumer protection in accordance with the requirements of European Union law (About the Office, 2021) . The State Consumer Rights Protection Service has special competence to investigate unfair terms in consumer contracts, which is applied in accordance with the liability measures established in the Law on Product Safety of the Republic of Lithuania, the Law on Advertising of the Republic of Lithuania, the Law on Insurance against Unfair Commercial Practices, and the Law on Consumer Protection. The State Consumer Rights Service, after investigating unfair terms applicable to consumers, shall issue rulings recognizing or not recognizing the contract terms under investigation as unfair.

### **Investigation of conditions regarding unfair consumers according to the complaints examined by the State Consumer Rights Protection Service in 2018 - 2020**

In order to analyze the data of the State Consumer Rights Protection Service's research on unfair terms in relation to the consumer in 2018-2020 in the Lithuanian context, the reports of the State Consumer Rights Protection Service 2018, 2019 and 2020 were used.

Figure 1 presents the data of the State Consumer Rights Protection Service on contracts that establish unfair conditions for consumers in the period 2018–2019. According to the reports of the State Consumer Rights Protection Service, “the Service monitors unfair terms in consumer contracts at the request of natural and legal persons and on its own initiative, in accordance with Article 6.228 of the Civil Code of the Republic of Lithuania”.

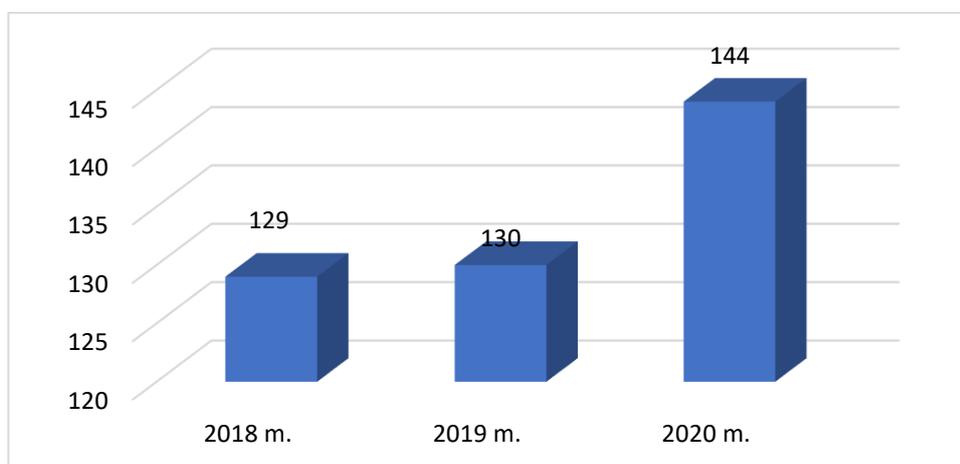


Fig. 1 Number of resolutions adopted by the Service Commission regarding the application of unfair terms in consumer contracts (2018-2020)  
(Source: compiled by the authors)

As can be seen in the figure below, between 2018 and 2020, the number of rulings on unfair terms in consumer contracts increased from 129 to 144 rulings. The increase in unfair terms in consumer contracts is due to the COVID - 19 pandemic situation, when most companies were no longer able to operate.

Analyzing the legal consequences of unfair terms for consumers in the Lithuanian context, the examination of disputes between consumers and sellers or service providers by areas of activity becomes a very important aspect (Figure 2).

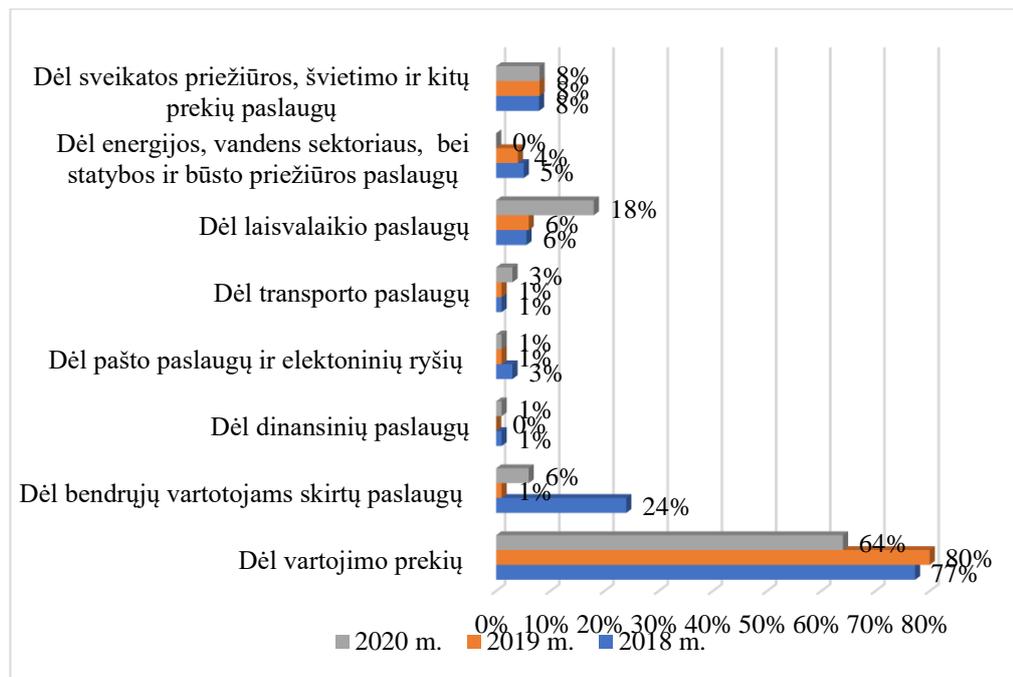


Fig. 2 Percentage distribution of disputes between consumers and sellers (service providers) by area  
 (Source: compiled by the authors)

As can be seen in the figure below, the majority of consumer and seller disputes between 2018 and 2020 were consumer goods disputes. In 2018-2019, the share of disputes over consumer goods increased from 77 percent. to 80% and fell to 64% in 2020. This was due to an increase in disputes over the escalation of disputes over the use of leisure and universal services as a result of the COVID - 19 pandemic. Between 2018 and 2020, disputes over the use of leisure services increased significantly (from 6% to 18%), due to changes in travel due to the COVID - 19 virus due to frequent unfair terms, cancellations and non - refunds. Disputes over general consumer services also increased significantly during the period under review (from 6% to 24%). Disputes over the provision of transport services also increased from 1% to 3% during the period under review. Due to the viral situation, companies providing universal services to consumers have not fulfilled their obligations and this has become a precondition for the application of unfair terms. and housing maintenance services. Also in 2018-2020, the share of disputes (from 3% to 3%) regarding the provision of postal and electronic communications services decreased. Disputes between consumers and service providers regarding health care, education and other goods services and financial services did not change during the period under review.

2018 Consumers mostly complained about the quality of clothing and footwear - consumers complained about fast-wearing clothes, loose-fitting or wet-colored footwear, and so on. In the field of other goods, as in previous years, problems remained regarding the quality of mobile phones, computers, televisions, household appliances and interior accessories, non-fulfillment of warranty obligations by sellers, consumer disagreement with the seller's answers regarding the quality assessment of household appliances. In the field of general consumer services, disputes arose over the quality of vehicle maintenance and repair services, damage or unreasonable charges incurred during these services, the quality of dry cleaning services, and the services of furniture makers. During the summer season, consumer demand for car rental services and unjustified charges from service providers increased significantly. In the field of leisure services, consumers most often complained about canceled or poorly organized events and non-refundable money paid for tickets, as well as about the quality of accommodation services (2018 activity report, 2019).

When concluding distance contracts, consumers most often complained about the refusal of the consumer to terminate the sales contract within 14 days from the date of delivery of the goods and goods of poor quality. The majority of consumer requests in the field of distance selling were received from online stores selling clothing and haberdashery, but goods are not delivered and the money paid is not refunded, or goods other than those ordered are delivered (2018 activity report, 2019).

2019 consumers most often complained about the quality of the footwear (quickly worn, detached, wet or painted on the footwear, etc.). As in previous years, problems remained regarding the quality of mobile phones, computers, televisions, household appliances and interior accessories, unfulfilled warranty obligations of sellers, consumer disagreement with sellers' responses to the quality assessment of purchased consumer goods (2019 activity report, 2020).

In the field of general consumer services, disputes arose over the quality of vehicle maintenance and repair services, damage or unreasonable charges incurred during these services, the quality of dry cleaning services, and the services of furniture makers. During the summer season, consumer demand for car rental services and unjustified charges from service providers increased significantly. In the field of leisure services, consumers most often complained about canceled or poorly organized events and non-refundable money paid for tickets, about the termination of sports club contracts, the quality of beauty services (2019 activity report, 2020).

Due to the increase in consumer requests for low-quality beauty services and the problem of redress in personal care services (such as botulinum toxin injections, mesotherapy, vision tests, massages, etc.), unlicensed activities have been organized. interinstitutional meeting. It has also become clear that the most frequent providers of beauty services carry out their activities in accordance with the certificate of individual activity of a permanent resident of Lithuania, i. y. the dispute is settled with a natural person, which often prevents consumers from obtaining personal data (personal identification number and address of declared residence) about the person carrying out the activity, and at the same time makes it difficult for the Office to obtain such data. (Activity Report 2019, 2020).

When concluding distance contracts, consumers most often complained about the refusal of the consumer to terminate the sales contract within 14 days from the date of delivery of the goods and goods of poor quality. The majority of consumer requests in the field of distance selling were received from online stores selling clothing and haberdashery, but goods are not delivered and money paid is not returned, or goods other than those ordered were delivered (2019 Activity Report, 2020).

Most disputes between consumers and sellers or service providers were dealt with in the area of consumer goods (64%). 2020 the most common disputes were over electrical goods (computers, mobile phones, televisions, household appliances) and footwear and clothing (2020 Activity Report, 2021).

Disputes arose due to the origin of mechanical damage / malfunctions, possible misuse of the product and related proof issues, problems with the use of the product, the seller's liability for product quality, incorrect calculation and application of warranty terms, disregard for the consumer's choice of remedy, improper product processing admission to warranty service. There has also been an increase in disputes over the lower price of the vehicle than actually paid in the contract, the failure to assess the condition of the vehicle before its purchase, and the limited ability to assess whether the fault is concealed or a natural consequence of operation. The conformity assessment of a potentially substandard product or service was performed 2409 times, assessing whether the product meets the required or declared indicators, whether it is properly labeled, or whether the required information about the product or service is properly provided (2020 Activity Report, 2021).

In the field of leisure services, most disputes were due to missed trips and non-refundable money, as well as a large number of requests for canceled events. Due to coronavirus infection, COVID-19 March. there has been a significant increase in consumer requests for travel cancellations and refunds, with decisions being taken around the world to restrict travel flows. More than 1,000 consumer requests have been received for canceled trips alone. There were also requests to terminate the service contract and recover money in the areas of accommodation, transport services, sports and leisure entertainment (2020 Activity Report, 2021).

In the field of general consumer services, the most significant part of disputes was consumer requests for car repair services, additional warranty service (extended warranty) services under additional warranty agreements concluded with consumers and on the suitability of performance of these agreements, construction, furniture and dry cleaning services. Consumer requests for various other consumer services have also been received: possible non-performance of contracts with private kindergartens, non-formal education providers, car wash services, various appliance repair services, car rental, apartment rental services, clothing rental services, paid car parking parking services, suitability of actions of debt collection companies, provision of drinking water supply and wastewater treatment services, provision of administration and maintenance services of public facilities, waste management, energy, etc. Consumers mainly complained about the quality of the provided services, non-fulfillment of obligations of entrepreneurs under the contracts, as well as about the often incorrect obligations of entrepreneurs to provide information to consumers (incomplete information, misleading information, etc.). prices, but also about the entrepreneur himself (2020 Activity Report, 2021).

Summarizing the prevalence of unfair terms to the consumer in the Lithuanian context, it can be stated that the number of cases and rulings on the establishment of unfair terms in consumer contracts and unfair commerce increased in 2018–2020. In most cases, unfair terms in consumer contracts apply to the provision of standard recreational services, the provision of standard consumer services and contracts for the sale of goods.

Unfair terms for consumers between consumers and sellers / service providers lead to disputes that reach the courts. According to the reports submitted by the State Consumer Rights Protection Service, in 2018 - 2020 the most disputes arose regarding the provision of consumer goods (electrical goods (computers, mobile phones, televisions, household appliances) and footwear and clothing), leisure services (travel and event tickets). return) and the provision of general services to consumers (construction services, car repair services, additional warranty services). Litigation over unfair terms in consumer contracts has been severely affected by the consequences of the COVID - 19 pandemic for businesses and their operations.

## Conclusions

Theoretically, based on the concept of unfair terms in consumer contracts, it can be argued that unfair terms in a consumer are terms that were not discussed by the parties at the time of the contract and that violate consumers' rights and obligations when purchasing goods and services. Contract terms are generally considered unfair due to a lack of transparency or bargaining power, or a lack of consumer choice or other disability.

Having regulated the terms unfair to the consumer and analyzed the possible consequences in law, it can be argued that when a contract or contract term is either procedurally or substantially unfair, the court may declare the contract or contract term invalid. The main cases brought before the courts are unfair terms of consumption, which involve the provision of guarantees, the return of goods subject to VAT and the supply of incomplete goods. Unfair terms are also most common in consumer contracts.

The analysis of the data of the State Consumer Rights Protection Service's research on unfair terms in terms of consumers in the Lithuanian context in 2018-2020 shows that the number of cases and rulings on the application of unfair terms in consumer contracts and unfair commerce increased in 2018-2020. In most cases, unfair terms in consumer contracts apply to the provision of standard recreational services, the provision of standard consumer services and contracts for the sale of goods. Proceedings for unfair commercial practices during the analyzed period were mostly due to misleading actions of companies in specifying shares and discounts, misleading actions in disseminating information about real estate for sale, failure to provide material or incorrect information to consumers about products and services sold. Unfair terms for consumers between consumers and sellers / service providers lead to disputes that reach the courts. The data of the State Consumer Rights Protection Service show that in 2018-2020, the largest number of disputes arose regarding the provision of consumer goods, leisure services and general services to consumers.

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## **PREVENTION OF DOMESTIC VIOLENCE: A PICTURE OF THE IDENTITY OF THE PERPETRATOR**

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### **Abstract**

This article discusses the problems with domestic violence that occur for several reasons. The image of the identity of the perpetrator is also analyzed. We are trying to analyze this social phenomenon and present the relevance of this problem.

*Keywords:* violence, domestic environment, perpetrator of violence, measures ensuring the protection of a victim of violence.

### **Introduction**

Domestic violence shapes the formation of personalities of women, children, men, or other family members. (M. Kostiučenko 2020) has written about children who have experienced domestic violence; when children usually do not tell the truth about the problems that plague them, does not speak about the violence they are experiencing, are shy to admit that they lack the necessary tools and even food. They fear the intervention of services and officials, worry about the consequences for other members of their family, fear that the family will break up, and they themselves will find themselves in the care of the state. Often, other adult family members also require that children do not discuss family problems and the consumption of alcohol by loved ones with anyone. The child is prevented from seeking help, because other family members are afraid of harming themselves, they are afraid of losing their children, therefore, as far as possible, deny the alcohol abuse of the person living together. Violence against women has mostly dominated Lithuania, but as the relevance of this problem develops, men also experience this problem. According to the Lithuanian sociologist (Grigas, 1995), the society is constantly changing, and this change intensifies with every decade and even five years. In the same way, man is changing: his social and even anthropological traits. These authors justify the relevance of the problem, which raises the problem that domestic violence has always dominated.

**The object of the article:** prevention of domestic violence: a picture of the identity of the perpetrator.

**The purpose of the article:** to justify the discuss the prevention of domestic violence.

Despite vast scientific efforts, are still limiting their view of this social phenomenon.

**Objectives of the article:**

1. to discuss the social problem;
2. to analyse the Case Studies, seeking to construct a picture of the identity of the perpetrator;
3. to highlight the logical argumentation.

**Data and methods of analysis**

To understand the prevention of such criminal activities, we have identified the relevant problems of the law – conceptual, regulatory, implementation and to analyze viable solutions to these problems that allowed the use of secondary statistics.

The study analyzed is the prevention of domestic violence between women and men. Statistics on violence prevention in Lithuania, Alytus County, Marijampole county for 2020. Justification for the selection of subjects' experiences of violence, as well as criteria for the selection of informants:

1. By gender
2. By location

### **Argumentation and main concepts**

**First argument can be discussed- scientifically (psychological, sociological, victimological, criminological and others research in academic disciplines)**

Based on the specifics of domestic violence, i.e., gender asymmetry, motivation for violence, heterogeneity, negative cumulative exposure and danger, vulnerability of victims, leads to special protection against the need for the legal regulation of such violence and the practice of its application.

## **Second- Criminal Code**

The Criminal Code Article 140. Causing physical pain or minor impairment of health provides for protection against domestic violence criminal legal model where the criminal law does not provide for special norms on domestic violence, do not ensure all the most dangerous of this kind criminalization of forms of violence, such as coercive control and persecution, and proper incrimination of them.

## **Third- act of International Norms**

The right of victims of domestic violence to appropriate criminal proceedings in such cases, and the implementation of the procedural element of the positive duty of the State determines the objectives (no mechanical but essential) international regulatory acts, judicial and quasi-judicial acts compliance with the standards for the protection of human rights developed by the institutions, both in the development and improving the legal framework for national protection against domestic violence, both professionally and sensitively in its implementation.

## **Fourth- Law of the Republic of Lithuania on protection against domestic violence (Article 1)**

1. The purpose of this Law is to ensure the protection of every person from domestic violence, as a result of his harm to society attributed to acts of public importance, to immediately respond to the threat arising from domestic violence, to apply measures to prevent and protect domestic violence from domestic violence, to provide specialized complex assistance to persons at risk of domestic violence or persons who have experienced domestic violence, establish competences of institutions and bodies in the areas of prevention of domestic violence, protection against domestic violence and provision of specialized integrated assistance to persons at risk of domestic violence or victims of domestic violence.

2. This Law defines domestic violence, establishes the rights of persons at risk of domestic violence or persons who have experienced domestic violence, the implementation of measures to prevent domestic violence, the provision of specialized complex assistance in cases of domestic violence, the implementation of protection measures against domestic violence for a person at risk of domestic violence or who has experienced domestic violence, the rights of the person posing a risk and the liability of the persons to whom a domestic violence protection order has been issued or the persons for whom a pre-trial investigation has been initiated in connection with domestic violence or a conviction for domestic violence has been issued.

## **Results**

Structural violence is often the subtle, most invisible form of violence that promotes other forms of violent behavior. Identifying the guilty persons in this case is even more difficult than exposing the manifestations of such violence. Structural violence often increases the vulnerability of victims of violence, promotes repeated victimization, and prevents the protection of victims due to inappropriate actions of officials. However, this form of violence is not the subject of this study, since, as has already been mentioned, the scope of the investigation is limited to the legal assessment of interpersonal domestic violence, as defined in Article 2(1) and (7) of The Law on Protection against Domestic Violence. sexual, emotional/psychological, economic/financial violence, including stalking and coercive controlling behavior. The concept of physical violence includes injuries, injuries and most often manifests itself as pain-stinging (throwing, pulling, shaking, strangling, pulling, pulling by the hair, punching, punching, punching, punching, biting, sniffing, punching, punching, etc.), physical no injuries (damage to external or internal organs by scratches, scratches,

burns, including weapons or other objects, skyscrapers or other materials use (e.g. tanning burns), mutilation of pregnant women and only women who have been cured, seizure of physical moths, medical s non-provision of assistance, restriction of rest (not allowing sleep), forced to consume alcohol, drugs, inability to incapacitate, traditional cultural practices that cause harm to health, lead to self-murder, murder.

Furthermore, the main statistics of the Case Study analysis has shown the demographical characteristics of data analysis: Dozens of suspects (accused) are men. More than half of 30–49-year-olds.

- 88% men and 12% women;
- 55% of 30–49-year-old 45% of the next age.

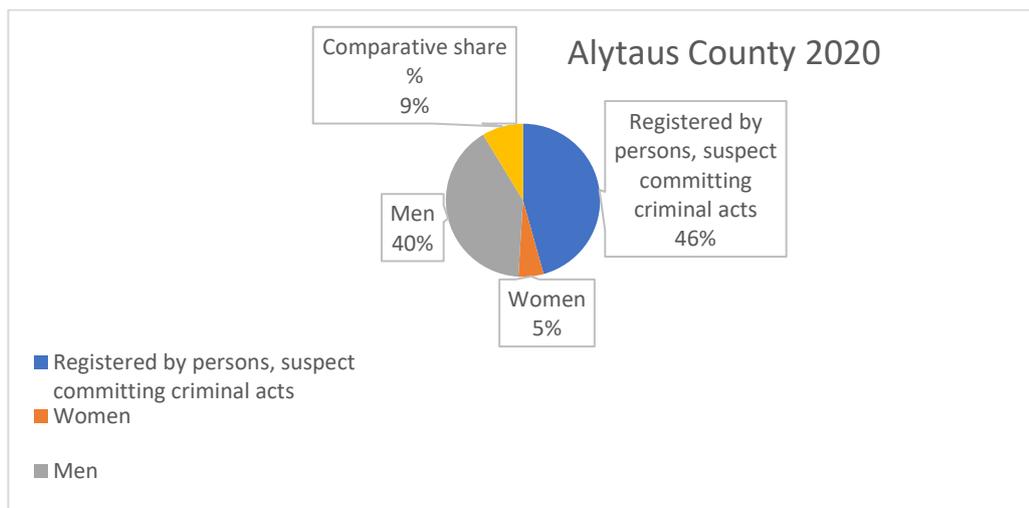


Fig 1. The demographical characteristics of data analysis

*\*Source: made by authors*

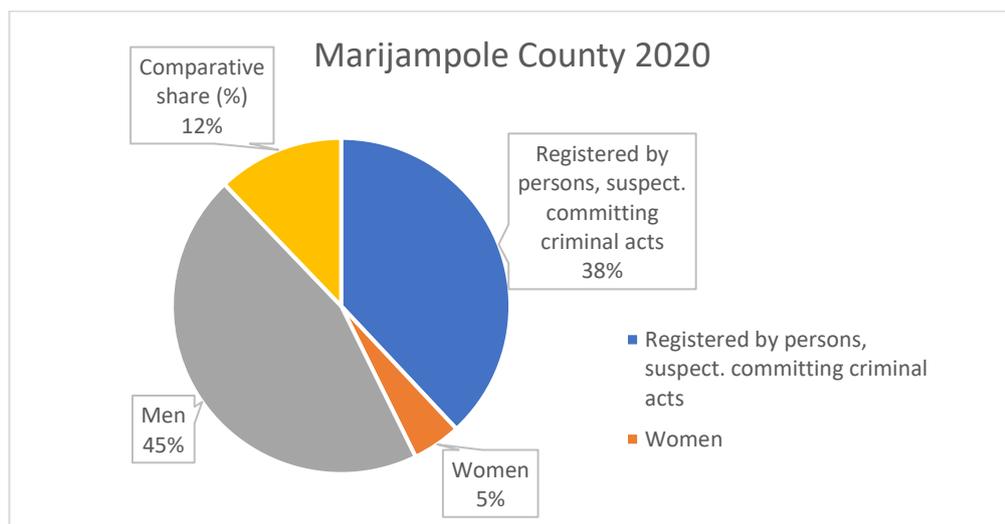


Fig 2. The demographical characteristics of data analysis

*\*Source: made by authors*

The figure showed that domestic violence is a common occurrence in our society. In 2020, 7,132 domestic violence offences were registered in Lithuania: 80% were women, 10.5% were children under 18 years of age. Statistics show that domestic violence crimes accounted for 16.8% of all recorded crimes: 29 murders, 213 health problems, 6,568 physical painkillers and 327 death threats. In Lithuania lacks public education on the

topic of domestic violence and measures to prevent domestic violence, crisis centers for the rehabilitation of victims of violence and re-education of perpetrators, providing them with legal, psychological, and educational support. Domestic violence is a crime, not a personal family affair. Often, a victim of domestic violence does not apply for a close family member because they are afraid of a greater outbreak of violence, or after some time the victim is forgiven, which can continue for years before the accident occurs. This type of crime is often random and breaks out unexpectedly without prior signs.

**The main concepts used in the study are as follows:**

1. **Physical violence** is the actions of the perpetrator, which causes a person's health to be disturbed, his body is sickened or injured, the integrity of tissues (organs) is violated, or their functions are disturbed.
2. **Prevention** (prevention - early warning). It is control, supervision, regulation.
3. **Psychological violence** (emotional and verbal coercion) is a means of influencing the psyche to force the victim to obey the demands of the perpetrator.
4. **Sexual violence** is actual or probable sexual exploitation that includes verbal sexual harassment, sexual touching, displaying genitals, forcing them to look at and forcing them to touch them.
5. **Verbal violence** is any offensive language intended to humiliate, shame or threaten a person.
6. **Identity** is identity, the totality of the characteristics of a person or thing, by which it is recognized, separated from others.

**Conclusions**

This work is suitable for public education. As readers reveal more and more of the various causes of domestic violence, information about the possibilities for combating violence is expanding. Public education is the main preventive measure that can eliminate the causes of domestic violence. Public education usually begins with a description of the problem, which includes: a description of the behavior of domestic violence participants; information on the prevalence and entrenchment of violence; information on short- and long-term effects. Publicizing this problem can demonstrate opportunities for a life free of violence, focus on victims, children, perpetrators, family, society, or highlight the link between human rights and the prevention of domestic violence.

According to statistics from 2020, women suffer the most violence by as much as 80%, which indicates male dominance and gender inequality in the domestic environment. Also, 10.5% of children are victims of violence who do not have the opportunity to resist. The highest number of violent individuals is 55.2% who are under the influence of psychotropic substances and are prone to violence. Also, at the time of the commission of the crime, 44.5% of persons are unemployed and have not completed their studies.

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## LIMITS ON THE APPLICATION AND LEGALITY OF ACTIONS SIMULATING CRIMINAL ACTIVITIES

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**Lect. Vilija Šlajienė**

### Abstract

This article analyzes the limits of the scope and legality of acts imitating a criminal offense. The aim of the article is to analyze the peculiarities of the application and legality of a criminal offense, to identify problematic aspects in practice. The main tasks are: to analyze the significance of covert investigative actions in criminal proceedings, to assess the specifics of provocation as a means of unauthorized coercion. To review the analysis of the case law of the European Court of Human Rights and to systematize the data obtained during the qualitative research.

**KEY WORDS:** Code of Criminal Procedure, European Court of Human Rights (ECtHR), imitation of criminal offenses, acts of imitation of criminal offenses (NVIV), operational activities, provocation, and case law.

### Introduction

One of the main tasks of criminal proceedings is the investigation and detection of criminal offenses by apprehending and prosecuting those responsible for them. It often happens during pre-trial investigations that the usual investigative measures in criminal investigations are insufficient or lack evidence to catch criminals and bring them to justice, and in these cases officials have the right to use covert investigative acts in the name of justice. These measures are aimed at uncovering criminal offenses, protecting inherent human rights and freedoms, and ensuring public security and stability in the state. Measures shall not involve the use of methods, special technical measures, patterns of behavior and actions that harm or endanger human life, health, honor, dignity or property. Information relevant to the investigation, collected through the measure, must be used only to disclose criminal offenses and the perpetrators. Information not relevant to the investigation may not be disseminated in public, including cyberspace, but must be destroyed in accordance with the law (Petras Ancelis, Gediminas Bučiūnas ir kt., 2011, p. 215). Imitations of Criminal Offenses (NVIV) are acts of criminal proceedings, the performance of which is exceptional and possible only on the grounds and under the conditions established by law and in accordance with the procedure established by law, because acts of imitation signs of violation of the law (Supreme Court of Lithuania [2020]. *Annual information report* [viewed online 2022-04-10]. Internet access: <https://www.lat.lt/data/public/uploads/2022/03/metinis-pranesimas-final-su-virseliu.pdf>

**The object of the article is** the limits of the application and legality of actions imitating a criminal offense.

**The aim of the article is to** analyze the limits of the application and legality of acts imitating a criminal offense.

### Objectives of the article:

1. To define the features of covert investigative actions, their characteristics and peculiarities in criminal proceedings;
2. To elucidate aspects of provocation in the application of acts imitating a criminal offences;
3. To analyze the data obtained from the European Court of Human rights cases.

**Research methods** - analysis of scientific literature sources, analysis of normative legal acts, analysis of statistical data, analysis of qualitative research.

### Features, peculiarities, and characteristics of covert investigative actions in criminal proceedings

Procedural means of coercion - the control of the interception of postal items, the control, recording and storage of information sent over electronic communications networks, the actions of non-disclosure pre-trial investigation officers, the authorization to imitate criminal offenses and covert surveillance are specific in nature but closely interlinked. In all cases, the measures are applied in secret, ie the person who will be subject to a non-public coercive procedural measure is not informed in advance or before the measure is applied. On the contrary, before taking many other coercive procedural measures, such as a search, the person is informed. Non-public procedural coercive measures must therefore be carried out in accordance with the principle of proportionality, responsibly weighing and choosing collusion, special technical measures, criminal investigation tactics, while maintaining a balance between the human right to privacy and the public's legitimate expectation to be protected from crime. Although the procedure and conditions for the application of Articles 148, 154, 158–160 of the non-public procedural coercive measures provided for in (Code of Criminal Procedure of the Republic of Lithuania // TAR, 2002, No. 37-1341, current version as of 01.07.2021) are different, however, they also have common features, namely: 1) they are secret; the persons covered by the

measure are unaware of it; 2) performed only during the pre-trial investigation; 3) a mandatory ruling of a pre-trial investigation judge (in urgent cases - a ruling of a prosecutor or a pre-trial investigation officer); 4) pre-trial investigation officers who have applied the measures (in special cases - persons who are not pre-trial investigation officers who have performed secret acts provided for in Article 158 of the Code of Criminal Procedure) (Code of Criminal Procedure of the Republic of Lithuania // TAR, 2002, No. 37-1411, relevant wording from 1 July 2021) may be examined as witnesses in the case. The measures are implemented not only in accordance with the constitutional principles of criminal procedure, but also in accordance with the specific principles inherent in these measures: natural human rights, conspiracy, humanism, legality, guarantee of human and civil rights and freedoms, confidentiality, compliance with the Code of Professional Ethics. Non-public procedural coercive measures invisibly interfere with a person's private life. Information that is not relevant to the investigation but may violate an individual's privacy may be collected during the investigation. Therefore, when gathering the information necessary for the resolution of the case, only the information that will help to reveal the crime and the perpetrators must be collected. The basis for the application of non-public coercive procedural measures is the collected data that allow to reasonably assume that a person is engaged in a criminal offense. This ground entitles the prosecutor to apply to the pre-trial judge for leave to proceed with the coercive measure. In urgent cases regarding procedural coercive measures provided for in Articles 154, 155, 158, 159 of the Code of Criminal Procedure, 3) Code of Criminal Procedure of the Republic of Lithuania // TAR, 2002, no. 37 -1341, current wording as of 01.07.2021) the decision is made by the prosecutor, and the decision on the measures provided for in Articles 145, 147, 160 of the Code of Criminal Procedure may also be made by the pre-trial investigation officer (Panomariovas, 2019).

**2021 Analysis of the activities of the Prosecutor General's Office on strengthening the control and coordination of the legality of criminal intelligence actions**

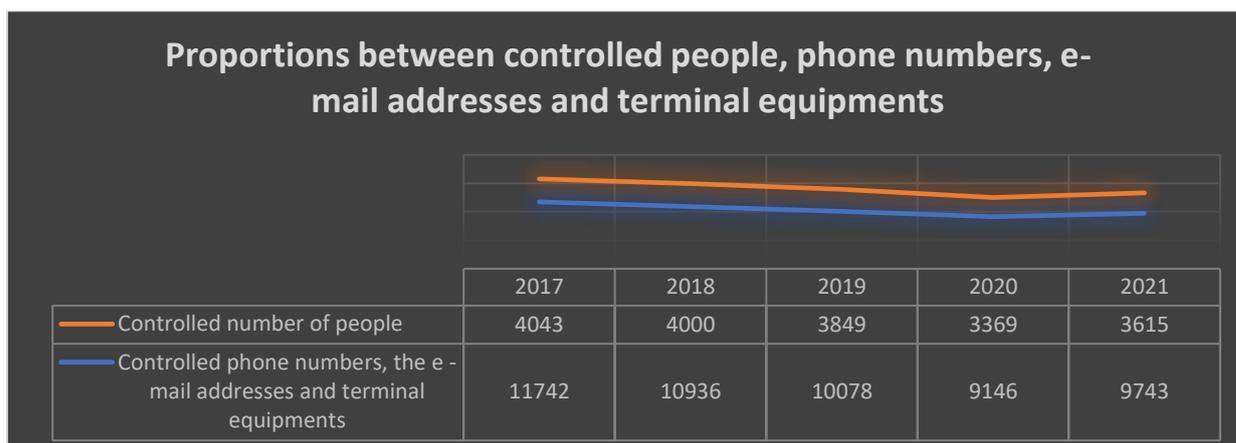
Prosecutors coordinate the activities of criminal intelligence entities and control the lawfulness of the application of criminal intelligence gathering methods. These activities include the preparation of motivated submissions, the authorization or refusal to authorize actions, and the provision of information on the progress and results of the implementation of actions.

Following criminal intelligence, in 2021. 518 pre-trial investigations (11.2% more than in 2020) and 371 criminal intelligence investigations (6.5% less than in 2020) were launched.



E. g. 2. Proportion between criminal intelligence and pre-trial investigations. *Analysis of the activities of the Prosecutor's Office of the Republic of Lithuania.* Report on the activities of the Prosecutor's Office of the Republic of Lithuania [2021]. Source by the internet: <https://www.prokuraturos.lt/data/public/uploads/2022/03/2021-m.-ataskaita-2022-03-01-nr.-17.9.-222803.21.pdf>

The change in the ratio of criminal intelligence investigations to pre-trial investigations following criminal intelligence shows that criminal intelligence is being carried out effectively.



*E. g. 3. Proportions between controlled number of people, phone numbers, the e-mail addresses and terminal equipments. Report on the activities of the Prosecutor's Office of the Republic of Lithuania [2021]. Source by the internet: <https://www.prokuraturos.lt/data/public/uploads/2022/03/2021-m.-ataskaita-2022-03-01-nr.-17.9.-222803.21.pdf>*

2021 the number of controlled persons and telephone numbers, e-mail addresses and terminals has increased. This can be explained by the fact that in 2020 the publication of quarantine restricted the mobility of persons, so the amount of information to be checked about possible criminal offenses in that year was smaller. In addition, in 2021. even a 5-fold increase in illegal migration from the Republic of Belarus has led to more and more extensive criminal intelligence investigations by the State Border Guard Service. More and larger-scale criminal intelligence investigations have also been carried out by the Special Investigation Service, which has also contributed to the increase in reported indicators.

### **The problem of crime duplication**

According to A. Gutauskas (2018, p. 202), when referring to the problem of duplication of crimes, it is meant that the actions of criminal intelligence (criminal proceedings) are continued not to the extent necessary to detect a criminal offense, to identify accomplices, but to accumulate as much as possible. more criminal offenses (in order to apply, for example, stricter liability). In drug cases, this can also lead to the collection of large amounts of data when the activity is continuous. According to the case law of the Court of Cassation, such acts are illegal and are considered to be an inducement to commit criminal offenses. Usually, in such cases, the purpose seems to be justified: new accomplices are identified, the acquisition of materials, storage locations, etc. are identified. On the other hand, neither the crime simulation model (NVIM) nor the crime simulation action (NVIV) can be used solely to aggravate the perpetrator's liability (e.g., to continue the action until the perpetrator commits as many crimes as possible or acquires or distributes a large or even very large amounts of narcotic or psychotropic substances). Such conduct by public authorities would be incompatible with the objectives of those authorities and would be contrary to the provisions of the European Convention on Human Rights. Law enforcement action, when initiated legally, often turns provocative due to long-term support for a criminal initiative. As a result, crimes were committed that would not have existed if the state had prevented new crimes in a timely manner, ie if it had launched a pre-trial investigation to detain the suspects and to actively investigate the crimes already committed. The case law of the Court of Cassation in such cases is rather strict, and actions by law enforcement authorities to encourage new initiatives before a pre-trial investigation in accordance with a court-approved simulation model cannot be considered legitimate and in line with the objectives of criminal procedure and the European provisions of the European Convention on Human Rights.

In its rulings, the Supreme Court of Lithuania has repeatedly relied on the Constitutional Court's ruling of 2008. May 8 the case law of the European Court of Human Rights has clarified, which criteria and rules must be followed when courts decide on the distinction between admissible investigative acts and provocation, and noting that non-public investigative acts must be conducted in a substantially passive manner, ie as a participant in a criminal act (NVIV), as well as and a person acting in accordance with the Criminal Imitation Model (NVIM) used under the Law on Operational Activities of the Republic of Lithuania (the Law on Criminal Intelligence entered into force on 1 January 2013, freedom to choose an action, if it results in or attempts to commit a criminal offense which it did not previously intend to commit), cannot encourage, persuade or

otherwise incite the person to commit a specific criminal offense; the fact of provocation must be established when the circumstances of the case under investigation allow, ie on the basis of them it can be concluded that the relevant criminal act would not have been committed without the intervention of public officials.

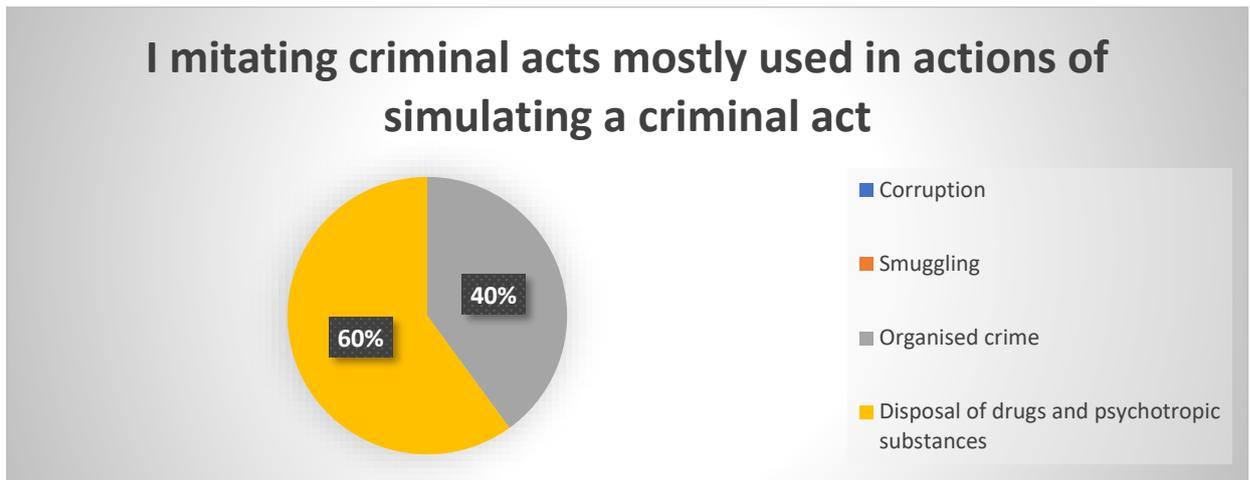
Provocation is also recognized when a person is not prepared to commit a crime and law enforcement officers have incited him to commit a crime, ie when the crime would not have taken place without the knowledge of law enforcement officers. In addition, any provocative or provocation-like conduct of officials applying non-public investigative actions in excess of their powers shall be assessed not only as a violation of the principle of lawfulness of activities, but also of the admissibility of evidence collected (Article 20 of the CCP).

#### **Analysis of the case law of the European Court of Human Rights (Strasbourg)**

The decision in the case of *Ramanauskas v. Lithuania* is exceptional because it was adopted by the Grand Chamber of the European Court of Human Rights. The case was heard on the basis of a statement from a person who had been convicted in Lithuania of taking a bribe of \$ 2,500 (negotiated for \$ 3,000). The applicant, who had worked as a prosecutor, was convicted in Lithuania of helping a prosecuted person to evade responsibility, ie to ensure that the case was closed. The bribe was taken from AZ, who works for the Special Investigation Service and was introduced to the applicant by VS. It was alleged in the case that AZ and VS initially acted on their own initiative as private individuals and that the use of the simulation model was only authorized after the Special Investigation Service had informed AZ of the applicant's consent to take a bribe. The European Court of Human Rights stated that the applicant had been provoked to commit a criminal offense. The European Court of Human Rights agreed with the applicant's arguments and found that the applicant's right to a fair trial had been violated. The violation was established after finding that the domestic authorities had denied any provocation and had not taken steps at judicial level to examine such allegations made by the applicant. The European Court of Human Rights also concluded that the applicant had been provoked to commit a criminal offense and that there was no indication that the offense had been committed without the intervention of those who had contacted the applicant. Summarizing the arguments set out by the European Court of Human Rights in the *Ramanauskas* judgment, it can be argued that according to the logic of the European Court of Human Rights, the domestic authorities were obliged to deny the applicant's arguments during the domestic proceedings. could not and could not be denied that the meetings were initiated by AZ, nor was there any possibility of proving that there was a "connection" to the criminal offenses. double non-compliance with the requirements of a fair (fair) process: 1) failure to examine relevant evidence and 2) provocation: it is clear that the first violation also helps to establish the second violation. hrs The authorities provide evidence of a previous (prior to the application of the model) criminal offense and it is not possible to prosecute in this respect, but the fact of provocation is still established. This is likely to be the case for a different assessment of pre-model data: it is not hypothesized that a decision may be ruled out at national level that evidence of a person's criminal conduct has been collected prior to modeling, and the European Court of Human Rights concludes that In *Ramanauskas*' case, according to the European Court of Human Rights, a police provocation is when the officers whether other persons acting on the instructions of officials do not confine themselves to a substantially passive investigation into the criminal offense, but have such an effect on the person as to induce him to commit a criminal offense which he would not otherwise have committed, ie to obtain evidence and enforce pe tracking 5. It should be noted that, just a few days after the *Ramanauskas* judgment, the judgment in *Pyrgiotakis v. Greece* (Application no. 15100/06, judgment of 21 February 2008) clarified that provocation also applies when police officers intended to be prosecuted, encourages the act not to be committed directly but through another person not suspected of anything. This decision also reiterates the requirement that the requirement of a fair trial applies to the investigation of all categories of criminal offenses, including those classified as organized crime (European Court of Human Rights judgment of 8 February 2008 in the case of *Ramanauskas v. Lithuania* No. 74420/01) [Watched 2022-05-02]. Internet access: <https://www.giurisprudenzapenale.com/wpcontent/uploads/2018/03/CEDU-Ramanauskas-c-Lithuania.pdf>

*Malininas v. Lithuania* also found a violation of the principle of a fair trial enshrined in Article 6 § 1 of the European Convention on Human Rights. The applicant was convicted in Lithuania of illegally acquiring, possessing, transporting and selling large quantities of psychotropic substances for the purpose of selling them to a participant in a criminal model. The European Court of Human Rights found that the actions of the undercover officers did not "join" the crime but constituted provocation; The European Court of Human Rights also stated that no evidence of the applicant's past conduct had been made public during the proceedings and that no information had been provided to the court showing that the applicant had acted in the past. that the





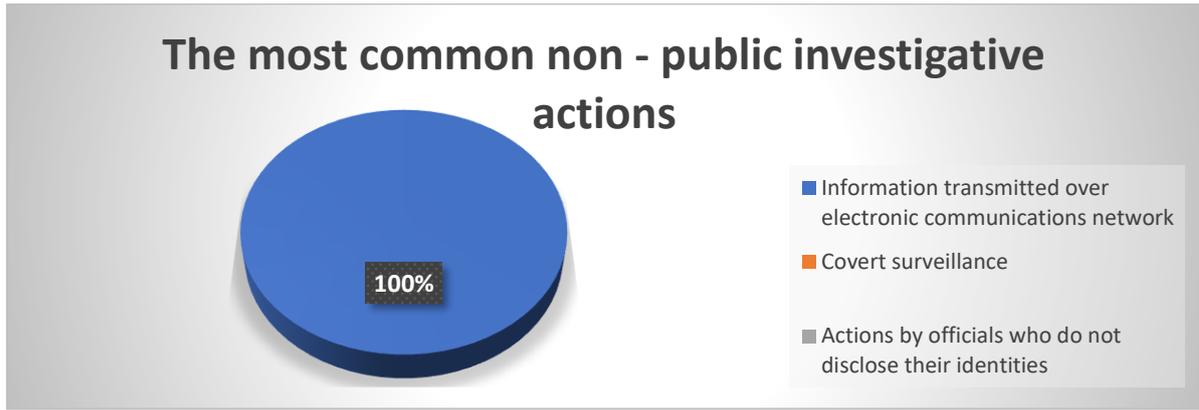
E. g. 4. Imitating criminal acts mostly used in actions of simulating a criminal act. (Source: concluded by the author).

The data provided show that the most common acts of simulating a crime are organized crime and the possession of narcotic drugs and psychotropic substances. No prosecutor has reported crimes of smuggling and corruption.



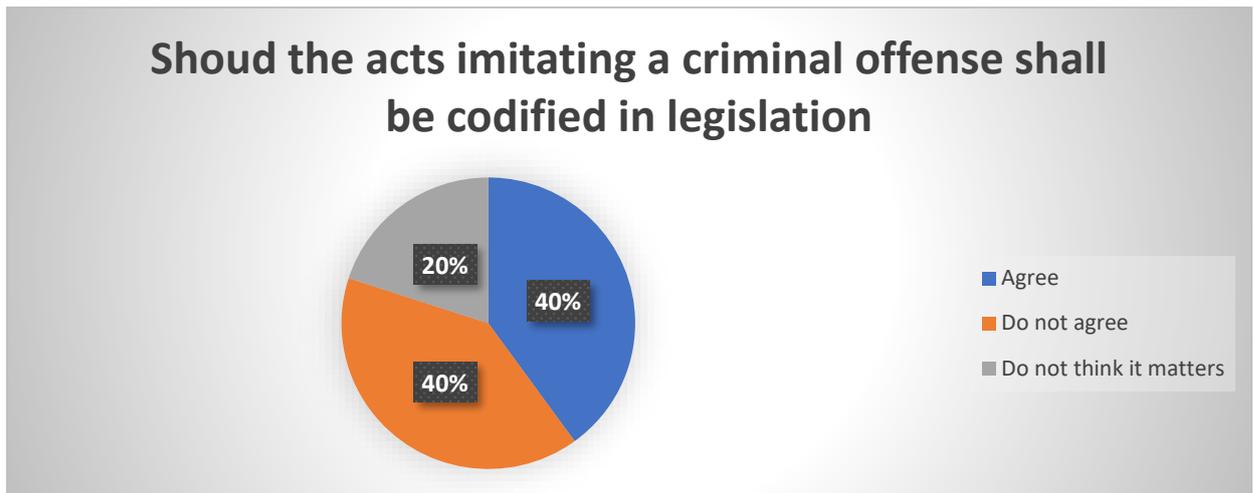
E.g. 5. Now important non - public secret features of the secret investigation . (Source: concluded by the author).

Regarding the features of covert investigations, law enforcement officers identified the feature of proportionality as the most significant in the case of criminal activity, while others cited the importance of the features of anonymity, method of surveillance and directionality in the application and legitimacy of criminal activity. Thus, covert acts of pre-trial investigation are carried out in accordance with the principle of proportionality, ie only in cases where the necessary procedural objectives cannot be achieved without them - to expose the criminal offense quickly and in detail.



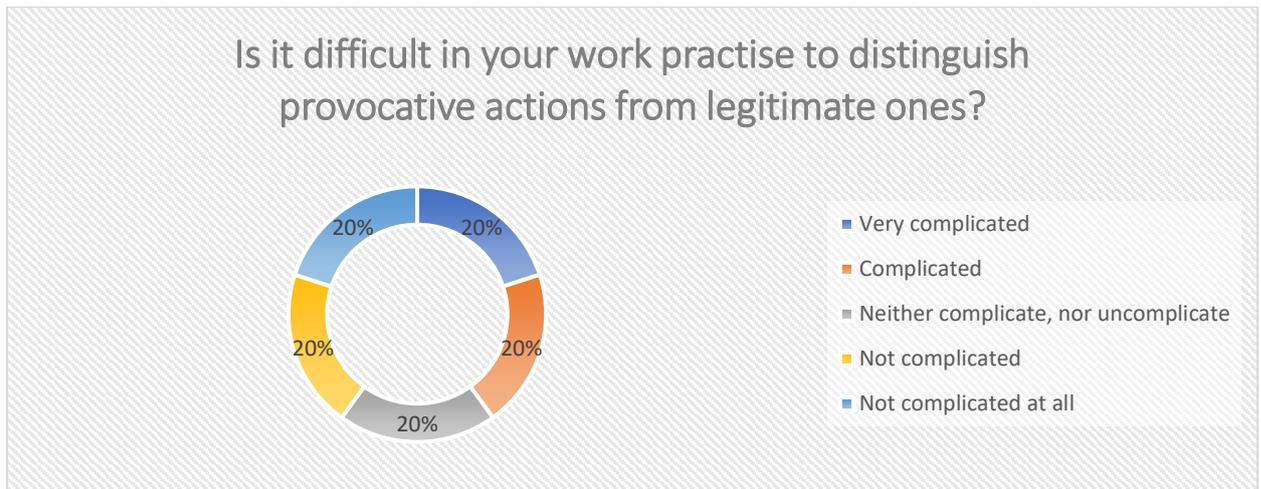
E. g. 6. The now common non - public investigative actions . (Source: concluded by the author).

Individual non-public investigative actions are information transmitted by electronic means. All respondents answered by agreement equally -100 percent. Thus, it can be concluded that this act of covert investigation is most commonly used in the investigation of criminal offenses and has both incriminating and exculpatory evidence.



E. g. 7 . Should the acts imitating a criminal offense shall be codified in legislation . (Source: concluded by the author).

Prosecutors also differed on the systematisation and exhaustive list of acts of imitation crime. 40 percent., said he would agree on the matter, with 20 percent. - do not agree, the other 20 percent. considers that this would make no difference. This divergence of opinion presupposes that not all prosecutors systematise and codify legislation that imitates a criminal offense.



E. g. 8. Difficulty in distinguishing provocation from lawful actions . (Source: concluded by the author).

Interestingly, respondents also differed on this issue. On the question of whether it is difficult to distinguish provocative actions from those permissible in actions imitating a criminal offense, 20%., answered that it was very difficult, 20% that it was difficult, 20% that it was not difficult, 20% that it was not difficult at all, and 20% that it was neither difficult nor straightforward.

Perhaps, differences of opinion on this issue depend on each person's personal approach and work experience.

The following answers were given to the self-explanatory question of the open-ended question, which described the respondents' work practices in terms of the scope and legality of the actions simulating a criminal offense:

A participant in a simulation model shall be adequately trained to perform his actions so that his actions are not provocative in nature.

The hardest part is finding the right candidate to perform the actions that mimic the crime. After all, he risks everything and sometimes such tension becomes unbearable.

Purification of the legal and factual basis for such actions.

The problem of the use of provocation in actions imitating a crime remains a problematic aspect (a clear definition of boundaries, separation of related concepts is relevant). Mention should be made of cases when the actions in question must be performed in a foreign state, although the research is carried out in the practice of the Republic of Lithuania.

Unfortunately, other respondents declined to answer this question.

## Conclusions

All non-public (secret) procedural coercive measures must be carried out only in strict accordance with the norms defined by law and the basic principles. The essential purpose of these actions is to expose possible crimes without violating fundamental human freedoms and rights. These measures can only be applied after these actions have been sanctioned by the subjects of pre-trial investigation.

Provocation can be identified when public officials encourage persons to commit criminal offenses, not only when it is established that persons who have been subjected to non-public acts have been directly persuaded. Called upon to commit unlawful acts, but also then, where the conduct of the officials was not merely passive and showed that the prolonged conduct of the officials had a significant effect on the conduct of the persons subject to the non - public measures.

An analysis of the rulings of the European Court of Human Rights suggests that actions such as the simulation model of a criminal offense can only be performed on persons for whom data on a possible criminal offense is already available (rumors or similar unverifiable information alone are not sufficient). A finding of "joining in" a criminal offense rather than provoking a new offense. Law enforcement officials may not act as private individuals, the actions of private individuals may be considered provocative if they are under the control and supervision of officials and encourage the unlawful conduct of a person whose criminal offenses are committed in any way

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## SOCIAL ENGINEERING METHODS AND PROTECTION AGAINST THEIR ATTACKS

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### Abstract

Social engineering is the art of manipulating individuals so that they give up confidential details or performing an action. Nowadays, social engineering is used for so many different purposes in various professions like lawyer and psychologist; government's servant; salespeople; recruiter/the human resource (HR) department; penetration tester; hacker; spies; scammer; identity thief. There is quite a bit research done on social engineering topics, however with cyberattack numbers spiking everyday – this is clearly not talked and educated enough. We still are not able to protect ourselves against cyber security breaches and cyberattacks. The object of the research is social engineering, and the aim of the article - to find out the social engineering methods and protection against their attacks. Research tasks are to analyze the concept of social engineering; to recognize motives of cyber threat actors; to identify the most popular methods of social engineering; to point out the most effective prevention against social engineering attacks. Methods used for this research – analysis of scientific literature, highlighting the most relevant facts, generalization. The analysis shows that the hackers are more inclined to use human vulnerabilities to gain access to organizational systems than to focus on the lapses in a system's hardware or software. That's why it is so important to work with human impulses, psychological predispositions and vulnerability and try to influence it through education. The authors of the article recommend that various organizations provide training for employees on the concept of social engineering attacks and public education on the subject.

Keywords: social engineering, cybercrime, methods, prevention.

### Introduction

We have witness how globally governments, organizations, and institutions down to every individual have embraced the state-of-the-art technological advances and interconnectedness brought about by networks and telecommunications. We all together experience the ease and comfort of these modern living; however, many malicious actors also identified these technological vehicles as a means to selfishly benefit themselves (Arabia-Obedoza, Rodriguez, Johnston, Salahdine, Kaabouch, 2020). The incidence and cost of cybercrime is escalating, and no private or government organizations is immune. Attacks are more sophisticated and more successful, because hackers collaborate and share tools and techniques (HP, 2016). Social engineering outweighs any other security threats as it has proven to be one of the easiest, cheapest, and most potent and highly successful ways for criminals to achieve their ends (Arabia-Obedoza, etc., 2020; Fuertes, Arévalo, Castro, Ron, Estrada, Andrade, Peña, Benavides, 2021). The hackers are more inclined to use human vulnerabilities in an attempt to gain access to organizational systems than to focus on the lapses in a system's hardware or software. There is only 3% of the attacks target the technical infrastructures of organizations. On the other hand, 97% of malware attacks targeted users through social engineering hacking attempts (Aldawood, Skinner, 2020). Therefore, special attention should be paid to the investigation and prevention of this segment.

**The object** of the research – social engineering.

**The aim** of the article - to find out the social engineering methods and protection against their attacks

**Research tasks:**

1. To analyze the concept of social engineering;
2. To recognize motives of cyber threat actors;
3. To identify the most popular methods of social engineering;
4. To point out the most effective prevention against social engineering attacks.

**Research methods:** analysis of scientific literature, highlighting the most relevant facts, generalization.

### Social engineering

Social engineering is the art of manipulating individuals so that they give up confidential details (Hatcher, 2015; Dorsel, 2020) or performing an action (Mann, 2008; Wang, Sun, Zhu, 2020). A person is first and foremost an individual who cannot be programmed to act according to certain rules in any situation. He will do what seems most right and acceptable to him. Thus, social engineers target man and his weaknesses, which they masterfully exploit to achieve the set goal (Šildauskas, Ragauskienė, 2020). It is worth understanding that social engineering is not usually a bad practice (Ozkaya, 2018; Hadnagy, 2018). It contains both good and malicious programs, depending on the purpose of the task. It is effective in both ways because it has the same characteristics regardless of the morality of the result. Every day a person is forced to make decisions in favor of the person requesting them.

People and institutions actually use social engineering in many systems and professions, Table 1 shows the following areas.

Table 1

The areas of social engineering use	
Area	Aim
<b>Lawyers and psychologists</b>	To be able to conduct successful interrogations and interviews and get people to reveal information that they would otherwise withhold.
<b>Governments</b>	By using authority to have control over the people that they govern. By using scarcity, they (governments) can retain the perception in people's minds that they are the ones still in charge.
<b>Salespeople</b>	To elicit demand for their products from potential customers.
<b>Recruiters/ The human resource (HR) departments</b>	To find out what really drives workers and their suitability for advertised positions. To open up and divulge information that could help HR determine whether or not to hire a person.
<b>Penetration testers</b>	To test and ensure a client's security.
<b>Hackers</b>	To create software that is hardened, or more difficult to break into. To hack software.
<b>Spies</b>	To fool people into believing that they are the people they have been posted as. To collect intelligence from unsuspecting people.
<b>Scammers</b>	To attract people into buying a con without question.
<b>Identity thieves</b>	To become the person that he or she has stolen an identity from in order to commit a bigger crime that has higher returns.

*\*Source: compiled based on (Ozkaya, 2018; Hadnagy, 2011)*

According to the segments listed above, it is observed that social engineering is used to achieve both positive and negative results. It is only that social engineering is now being used by the bad guys to commit huge crimes. The framework of the tactics used for manipulating people during criminal acts is the same as that used for positive outcomes (Ozkaya, 2018). This paper focuses on the social engineering segment in the context of cybersecurity. It is a type of attack wherein the attacker(s) exploit human vulnerabilities by means of social interaction to breach cyber security, with or without the use of technical means and technical vulnerabilities (Wang, etc., 2020). Such attacks can happen on both a psychological (human-based attack) and physical level (computer-based attack) (Aldawood, Skinner, 2018). In now days it is a major concern for many people, organizations and governments.

### Cyber threat actors and what they want?

To best understand why there are so many cases of cybercrime, and why they will possibly keep on rising, it is important to understand the psychology of the perpetrators (Ozkaya, 2019). Cyber threat actors fall into six broad groups (see Table 2), each driven by distinct objectives and motivations.

Table 2

Cyber threat actors	
<b>Nation-states</b>	Groups are well funded and often engage in sophisticated, targeted attacks. Nation-states are typically motivated by political, economic, technical, or military agendas, and they have a range of goals that vary at different times.
<b>Corporate competitors</b>	These are firms that seek illicit access to proprietary intellectual property including financial, strategic, and workforce-related information on their competitors; and many such corporate actors are backed by nation-states.
<b>Hacktivists</b>	Groups that join hands in hacking exercises, often to make a political statement aimed at pushing for social change, such as freedom of speech or to cause damage to opposition organizations for ideological reasons.
<b>Organized criminal groups</b>	Constitute actors who are motivated by their financial gain and profit. When they attack, the intention is to steal assets which can be monetized easily.
<b>Opportunists</b>	Amateur hackers driven by a desire for notoriety.

<b>Company insiders</b>	Typically, disgruntled employees or ex-employees looking for revenge or financial gain.
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*\*Source: compiled based on (Erbschloe, 2020; Ulven, Wangen, 2021; Ozkaya, 2019)*

The goal for many cyber threat actors is to obtain personal information that can either directly lead them to financial or identity theft or prepare them for a more targeted attack. They also look for ways to install malware that gives them better access to personal data, computer systems or accounts, themselves. Items that cyber threat actors find valuable include the following: passwords, account numbers, keys, any personal information, access cards and identity badges, phone lists, details of your computer system, the name of someone with access privileges, information about servers, networks, non-public URLs, intranet (CSO, 2012).

### Social engineering methods

Popular forms of social engineering attacks comprise:

**Baiting.** The attacker can use this physical attack vector by infecting a storage medium with malware, leaving it to be found by the targeted victim, who may naively plug it into the system (Breda, Barbosa, Morais, 2017; Wang, etc., 2021).

**Pretexting.** In this type of attack, a fictional or hypothetical situation is created to get the desired information or data (Yasin, Fatima, Liu, Yasin, Wang, 2019), so that the victim may easily and even spontaneously decide to disclose details about sensitive data (Frumento, Puricelli, Freschi, Ariu, Weiss, Dambra, Cotoi, Roccetti, Rodriguez, Adrei, Marinelli, Kandela, Pachego, 2016).

**Quid-pro-quo.** This type of threat is presented as a technical service in exchange for information. The attacker calls an employee of that organization as a technical support, security maintenance charge, etc. Most of the times the employees believe in this and give the technical information to the attacker. The attacker aims to launch malware on a user's system (Conteh, 2016; Lohani, 2019).

**Phishing.** It is the attempt to acquire sensitive information or to make somebody act in a desired way by masquerading as a trustworthy entity in an electronic communication medium. It attacks to trick users into clicking on malicious links or attachments so the criminals can steal sensitive data or lock users' devices and force them to pay a ransom to recover their data. Common exploits used for the attack: Email, Website, URL, IM, Forums, SMS IRC (Heartfield, Loukas, 2015; Alzahrani, 2020; Krombholz, Hobel, Huber, Weippl, 2014).

**Vishing.** This Social Engineering concept is a combination of "voice" and "phishing". It consists of using the telephone to acquire information or attempting to influence actions via the telephone. For instance, the scammer may pretend a World's Health Organisations employee who is collecting donations or asking for personal information (Alzahrani, 2020; Frumento, etc. 2016).

**Tail-gating.** This type of attack uses tailgating and piggybacking to gain access to restricted areas. This attack exposes those who have an ability to grant or gain access to a restricted area by an attacker who may impersonate delivery personnel or others who may require temporary access (Conteh, 2016). In this attack attacker has to know about organization details its authentication process then only he/she can go in the authorized area (Maan, Sharma, 2012).

**Water-holing.** It is the targeted version of the drive-by-download attack, where a malicious script is implanted on the websites that a particular individual or community are known to visit (Heartfield, etc., 2015). This is one of the most advanced social engineering attack vectors, as it requires substantial technical knowledge (Breda, etc., 2017).

It is worth mentioning that more social engineering methods are identified in the literature, and their number is growing rapidly. The authors of the work singled out the most relevant and most applicable to this day.

### Protection against social engineering attacks

The protection of information is extremely important in a modern society and even though the level of security around information is continuously improved, the one weak point remains the human being who is susceptible to manipulation techniques (Mouton, Leenen, Venter, 2016; Aldawood, etc., 2018). While technology has a role to play in reducing the impact of social engineering attacks, the vulnerability resides with human behaviour, human impulses and psychological predispositions that can be influenced through education. Ultimately, investment in organizational education campaigns offer optimism that social engineering attacks can be reduced (Conteh, 2016). Security specialists advocate that IT departments frequently Carry-out penetration testing which employs social engineering methods. This will aid

administrators learn which kinds of users pose the most risk for certain kinds of attacks, while also pinpointing which employees need additional training (Dorsel, 2020). The main objective of information security training and awareness programs is to enable employees to develop skills in identifying, disabling, and reporting any social engineering malicious attempts (Aldawood, Skinner, 2019).

## Conclusions

Social engineering is the art of manipulating individuals so that they give up confidential details or performing an action. However, it is worth understanding that social engineering is not usually a bad practice. It contains both good and malicious programs, depending on the purpose of the task. The following areas are highlighted where social engineering is widely used: lawyers and psychologists; governments; salespeople; recruiters/the human resource (HR) departments; penetration testers; hackers; spies; scammers; identity thieves.

To best understand why there are so many cases of cybercrime, and why they will possibly keep on rising, it is important to understand the psychology of the perpetrators. Cyber threat actors fall into six broad groups, each driven by distinct objectives and motivations: nation-states; corporate competitors; hacktivists; organized criminal groups; opportunists; company insiders. Their actions range from short-term actions to long-planned crimes. They may be motivated by political, economic, technical, financial benefits and profits, strategic, labor-related, notorious or ideological reasons.

Social engineering is the manipulation, influence, and deception to force a person to execute a request, and the request is usually to disclose information or take some action that is beneficial to the attacker. Popular forms of social engineering attacks comprise: baiting, pretexting, quid-pro-quo, phishing, vishing, tail-gating, water-holing.

Human beings are the ones who tend to trust and easily disclose personal information to each other. This seems to be the main reason, why humans are vulnerable to social engineering attacks. While technology plays a big role in reducing the impact of social engineering attacks it is also important to work with human impulses, psychological predispositions and vulnerability and try to influence it through education. The authors of the article recommend that various organizations provide training for employees on the concept of social engineering attacks and public education on the subject. It is proposed to conduct research in this area in search of a broader profile of prevention measures.

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