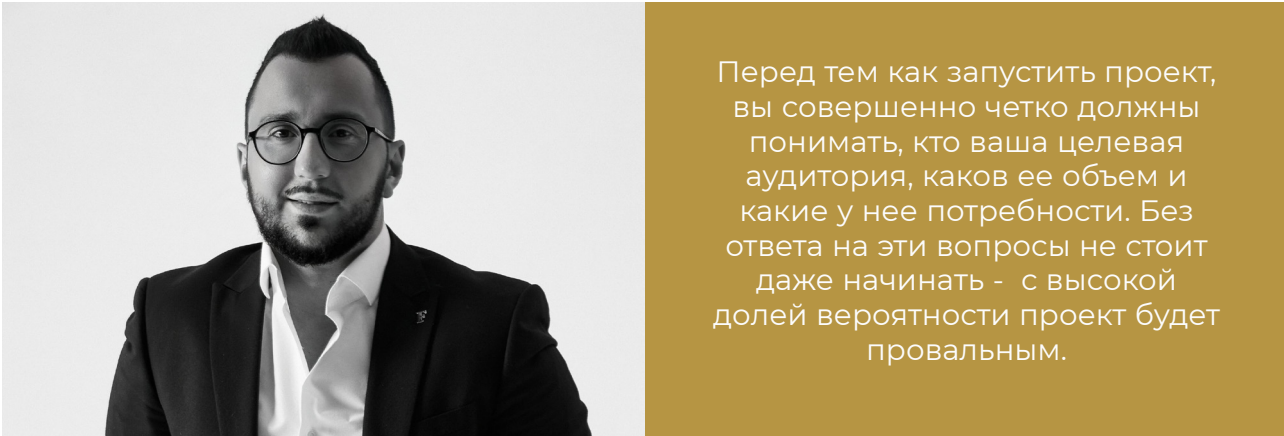


- **Какие рекомендации вы бы дали по предстоящему подрастающему поколению с точки зрения построения карьеры?**

- Моя главная рекомендация - это начать работать как можно раньше, с подросткового возраста. Можно попробовать себя курьером или репетитором - то есть рассмотреть любые профессии, доступные для школьников. Надо поработать и руками, и головой, посмотреть на разные сферы деятельности. Чем раньше начнешь работать, тем быстрее поймешь, куда тебе стоит двигаться и чем заниматься в будущем. Мой сын со следующего года, когда ему исполнится десять лет, пойдет познавать новые профессии, благо сейчас для этого все есть. Важно понять свою предрасположенность, что у тебя лучше всего получается, что увлекает, понять где эти компетенции применимы.

Что касается стажировок, то на них идти нужно только тогда, когда ты четко понимаешь, куда тебе нужно. Но еще раз, карьерный путь начинается далеко не с этого момента. Тебе сначала нужно понять, что ты умеешь и чего ты хочешь.



- **Как начать карьеру в медиа?**

- Мне кажется, что лучше всего найти наставника, авторитета в нужной вам сфере медиа и постараться быть ему полезным, учиться у него и налаживать коммуникацию. Поговорите с блогерами, напроситесь в гости в редакцию, в профильные агентства. Многие не хотят просто так возиться с начинающими специалистами - необходимо тратить много времени. А если ты будешь полезным в деле, если сможешь сказать «я готов все сделать, дай мне только задание», тогда все получится.

Об авторе:

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79	Vladimir V. Shapovalov Chief Editor's remarks
80	Anastasia V. Sheveleva Cooperation of Russian and Chinese oil and gas companies under sanctions
86	Nikita O. Yudin Application of digital solutions to raise the efficiency of marine container transportation, the case of Cosco Group
92	Anna O. Gracheva Stanislav N. Ivashkovsky Impact of economic crises of the XXI century on investment markets: stock market, venture, real estate market, gold and diamond market
115	Yan Zhao Jinghui Lan The impact of divorce on women's labor supply
123	Yuliya Frolova Proactive decision-making of generation Z in Kazakhstan
133	Bai Yetong Li An Chinese alfalfa market: new opportunities for russian producers
139	Dmitry V. Ozman Brand building: the role of PR in modern business

CHIEF EDITOR'S REMARKS

Vladimir V. Shapovalov

MGIMO University

Dear readers of the International Business Journal!

I am pleased to present to you the latest issue of our journal, which contains articles by experts in the field of management.

In the article by Doctor of Economics, Professor of the Department of Management, Marketing and Foreign Economic Activities named after I.N.Gerchikova of MGIMO University, A.Sheveleva, you will learn about the features of the interaction between Russian and Chinese oil and gas companies under sanctions.

Ph.D. in Political Sciences, Head of the Scientometric Analysis Sector N.Yudin will tell readers about the transition of society to digital technological development. As an example, the author cites the digital solutions of COSCO Group.

Ph.D. in Economics, Associate Professor of the Department of Economic Theory S.Ivashkovsky and independent expert A.Gracheva analyze the impact of economic crises on the investment attractiveness of financial markets.

The article by Ph.D. in Economics, Associate Professor of the School of Business of East China University of Science and Technology Y.Zhao and independent expert C.Lan (China) is devoted to assessing the effectiveness of women's labor activities.

In the article by Doctor of Business Administration, Associate Professor of the Department of Management of KIMEP University Y.Frolova (Kazakhstan), the features of decision-making by representatives of Generation Z in the Republic of Kazakhstan are analyzed.

Associate Professor, Associate Researcher of the Institute of Agriculture of the Chinese Academy of Sciences L.An and independent expert B.Yetun (China) dedicated their material to the issues of interaction between China and Russia in the field of agriculture.

The special guest of the issue, President of Forbes Club and Director of Development of Forbes Russia D.Ozman talks about the role of PR in the activities of modern companies and current trends in the Russian media business.

Sincerely,
Editor-in-Chief
International Business Journal
V.Shapovalov

COOPERATION OF RUSSIAN AND CHINESE OIL AND GAS COMPANIES UNDER SANCTIONS

Anastasia V. Sheveleva
MGIMO University

Abstract

The article is devoted to the peculiarities of cooperation between Russian and Chinese oil and gas companies under sanctions. It is noted that Russia's ongoing turn to the East increases its dependence on China. The dynamics and structure of trade turnover of the analyzed countries are provided as confirmation. It is shown that the main areas of cooperation between Russian and Chinese oil and gas companies are export, projects for field development, and production of liquefied natural gas (LNG). The article looks into the largest investment projects of Chinese companies in the oil and gas sector of Russia. At the same time, the problems and prospects for oil and gas cooperation between Russian and Chinese companies under sanctions are identified.

Keywords

Oil and gas companies, sanctions, Russia and China, Russian-Chinese cooperation, investment oil and gas projects, turn to the East.

INTRODUCTION

Amid bigger sanctions pressure from Western partners, we witness a turn to the East. In particular, there is higher dependence of Russia on China: it already accounts for 20% of Russian exports and 28% of imports to the Russian Federation. The total trade turnover between the countries in 2022 amounted to \$190 billion (Figure 1).

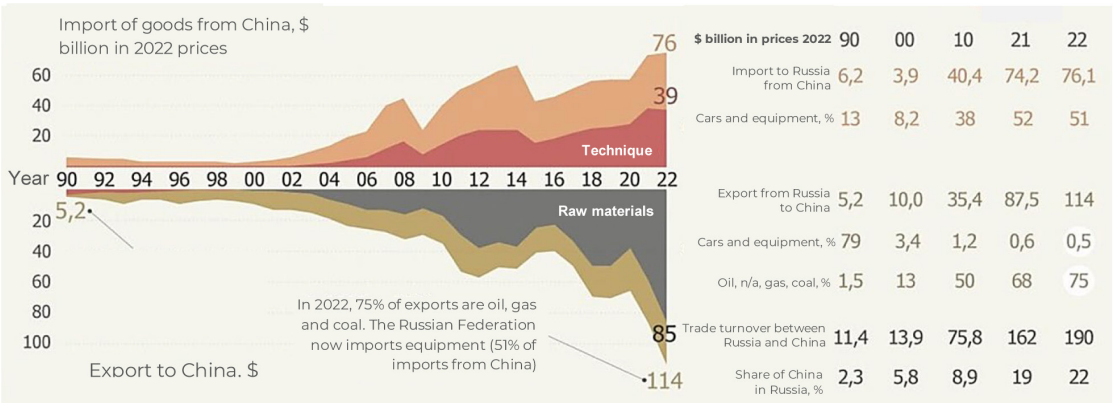


Fig. 1. Dynamics and structure of trade turnover between Russia and China.

Sources:

Data provided by the General Administration of Customs of China. URL: <http://english.customs.gov.cn/> (accessed 03 November 2023).

Data provided by the Federal State Statistics Service of the Russian Federation. URL: <https://rosstat.gov.ru/> (accessed 03 November 2023).

More than 51% of China's exports to Russia are machinery, equipment, electronics, and transport. Over 75% of Russia's exports to China are generated by the supplies of oil, petroleum products, gas, and coal. This enables us to talk about close cooperation between Russian and Chinese oil and gas companies.

Apart from export, cooperation between Russian and Chinese oil and gas companies also includes projects for field development and LNG production (Table 1).

Table 1

The largest investment projects of Chinese companies in the oil and gas sector of Russia¹

Year	Investment	Project	Chinese party	Subsector
2014 - 2015	\$20 billion	Yamal LNG	CNPC and the Silk Road Fund	Gas
2020	\$10 billion	Sibur	Sinopec and the Silk Road Fund	Petrochemistry
2017 - 2021	\$25 billion	Arctic LNG-2	CNOOC and CNODC	Gas
2006	\$5.5 billion	OJSC "Udmurtneft"	Sinopec	Oil and gas
2017	\$1.1 billion	JSC "Verkhnechonskneftegaz"	Beijing Gas Group Company Limited	Oil and gas

¹CNPC – China National Petroleum Corporation – Chinese National Petroleum Corporation; CNOOC – China National Offshore Oil Corporation – Chinese National Offshore Oil Corporation; CNODC – China National Oil and Gas Exploration and Development Corporation – China National Oil and Gas Exploration and Development Company; SAFE – The State Administration of Foreign Exchange; CIC – China Investment Corporation – China's sovereign wealth fund.

2015	\$1.21 billion	NOVATEK	SAFE	Gas
2017	\$0.1 billion	Eurasia Drilling	CIC	Oil

Source: Zakharov A.N. Trade and economic cooperation between Russia and China in the oil and gas sector amid new geopolitical situation / Zakharov A.N., Karpova A.A. // Business magazine Neftegaz.RU. 2022. No 11. Vol. 131. P. 94-99.

Therefore, it can be noted that even before the sanctions Russian and Chinese oil and gas companies enjoyed active cooperation and after they were imposed it, intensified even more.

RESEARCH RESULTS

The Russian PJSC Rosneft Oil Company is interacting with the Chinese company CNPC through joint mining projects in Eastern and Western Siberia. PJSC Rosneft Oil Company and Sinopec Corp. have a joint venture in Udmurtia, Beijing Gas owns 20% of JSC Verkhnechonskneftegaz, the East Siberian subsidiary of Rosneft. Moreover, PJSC Rosneft Oil Company signed an agreement with several companies to design a wind energy center with a capacity of about 200 MW as part of the Vostok Oil project.

The Yamal LNG project is being implemented by the Russian company PJSC NovaTek together with the Chinese company CNPC, which has 20% in the project, and the Silk Road Fund, whose share makes up 9.9%. Also, in late 2023 - early 2024, it is planned to commission the first line of the Arctic LNG-2 project, where Chinese companies CNPC and CNOOC each own 10%.

In March 2023, three of China's largest oil and gas companies, CNPC, CNOOC, and Sinopec received a recommendation from the Chinese Ministry of Foreign Affairs to review their relations with Russian oil and gas companies and postpone investments in Russian assets due to the risk of American secondary sanctions. However, the heads of Chinese companies expressed their intention to continue and strengthen cooperation with Russia in oil and gas field, which was greatly facilitated by the visit of Russian Prime Minister Mikhail Mishustin in May 2023.

Recent promising cooperation between Russian and Chinese oil and gas companies includes projects to develop modern infrastructure, underground gas storage related projects, personnel training, science and technology, and even low-carbon development.

The Russian company PJSC Gazprom cooperates with Chinese oil and gas companies on three gas storage projects: the Sheng Shen 2-1 gas reservoir in Heilongjiang province, the Baiju aquifers in Jiangsu province, and the Chu Zhou salt caverns. To comply with the state requirements established by the 14th Five-Year Socio-Economic Development Plan 2021-2025, China has pledged to build gas storage capacities of no less than 16% of its annual consumption. Russia, thanks to underground gas storage facilities in China, will be able to operate the export pipeline system in an optimal mode.

In February 2022, PJSC Rosneft Oil Company and CNPC signed a Memorandum of Cooperation in low-carbon development. Its implementation involves working out the interaction of companies in key areas of low-carbon development, which should ultimately reduce greenhouse gas emissions, primarily methane, and increase energy efficiency, allow CO₂ to be captured and stored.

In June 2023, the Russian Union of Industrialists and Entrepreneurs (RSPP) hosted a Russian-Chinese business meeting "Cooperation in the field of scientific and technical exchange" where the parties exchanged views on the development of cooperation and interaction.

Also, in June 2023, a Chinese-Russian international summer camp

organized by the China Petroleum University and PJSC Gazprom Neft started in Beijing with practical classes by Chinese oil and gas companies, where the participants were able to witness the operation of modern equipment and technologies, as well as get to know Chinese and Russian culture to better understand colleagues. This will help strengthen international ties, interaction between countries in education, and deepen energy cooperation.

Construction is planned to begin in 2024, and the commissioning of the Power of Siberia-2 gas pipeline for the export of Russian gas to China is projected for 2027-2028. The gas pipeline will connect the gas fields of Siberia and the Xinjiang Uyghur Autonomous Region, located in western China. Russia, China, and Mongolia will become parties to the project.

Undoubtedly, as noted above, oil and gas cooperation between Russian and Chinese companies is associated with a number of problems.

Firstly, the full-scale development of the Russian market by Chinese oil and gas companies amid sanctions pressure on Russia from unfriendly countries exposes Chinese companies to secondary sanctions.

Secondly, after the events of 2022, the Russian government began to further limit the footprint of foreign companies in strategically important sectors of the economy, in particular, to prevent them from exploring and producing oil and gas in federally significant locations. This prevents Chinese companies from achieving their goal of integration into the entire production and technological chain of the Russian oil and gas business.

Thirdly, realizing the potential of Russian-Chinese cooperation in the field of renewable energy sources (RES) is becoming more complicated. Russia is rich in fuel and energy resources, and therefore there is virtually no demand for renewable energy products and technologies, so the pace of alternative energy development is quite slow, although Russia has adopted the Low-Carbon Development Strategy until 2050.

Fourthly, the large number of administrative barriers in Russia worsen the business climate, which makes it quite difficult for Chinese oil and gas companies to do business on the Russian market.

However, cooperation between Russian and Chinese oil and gas companies possesses a number of prospects.

Under a long-term contract signed on 4 February 2022, PJSC Rosneft Oil Company is to supply oil to China within 10 years, and PJSC Gazprom within 25 years.

On 17 June 2023, PJSC Rosneft Oil Company and the Chinese company CNPC switched to settlements for raw materials in national currencies.

Also, in June 2023, PJSC NovaTek approached the Russian government with a proposal to abolish the 10% tax on dividends paid to foreign investors who are willing to reinvest these funds in LNG projects. First of all, this benefit should be provided to the Chinese company CNPC and the Silk Road Fund implementing the Yamal LNG project.

On 24 September 2023, Russian President Vladimir Putin and Chinese Foreign Minister Wang Yi² had a conversation, noting that even regardless of changes in the international situation, to implement the agreements previously reached with Chinese President Xi Jinping China is ready to strengthen mutual trust and business cooperation with Russia, coordinate actions carried out on international markets, develop more rational areas and jointly protect common interests.

On 17-18 October 2023, China hosted the third International Belt and Road Forum. One of the main topics was increasing China's trade turnover with Russia. The presidents of the two countries held talks on the development

²Member of the Politburo of the Central Committee of the Communist Party of the People's Republic of China, head of the Office of the CPC Central Committee Foreign Affairs Commission. Member of the Politburo of the Central Committee of the Communist Party of the People's Republic of China, head of the Office of the CPC Central Committee Foreign Affairs Commission.

of trade and investment, scientific and technical cooperation, as well as the implementation of the green agenda goals and the transition to a low-carbon economy. On 19 October, China hosted the V Russian-Chinese Energy Business Forum, where representatives of the largest Chinese and Russian oil and gas companies confirmed their intention to strengthen and deepen cooperation.

CONCLUSION

Faced with sanctions, Russia increasingly began to turn to the East, and oil and gas cooperation with China intensified. Russia's exports to China, primarily oil and gas, have risen. The largest Russian and Chinese oil and gas companies have started to more intensively implement the investment projects related to the exploration and development of oil and gas fields and petrochemical production. Companies have also started to discuss promising projects for underground gas storage facilities, transport infrastructure and low-carbon development.

The risk of secondary sanctions against Chinese oil and gas companies, as well as restrictions on the participation of foreign investors in strategically important sectors of the Russian economy introduced by the Russian government, which, in particular, include exploration and production of oil and gas in federally significant locations, create certain problems for cooperation between Russian and Chinese oil and gas companies.

However, the willingness of Russia and China to comply with previously reached agreements in the oil and gas sector, the switch to payments and settlements in national currencies, as well as tax incentives and customs benefits to certain Chinese companies, enable us to talk about positive prospects for cooperation between Russian and Chinese oil and gas companies.

Therefore, we can conclude that no matter what, cooperation between Russian and Chinese oil and gas companies amid sanctions is still the case and will only deepen and develop in the future.

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APPLICATION OF DIGITAL SOLUTIONS TO RAISE THE EFFICIENCY OF MARINE CONTAINER TRANSPORTATION, THE CASE OF COSCO GROUP

Nikita O. Yudin

MGIMO University

Abstract

At the moment, the global civilization witnesses a shift in technological priorities. The main trend of which is a move away from the mechanical-instrumental aspect of social development to digital technological development, which has an impact on the entire technological structure and brings about fundamentally new organizational forms of production and commercial structures. This situation is also typical for the modern transportation market, which manifests in the emergence of new business models developed by transport companies, raising efficiency in transport services and altering the cost structure of transport services. The article looks into the features of applying digital solutions in the transportation of goods using the case of COSCO Group. The author concludes that digital systems are currently especially relevant for the development of port infrastructure, as well as for monitoring marine container transportation, reducing the possibility of downtime, optimizing marine transportation routes, enabling firms to demonstrate better performance through the use of digital solutions.

Keywords

Digital solution, cargo transportation, container transportation, transport industry, digitalization.

INTRODUCTION

The current state of the global economy and trade is quite complex and unpredictable and largely depends on the uninterrupted operation of transport systems that ensure the delivery of goods and movement of passengers, contributing to the intensification of industrial production and business development. It is the modern transport system aimed at the efficient operation of the entire transport industry that is an important link in the added value chain, generating up to 27% of all expenses in the cost structure of goods and services. In this regard, raising the efficiency of transport systems is a vital task of modern economics and economy.

The issues associated with digital transformation in the transport industry have been addressed in recent years by Arifdzhanova N. [1], Volkova A., Nikitin Yu., Plotnikov V. [2], Gulyi I. [3], Erokhina E., Sotskova E. [4], Korznikov M. [5], Kuznetsov A. [6], Filatova E. [7], Yazkhanova Kh. [8] and others.

These authors comprehensively examined the application of digital technologies to solve, first of all, logistics transport problems.

Even though, in general, issues of transport logistics are quite fully and comprehensively discussed in the scientific literature, the problems of digitalizing transport industry are very relevant and require additional research. No less pressing is the issue related to the digitalization of marine container shipping, which generates 38.2% of global cargo traffic, boosting global trade and commodity exchange. The current epidemiological, economic and political situation, and higher risks associated with maritime piracy and military threats in the waters of the seas and oceans only increase the need to raise the safety and efficiency of marine container transportation. In this regard, the best practices of transport companies that have achieved significant success in digitalization seem to be a very important subject for analysis.

Therefore, the purpose of this article is to study the issues related to the application of digital solutions to improve the efficiency of container shipping using the case of COSCO Group.

STATEMENT OF THE RESEARCH MATERIAL

At the moment, human civilization has entered a new stage of its development resulting from the fourth industrial revolution, which eliminates the boundaries between mechanical technologies, biological systems, and virtual digital space, creating fundamentally new technological solutions that are actively being introduced into various areas of human activity, shaping the preconditions for artificial intelligence, autonomous vehicles, 3D printing, nanotechnology, quantum computers to become a part of everyday life capable of ensuring a new quality of life and a new round of economic efficiency.

This revolutionary technological wave brings about systemic changes in the economy and business communications. At present influenced by the fourth industrial revolution, transport is undergoing changes, making it possible to raise the efficiency of the entire transport system and logistics.

Over the last few years, transport logistics has turned into one of the leaders in digitalization. It is perfectly suited for the use of AI-driven digital solutions and mathematical algorithms, and digital technologies that model the space of logical activity.

As a result, cargo delivery time is reduced, the operating life of transport systems and transport as such is increased, the fuel capacity of business is reduced, transport activities are further greened, and its financial and economic performance rises.

In general, we can say that further development of transport systems will be ensured by the achievements of digitalization, and those firms that make the best of introduced digital technologies will acquire significant competitive edge for the coming decades [9].

An important trend in the development of the transport industry, which directly affects the updating of the process approach to the management and digitalization of transport enterprises, is the use of container transportation technologies. Container transportation today is the most promising type of cargo shipment. At the same time, container transportation without a process approach and digital platforms as part of it is an almost impossible task [10].

The technology of container transportation itself is very promising, since it makes it possible to significantly simplify handling of the goods, standardize the capabilities of warehouses, and also create conditions for the development of marine transport which ensures marine shipment and is undergoing algorithmization, when each operation associated with the shipment of goods has clear regulations, timing, and implementation technology.

Moreover, the use of digitalization in this mode of transport makes it possible to optimize business processes: control the geographical parameters of cargo delivery, its condition, carry out the operation of carriers and port services as planned, minimizing the risks of downtime, overloading of lifting and transport mechanisms, excessive pressure on warehouses, and the events of force majeure [11]. At the same time, further development of marine container transportation is the most important factor in the modern image of world trade, which is becoming more and more predictable and more technologically advanced [12].

Meanwhile, it is necessary to understand that recent years have been hard for global trade and for the development of the transport industry as a whole. The COVID-19 pandemic, global political turbulence, missile attacks against ships in the geopolitical area of the Palestinian-Israeli conflict, sanctions, and restrictions on the vessels transporting Russian oil products have significantly reduced global economic activity, negatively impacting the volume of container traffic.

Regardless of these circumstances, container shipping market players strive to raise their own efficiency, realizing that amid the severest conditions for countries and peoples, it is marine transport that can solve global problems of humanity, such as the problem of hunger and economic inequality. In this regard, the world's leading transport companies specializing in container shipment are moving from a general theoretical awareness of the importance of using digital technologies to their practical use in operations.

One of the examples of increased capacity for processing and transportation of containers with a direct impact on the global transportation market can be the operations of China Ocean Shipping Group Company (COSCO Group), a Chinese company with headquarters in Shanghai [13], one of the global leaders in marine container transportation. It is one of the ten largest operators on the global container shipping market, transporting up to 180 million tons of cargo annually.

Understanding the need for digitalization, COSCO Group is actively collaborating with the multinational technology consortium Global Shipping Business Network (GSBN), headquartered in Hong Kong, with stakeholders from eight major shipping lines and global terminal operators, including COSCO. In early May 2023, GSBN collaborated with COSCO to promote a paperless cargo clearance solution at Chongqing Dry Port, resulting in a significant reduction in the administrative process from 1-2 days to 4 hours. This innovation brought significant savings to the company in administrative and management costs, as document and transaction processing costs accounted for 20% of the company's total transportation costs.

According to the report by GSBN and COSCO Group, this result was achieved by optimizing the former electronic office using the blockchain infrastructure.

Further cooperation between GSBN and COSCO Group involves the digitalization of all transactions that are currently recorded on paper. Apart from that, COSCO's digital transformation provides solutions such as electronic bill of lading, which can extend to inland bill of lading and many other further workflows associated with the activities of seaports and inland dry ports.

Moreover, using the advances of digitalization the company solves problems associated with the costs of "paperwork" given the significant volume of correspondence that ensures the contractual activities of the COSCO company. This activity is associated with the routine processing of paper bills of lading, their delivery from the consignor to the consignee generating significant financial costs - the cost of sending one bill of lading can reach up to \$100, and given their volume, reaching hundreds of thousands of copies, these expenses are quite impressive.

In addition, the use of the latest document management technologies makes it possible to reduce transaction costs by shortening the delivery time of documents, which happens almost in real-time. The company also uses blockchain technology which protects documents from unauthorized tampering, ensuring trade secrets and preventing manipulation of settlements under contracts.

These solutions were tested in practice when transporting containers on the China-Slovenia route. As a result, it was determined that the use of digital solutions can reduce document management costs by 15%, which is a very considerable figure given the volume of documents in the COSCO company [14].

Equally important for the operations of COSCO is technological warehousing and distribution of cargo flows through a global network, which reduces costs and simplifies the management of container transportation.

The company's innovative solution is the development of a digital twin of the port which will be deployed on the laptops and mobile phones of COSCO company representatives in different ports of the world. Special applications will track the movement of vessels and ships, containers, inland vessels, as well as trains and trucks. This system is driven by artificial intelligence which integrates all port processes, processes information, and issues recommendations for managing cargo traffic.

In its cooperation with ports, COSCO is actively promoting the idea of integrating artificial intelligence systems and various sensors that read and transmit data. For instance, in the port of Qingdao, COSCO together with the port administration installed sensors to process information on meteorological and hydrological data. With their help, those responsible for the operation of the port and COSCO, the container shipping operator, determine the most favorable time to enter the port. This optimization of port operations reduces the time a vessel spends in the port by approximately an hour, which constitutes a significant saving for COSCO.

Another type of smart sensors are digital dolphins. This type of device, which is attached to buoys, determines the occupancy of different mooring terminals and provides information about the status of operations in the port. Their task is to facilitate transshipment. Their specific feature is the ability to self-learn and update [15].

At the present level, COSCO actively uses in its operations the services of various digital platforms, providing intermediary services to shipowners and charterers in the payment of port dues, in particular, COSCO has invested in and is the actual owner of the digital platform DA-Desk, which acts as an intermediary between shipowners/charterers and agents in ports [16].

This digital solution enables creating data banks on all global trends in the development of sea container transportation, monitor changes on this market on an hourly basis, considerably improving analytical potential of COSCO, facilitating fast tactical and strategic decisions, focusing on objective static data and qualitative analytics [17].

Moreover, this system ensures end-to-end management of the port fee collection process, relieving shipowners and charterers of related operational tasks. Users pay fees in the system using DA-Desk's extensive tools. The system ensures not only timely payment, but also the provision of relevant information to all parties. Customers are offered daily bank reconciliation and account statements. All transactions are constantly monitored and recorded. Users receive more accurate estimates of payments and advances.

COSCO plans to develop a service that allows online calculation of the time required for ships and vessels to approach the port, which will enable masters to choose the optimal speed of approach to the port and thereby reduce fuel consumption and waiting time at the roadstead. Port authorities, in turn, will be able to significantly raise the efficiency and accuracy of vessel movement planning in port waters and mooring operations. At the same time, port dispatchers, analyzing the situation, can correctly coordinate ships and vessels, identify weak points and ineffective unloading processes [18].

CONCLUSION

Thus, at present, we witness ongoing changes in container shipping caused by trends in civilizational development, which are characterized by the move away from the mechanical-instrumental aspect of the society development to digital technological development and it has an impact on the entire technological structure of this market. As a result, it leads to new business models for transport companies raising the efficiency of transport services. In general, digital systems are currently especially relevant for the development of port infrastructure, as well as for the control of marine container transportation, reducing the possibility of downtime, optimizing sea transportation routes, when firms using digital solutions are able to achieve better performance.

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IMPACT OF ECONOMIC CRISES OF THE XXI CENTURY ON INVESTMENT MARKETS: STOCK MARKET, VENTURE, REAL ESTATE MARKET, GOLD AND DIAMOND MARKET

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Abstract

Investment market is a set of economic relations between the provider and the recipient of investment services. In modern realities, investments play an important role for both small and large investors. Market participants invest money to generate income or preserve capital. This article examines the impact of economic crises on the investment attractiveness of various financial markets: diamonds, venture capital, gold, real estate, and securities. The objective of the article is to look into possible reasons for changes in the value of assets depending on the stage of the economic cycle. The main conclusion that can be drawn is that amid maximum uncertainty, investors opt for more stable and safer assets. Therefore, the value of these assets surges during periods of crisis and then gradually slides or remains flat. Moreover, it should be noted that each of the financial markets has its own unique features. Portfolio diversification allows investors to preserve and slightly increase financial capital regardless of the volatility typical of all the financial markets.

Keywords

Economic crisis, investments, stock market, real estate market, gold, USA, UK, stock exchanges, share, bond, diamonds, financial markets.

INTRODUCTION

Every 5-10 years, society has faced economic crises caused by various factors: external (which do not depend on the decisions of the authorities, such as natural phenomena) and internal (risky decisions regarding the development of banks and financial institutions, inept financial and economic policy, etc.). The globalization of economic relations in the 21st century has created the conditions for national and regional crises to often spill over the borders of one country, thereby provoking a general deterioration in the economic situation throughout the world. The digitalization of data has influenced the structure and principles of the investment business operation: back in the 20th century, the world's first electronic stock exchange, NASDAQ, was established, auction houses began to offer online auctions, price quoting for diamonds and gold is available in real-time, and the information on most real estates is publicly available. In this regard, the economic crises of the 21st century are radically different from those that occurred before.

To correctly manage financial capital, it is necessary to see a broader picture, to understand the patterns and trends characteristic of various financial markets at all stages of the economic cycle (expansion, peak, recession, depression). Indicators, ratios, data in the reports of states and organizations, information noise, as well as the behavior of investors themselves serve as signs indicating an emerging crisis. This happens because the internal and external causes of a global or local economic crisis do not develop immediately, but accumulate, dragging the country into depression, recession, and destabilization.

The investment market has a complex, multi-layered structure. It includes six main financial markets: venture business, real estate, diamonds and gold, stock market, and art business (investing in art, antiques).

This article examines the impact of economic crises on the stock market, the commercial real estate and housing market, as well as the diamond, venture, and gold markets, which was done for several reasons:

1. These financial markets are considered one of the most developed in the world; they have high liquidity and a well-established ecosystem (organized exchanges and online trading, a functioning secondary market for the sale of assets).
2. Information on them is reliable and publicly available.
3. Government agencies and bodies effectively regulate the activities of professional participants on these financial markets, ensuring transparency and legality of operation.

This article is based on various sources of information: textbooks, Internet resources, financial statements of investment companies and banks. The topic of the article is relevant and in demand for all the participants in the financial world.

TRENDS ON INVESTMENT MARKETS DURING THE CRISIS

The investment market is a certain set of economic relations between the seller and the recipient of investment services. They are built on the principles of free competition and partnerships between entities engaged in investment activities. The market monitors legal relations between entities to ensure their compliance with internal rules and law, thereby ensuring the security of transactions. The investment market creates liquidity for assets, which allows holders to quickly receive money for them by completing purchase and sale

transactions at the current value.

Since the economy is cyclical, investor interest in various financial markets also varies depending on what phase it is at.

If we talk about the choice of investors amid maximum uncertainty, then in this case, the preference is given to more stable and safer assets. Investors try to minimize or completely eliminate credit and inflation risks.

When compiling a portfolio on the stock market, the emphasis shifts towards stock of the most stable companies. As an example, we can take the securities included in the S&P 500 and Dow Jones Index. The data released by the largest stock exchanges in the United States (NYSE and NASDAQ) and the London Stock Exchange (LSE) reflect the most accurate picture of the stock market at various stages of the crisis. If we talk about debt securities, they enable an investor to diversify portfolio. A bond (state, corporate, or municipal) is a security that certifies the right of its holder to receive the bond nominal value back from the issuing company of this bond after a certain period of time, as well as interest (coupon) payments. In this case, the holder of the security is a creditor of the issuing company. Bonds are traditionally treated as financial instruments with fixed income, since the yield is known in advance and does not change in the vast majority of cases. It should also be noted that there are debt securities linked to some macro indicator or other financial asset. An example would be Treasury securities TIPS. These are inflation protected bonds. Debt securities that have 1-2 months left to maturity are considered the safest (compared to longer maturity from the same issuer). In some cases, they can even trade with negative yields and at a premium to par. An important indicator for analysis is the yield on government securities issued by the US Treasury Department. This happens because an investor, when choosing an asset to purchase, pays attention to it. Moreover, other securities on the stock market depend on this indicator. In Figure 1, we can see a graph of the yield curve for debt securities issued by the US Treasury [1].

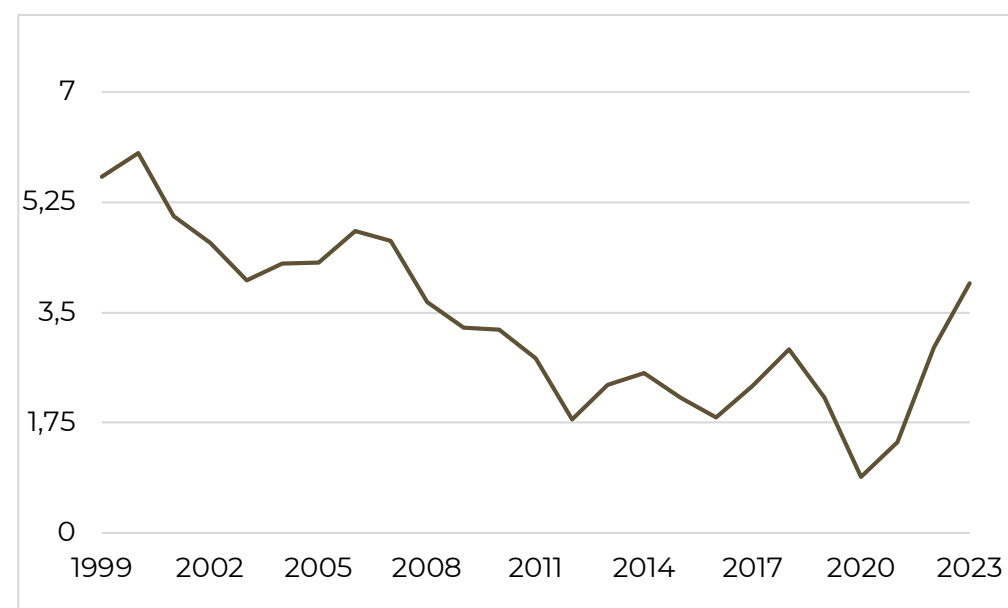


Fig. 1. Yield curve for debt securities issued by the US Treasury, %.

Source: Macrotrends. 10 Year Treasury Rate – 54 Year Historical Chart. Available at: <https://www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart> (accessed 28 December 2023).

The investment climate in the United States greatly impacts the global economy as a whole. This happens for many reasons, one of which is the development of the stock market in this country. In 2023, US stock markets

accounted for nearly 60% of global trading. The next country by stock market share was Japan, followed by the UK [2]. If we look at the stock market capitalization as a percentage of GDP in Table 1, we can see that in the USA, this figure is quite high (193.35% - 2020; 137.64% - 2007; 147.38% - 2000). The UK is not in last place, but is inferior to the USA (102.187% - 2020; 124.36% - 2007; 154.68% - 2000). However, it is necessary to bear in mind that the UK economy accounts for a much smaller share of total GDP. That is why the economic crises that occur in the United States, to a greater or lesser extent, affect the situation in the entire global financial sector [3].

Table 1

Stock market capitalization, % of GDP

2000		2007		2020	
Hong Kong	363,14	Hong Kong	1254,47	Hong Kong	1777,23
Switzerland	283,77	Luxembourg	321,94	Iran	508,22
Luxembourg	160,23	Singapore	160,23	Saudi Arabia	330,82
Singapore	159,07	Switzerland	259,73	South Africa	311,45
Great Britain	154,68	South Africa	248,65	Switzerland	270,52
Netherlands	153,41	Jordan	238,68	USA	193,35
USA	147,38	Malaysia	168,07	Singapore	187,32
South Africa	134,63	India	161,24	Canada	160,32
Sweden	124,92	Australia	151,95	Japan	133,07
Malaysia	120,65	Canada	148,86	The Republic of Korea	132,35
France	105,93	USA	137,64	Australia	129,66
Canada	103,5	Papua New Guinea	135,79	Malaysia	129,41
Australia	89,65	Israel	127,71	Qatar	114,53
Spain	84,27	China	126,15	Thailand	108,53
Ireland	81,71	Bahrain	124,66	Great Britain	102,19

Source: The Global Economy. Stock Market Capitalization. Available at: https://www.theglobaleconomy.com/rankings/stock_market_capitalization/#:~:text=Stock%20market%20capitalization%20as%20percent,available%20from%201975%20to%202020 (accessed 28 December 2023).

It is necessary to mention that the derivatives market even amid moderate volatility is unpredictable and investments in it incur enormous risks. In this regard, during the crisis the structure of the investment portfolio is radically revised. Investor preference shifts towards more predictable and less volatile stock market instruments.

Alternative investments are an integral part of diversifying financial capital. Looking at Figure 2, we can trace the relationship between volatility and return on investment depending on whether alternative investments is a part of the investment portfolio or not. If funds were invested only in securities in the ratio of 40% stocks and 60% bonds, then with a volatility of 6.82%, the return

made up 7.32%. When alternative investments were added, volatility dropped to 6.52%, and returns reached 8.42%. By analogy, we can see a similar situation with other ratios. This chart shows that investing in real estate, private equity, or hedge funds along with traditional stocks and bonds can significantly reduce risk and increase returns [4].

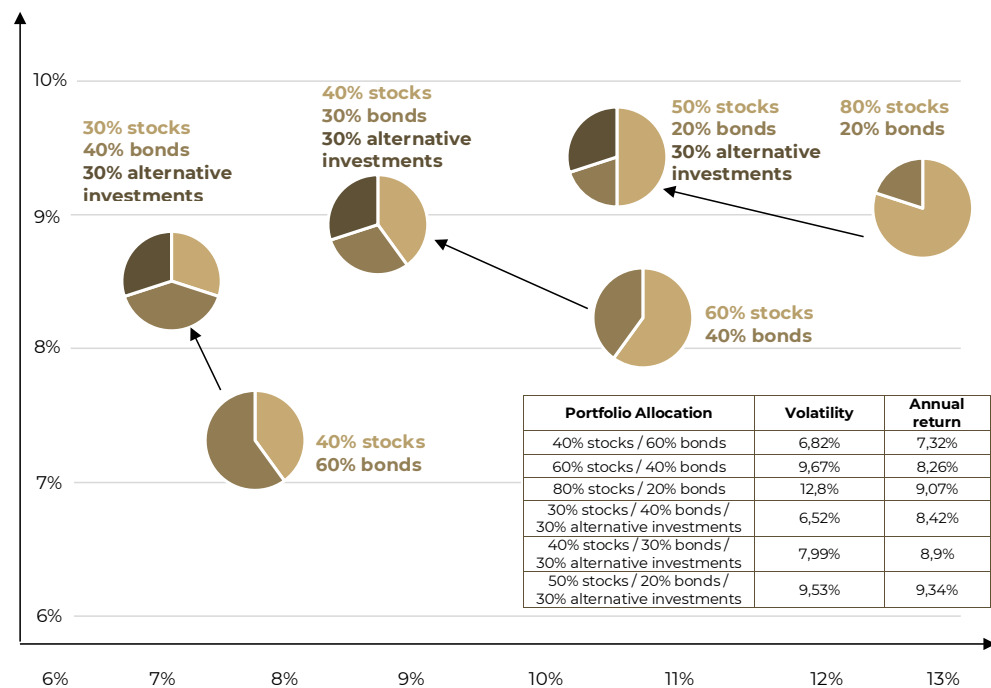


Fig. 2. Alternative investments and portfolio risk/return.
Source: J.P. Morgan Asset Management. Available at: <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/> (accessed 28 December 2023).

Alternative investments include those that do not fall into the mainstream categories of stocks, bonds, mutual funds, and ETFs (exchange-traded funds). These may include precious metals, modern and antique art, vintage cars, diamonds, unique vintage wines, rare coins, and much more. It should be mentioned that the value of these assets does not directly correlate with the value of stocks and bonds. This makes it possible to diversify an investment portfolio. Looking at Figure 3, we can see the dynamics of indices for various types of assets [5].

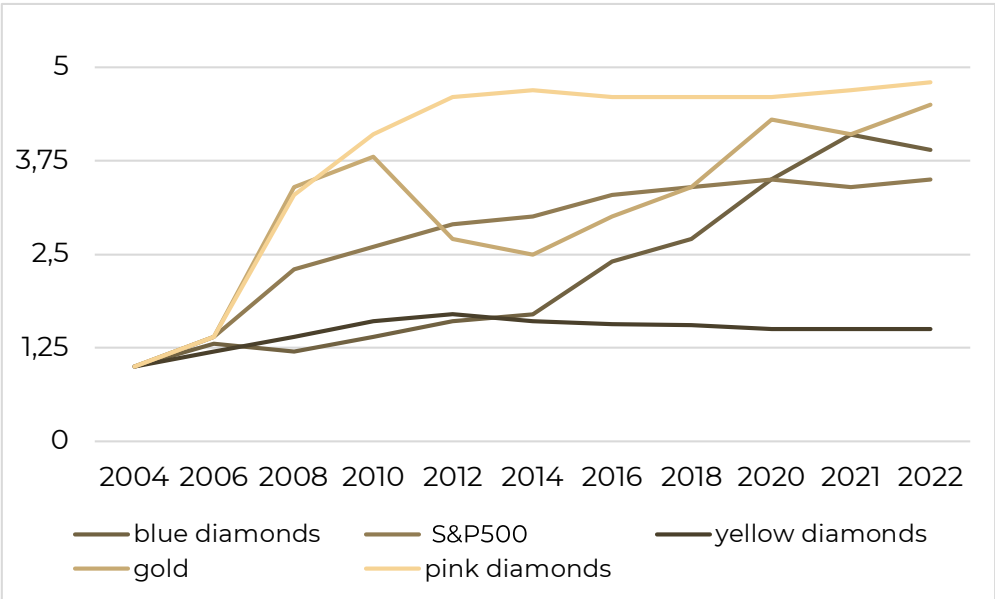


Fig. 3. Comparative dynamics of price indices for diamonds and other major investment assets, points.
Source: compiled by the author based on data from the ALROSA report “Investments in diamonds, November 2022”. Available at: <https://russianjeweller.ru/2/10/13693> (accessed 28 December 2023).

Investment diamonds are rare stones with the highest characteristics of color (D-E-F) and clarity (IF-VVS1-VVS2) [6]. The average weight starts with 1 carat and ends at 5 carats. Prices for gems of this size range from \$50,000 to \$150,000. Moreover, it is possible to purchase diamonds from 5 to 10 carats. They have less liquidity, but are still considered investment attractive and in demand among investors. Large diamonds are most often classified as collectible. The price for such diamonds can reach 600-700 thousand dollars [7]. It is also necessary to mention that the most marketable shape for colorless diamonds is round. It is considered the most expensive and attractive for investment. This is primarily due to the production process. To cut a diamond and make it round, almost half of the mass must be removed. It is believed that a classical round cut diamond with 57 facets best reflects light and fully reveals its beauty. For fancy cut stones, a larger proportion of the total weight of the diamond is reserved. This is why heart, oval, cushion, baguette, pear, marquise, princess, and emerald shaped diamonds are less commonly purchased as investments. Therefore, during the analysis, it is necessary to pay special attention to the economic indicators that are associated with the purchase of diamonds of the highest category. In case of colored diamonds, the most important criterion is the saturation of the shade and not the size. High-quality stones of fancy colors are much less common in nature than colorless ones. It is precisely because of their uniqueness that investors pay special attention to them. To summarize, there are only 8 main criteria that affect the price of a diamond: size, shape, color, clarity, cut quality, symmetry, polish, and the presence/absence of fluorescence.

Gold is considered a savings asset, which amid great uncertainty increases its attractiveness to the investment world. Moreover, compared to other assets, gold has shown a good return over the past 30 years, as can be seen in Figure 4 [8]. It should be noted that investment gold can be purchased in different forms: in the form of bars, antique coins, investment coins (sold by banks), and also in the form of a security on the stock market.

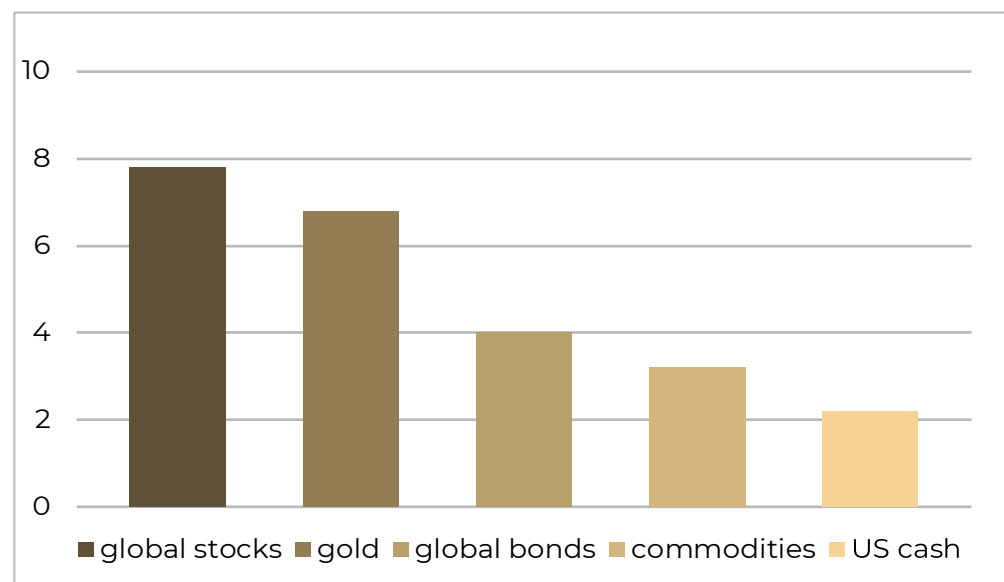


Fig. 4. Return on assets for the period from 31 December 1992 to 31 December 2022, % return.
Source: World Gold Council report “30 years of Gold Demand Trends”. P. 6. Available at: <https://www.gold.org/goldhub/research/30-years-gold-demand-trends> (accessed 01 December 2023).

The official international price of gold, the fixing of LBMA gold price, is set by the London Bullion Market Association twice a day at auction with the participation of 13 accredited banks and organizations. The official price is calculated for bars with a rate of at least 995. The weight of the gold bar should be no less than 350 and no more than 430 ounces (10-13 kg). The bar should have the marking and serial number of one of the refineries that have proven themselves to be reliable suppliers. The LBMA gold price fixing is used all over the world. Therefore, the impact of economic crises on the gold market can be appropriately assessed using this indicator as a basis. It is worth mentioning that gold has high liquidity. The market value for private investment and government reserves exceeds \$3.7 trillion. Moreover, gold is also used in industrial manufacturing. Figure 5 illustrates the distribution of gold across various economic sectors [9].

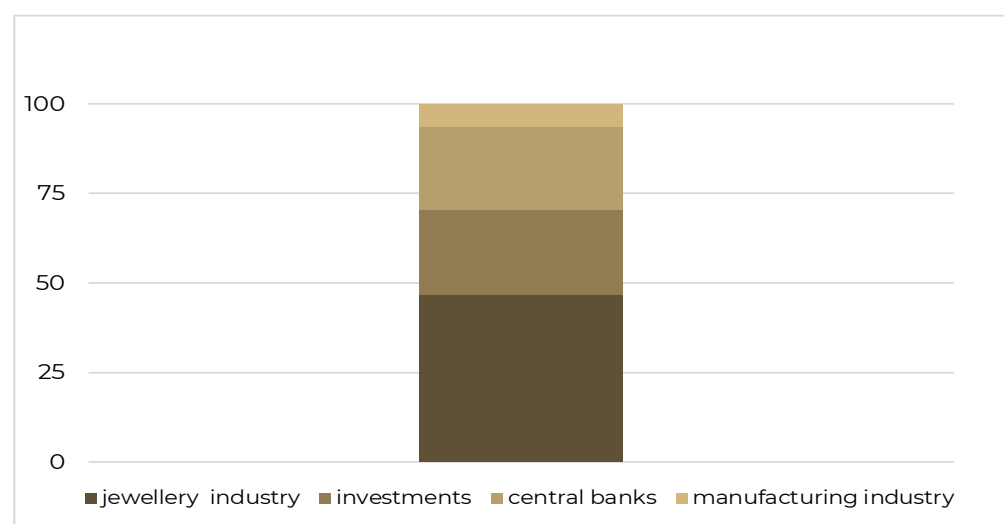


Fig. 5. Structure of global demand for gold by industry, %.
Source: Compiled by the author based on Bloomberg data. World Gold Council. Available at: <https://www.gold.org/goldhub/research/30-years-gold-demand-trends> (accessed 20 December 2023).

Investment in real estate is considered one of the most popular in the modern world. This is because the investor receives a fixed income at regular intervals by renting out the residential / commercial real estate. Moreover, the facility rises in intrinsic value over time. Looking at the chart below, we can see the negative impact of crises on the average return of real estate, as well as its market value [10].

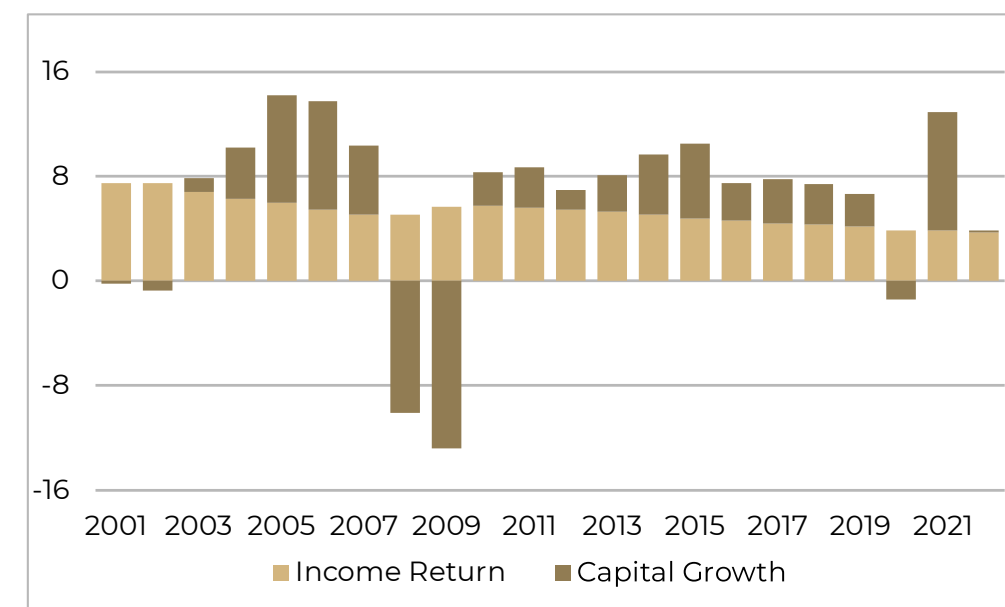


Fig. 6. World real estate index, %.
Source: Abrdn. Global Real Estate Outlook Q4 2023. Available at: <https://www.abrdn.com/en-ie/institutional/insights-and-research/global-real-estate-outlook-q4-2023> (accessed 28 December 2023).

The real estate market largely depends on the reasons behind the economic crisis as well as on the government policy (cutting the key rate, providing financial aid to a certain cohort of the population, etc.). To understand how the financial market reacts to crisis situations, it is necessary to consider data from official sources. Every year, countries around the world publish statistics on the purchase of various types of real estate. All economic indicators related to this financial market are publicly available. When making decisions, investors consider market trends, global indicators, as well as real estate prices.

Based on the above, we can conclude that the situation on various financial markets changes depending on the stage of the economic cycle the world economy is at. The share of investment capital on the real estate, diamond, and gold markets is high. Therefore, investment attractiveness has a tangible impact on price quoting, growth, or decline trends on a particular financial market.

КРИЗИС ДОТКОМОВ

The very first of the economic crises of the 21st century was triggered by the rapid development of technology and the exorbitant desire of a large number of Internet startups and established companies to raise “easy” investment money, joining the trend of “new economy” business based on operation in the Internet.

The bubble began to inflate in 1995. By 1999, 39% of venture capital was invested in these types of companies [11]. Most of the analysts’ forecasts regarding Internet startups turned out to be irrational optimism. Ultimately,

the companies with hundreds of millions of dollars pumped in did not live up to investors' expectations. Many loss-making companies with an incomprehensible business model effected IPO and were unable to operate effectively and manage the raised capital. As a result, investor confidence not only in the securities of high-tech firms but also in the stock market as a whole was shaken. In 2000, the NASDAQ technology index collapsed. On March 10, it reached 5132.52 points (the daily peak) during trading and fell by more than 1.5 times at closing, which can be seen in Figure 7 [12].

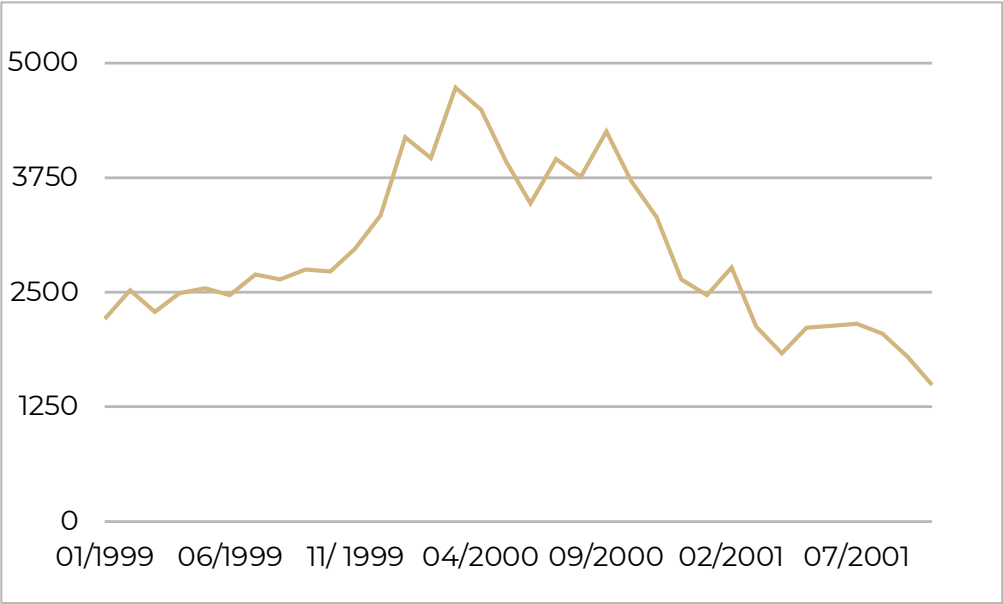


Fig. 7. NASDAQ index data, points.
Source: Yahoo website. Available at: <https://yhoo.it/3ygw5v4> (accessed 26 December 2023).

Along with the fall of the index, the dot-com bubble burst. Due to the sharp deterioration of the situation on the stock market, a huge number of Internet startups went bust. Even the companies with established business suffered huge losses and found themselves on the verge of bankruptcy.

Global uncertainty raised financial markets volatility and made real tangible assets more attractive. Figure 8 shows that gold gradually began to rise in price after 2000 [13].

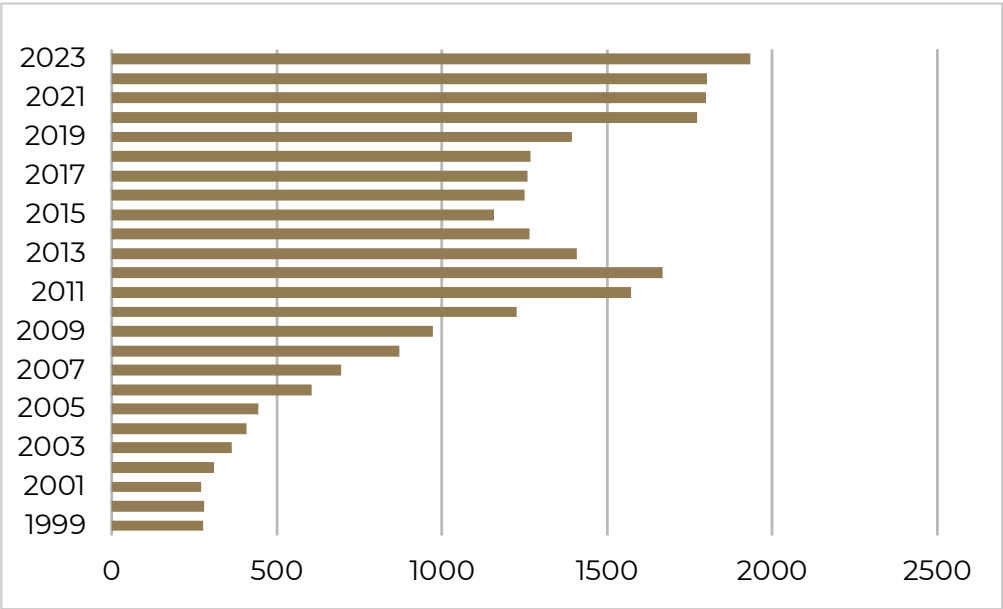


Fig. 8. Gold price from 1999 to 2023, US dollars.
Source: Macrotrends. Gold Prices - 100 Year Historical Chart. Available at: <https://www.macrotrends.net/1333/historical-gold-prices-100-year-chart> (accessed 28 December 2023).

The diamond market during the period when the dot-com crisis happened did not have the same investment attractiveness as in subsequent years. This was due to the strong (almost monopoly) power of the diamond mining company DeBeers. It controlled the process of selling diamonds, including the prices of stones. The supply of diamonds was artificially limited. The market liquidity was low, so it was less profitable for investors to invest in this type of asset than in subsequent years of the 21st century. However, diamond prices still gradually increased. Looking at Figure 9, we can see the dynamics over the ten-year period from 2000 to 2010 [14]. The price was taken for a 1-carat diamond with the following characteristics: EX EX EX, H&A, Super Ideal Cut, Flawless, Girdle thickness medium, Fluorescence none.

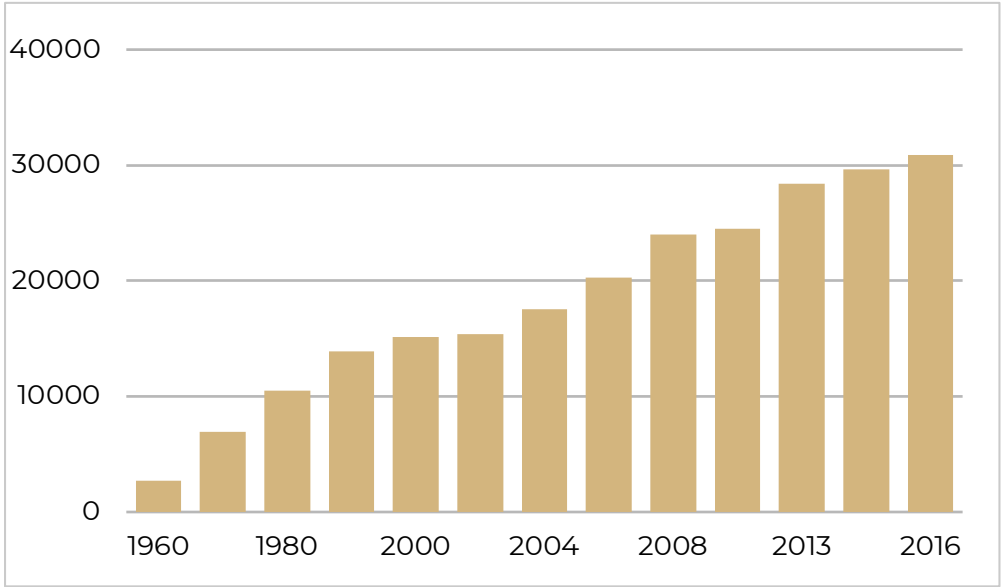


Fig. 9. Prices for 1 carat diamonds, US dollars.
Source: Statista. Diamond prices per carat from 1960 to 2016. Available at: <https://www.statista.com/statistics/279053/worldwide-sales-of-polished-diamonds/> (accessed 21 December 2023).

This wave of investor “disappointment” has led to the real estate market becoming more attractive as an investment. Using the example of the USA and Great Britain, one can trace the main trends in the economies of developed countries, as can be seen in Figure 10 [15; 16]. Housing prices gradually rose until the 2007 crisis.

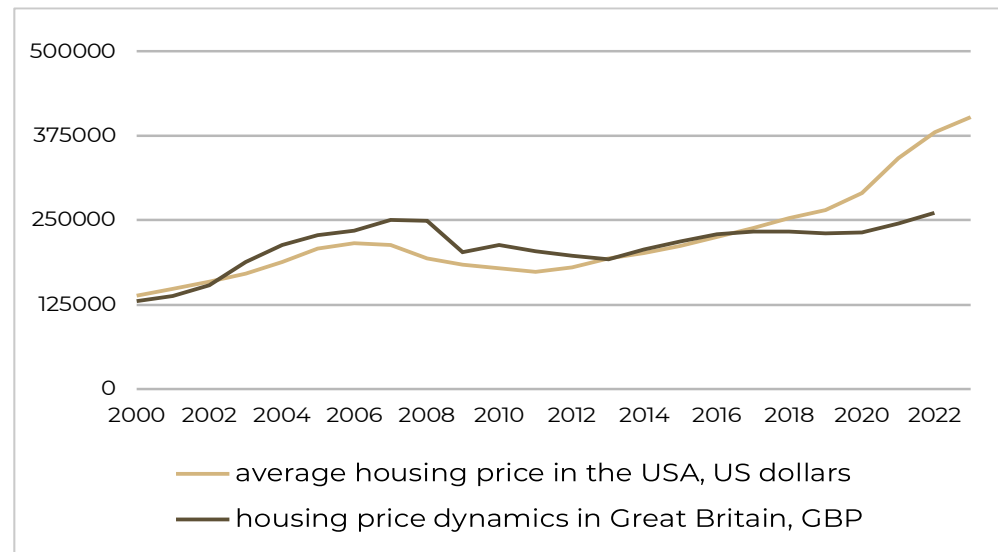


Fig. 10. Average housing price in the USA and UK.

Sources: compiled by the author based on data from DQYDJ. Available at: <https://dqydj.com/historical-home-prices/> (accessed 28 December 2023);

Savills. Available at: <https://www.savills.co.uk/landing-pages/a-brief-history-of-the-uk-housing-market-1952-2022.aspx> (accessed 28 December 2023).

If we talk about commercial real estate, the situation is similar. Figure 11 shows the growth in returns on real estate investment in the UK. Even though the average return remains the same throughout all years (5-8%), the rise in asset capitalization accelerated significantly in the period from 2001 to 2006 [17].

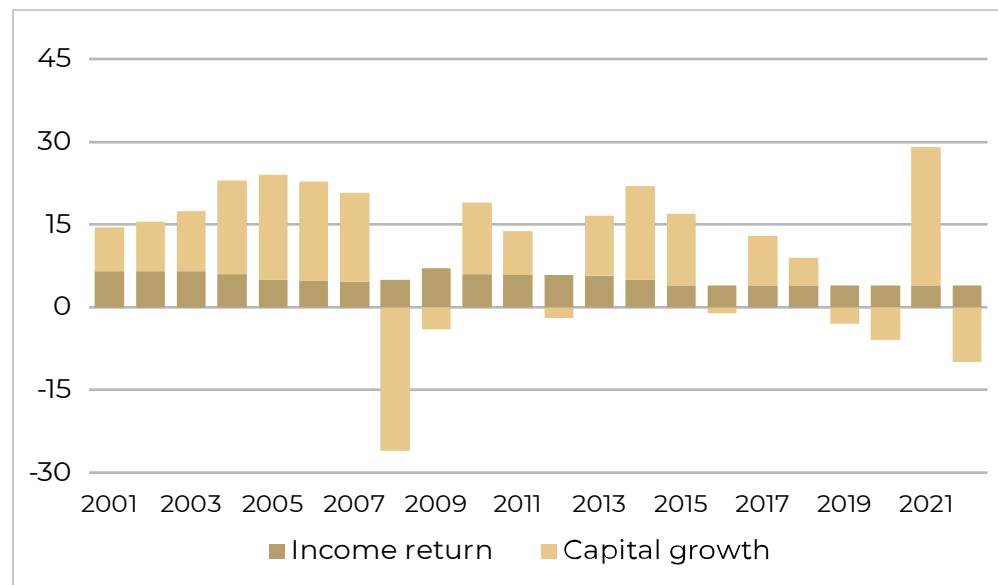


Fig. 11. Growth in return on investment in UK commercial real estate, %.

Source: MSCI. Industrial and Offices Led UK Property's Fall in 2022. Available at: <https://www.msci.com/www/quick-take/industrial-and-offices-led-uk/03701428858> (accessed 26 December 2023).

The 2000 crisis had a less detrimental impact on the global economy as a whole than subsequent crises of the 21st century, but became one of the reasons behind a financial bubble on the real estate market.

MORTGAGE CRISIS 2007-2009

The global economic crisis, which was later dubbed the Great Recession, started with the mortgage crisis in the United States in 2007. The excess inflow of finance into the real estate sector after the dot-com crash led to a rise in housing prices (Figure 10). For more than 7 years, the real estate market demonstrated positive dynamics. Looking at the Consumer Price Index (CPPI) in Figure 12, we can see an upward trend. This index contains information on housing, industrial real estate, office real estate, and commercial real estate sectors in the United States. The period from 2000 to 2007 experienced rapid growth (from 53 to 99 points) [18].

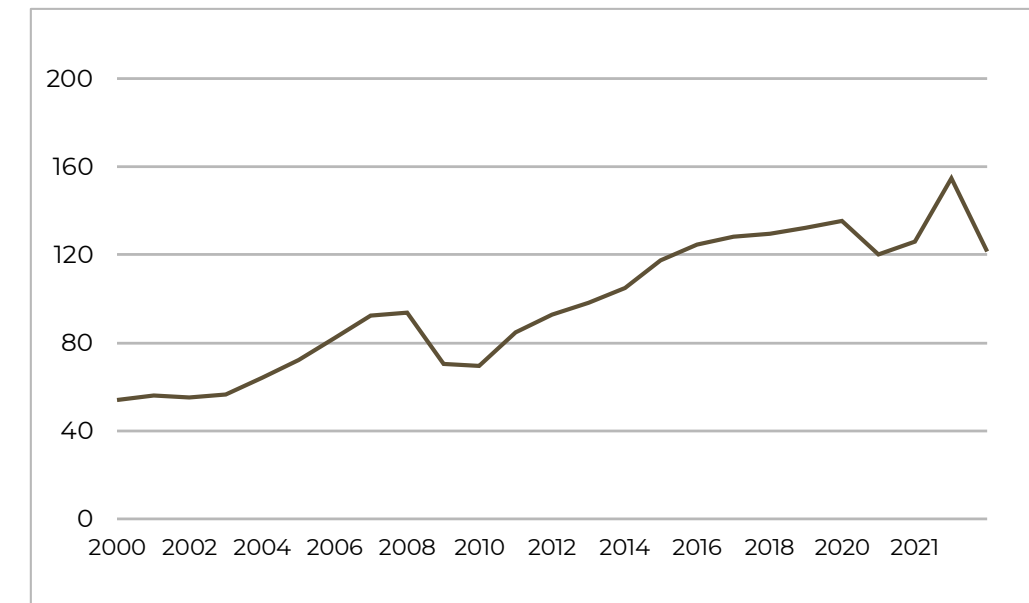


Fig. 12. US Commercial Real Estate Index - CPPI, points.

Source: Green Street. Property Prices Decline on Higher Rates. Available at: <https://www.greenstreet.com/insights/CPPI> (accessed 25 December 2023).

This trend led to the faulty assumption that real estate value would always grow. People willingly took out mortgages on several houses at once, without thinking about how they would pay them back if the rental property was idle or if the price of the "asset" fell. In view of the financial illiteracy of the population and the desire of banks to ensure the biggest income, loans with a floating interest rate, which were called substandard, began to be popularized in society. They were offered to those who were not eligible for loans that complied with the standards of government mortgage agencies such as the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae). These loans were high-risk due to the likelihood of default. Looking at Figure 13, we can see that people with the highest levels of wealth took out a mortgage to purchase a property, but the loan share to the total cost made up approximately 20%. The poorest population, on the contrary, could afford to buy a house or an apartment with a mortgage that covered 70-80% of the cost of the real estate [19].

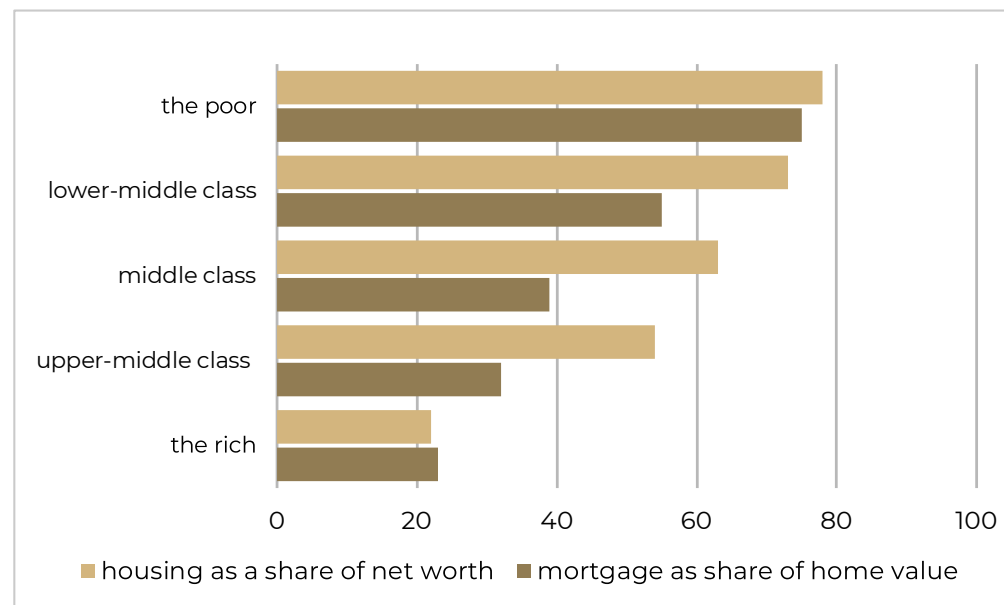


Fig. 13. The share of real estate from a person's total wealth and the share of the loan taken out to purchase this real estate. (Wealth Tied Up in Housing And Debt by net-worth quintile in 2007)

Source: Five Thirty Eight. Why the Housing Bubble Tanked the Economy And the Tech Bubble Didn't. Available at: <https://fivethirtyeight.com/features/why-the-housing-bubble-tanked-the-economy-and-the-tech-bubble-didnt/> (accessed 28 December 2023).

In 2002, subprime loans accounted for only 6% of the total amount of loans and already in 2006, they reached 20%. This was caused by investment banks actively selling securities that transferred financial risks to investors. Junk bonds included both high-quality loans and high-risk ones that were hidden inside an investment product. In this regard, major rating agencies assigned fairly high ratings to mortgage bonds based on substandard mortgages. This helped to inflate the bubble.

The global food crisis of 2007 caused a rise in consumer food prices. Prices for oil, gas, power, gasoline, diesel fuel, and utilities surged sharply. This resulted in many low-income families being unable to make monthly fixed interest payments on their mortgages. By May 2008, it had affected almost 6% of American households. House prices fell by almost 15% in just a year (Figure 10), and their resale could not reimburse banks for the amount of primary mortgages. Moreover, buyers' credit checks became more rigorous at the resale stage, causing much lower demand for these houses.

The fall in real estate prices led to the situation when the real cost of a house or an apartment no longer covered existing debt obligations. The number of private defaults rose. For instance, in March 2007, overdue loans (for a period of more than 30 days) of the largest lender Countrywide amounted to 19%. It was the borrowers with mortgages taken out in 2004-2007 who, in most cases, were unable to clear their liabilities.

Therefore, large banks specializing in mortgage lending, as well as insurance companies, found themselves on the verge of bankruptcy. The US government could not allow the collapse of the entire financial system, so in September 2008, it allocated \$700 billion of financial aid to save them. Unforeseen spending forced the US Federal Reserve to print dollars, causing high inflation (Figure 14) [20].

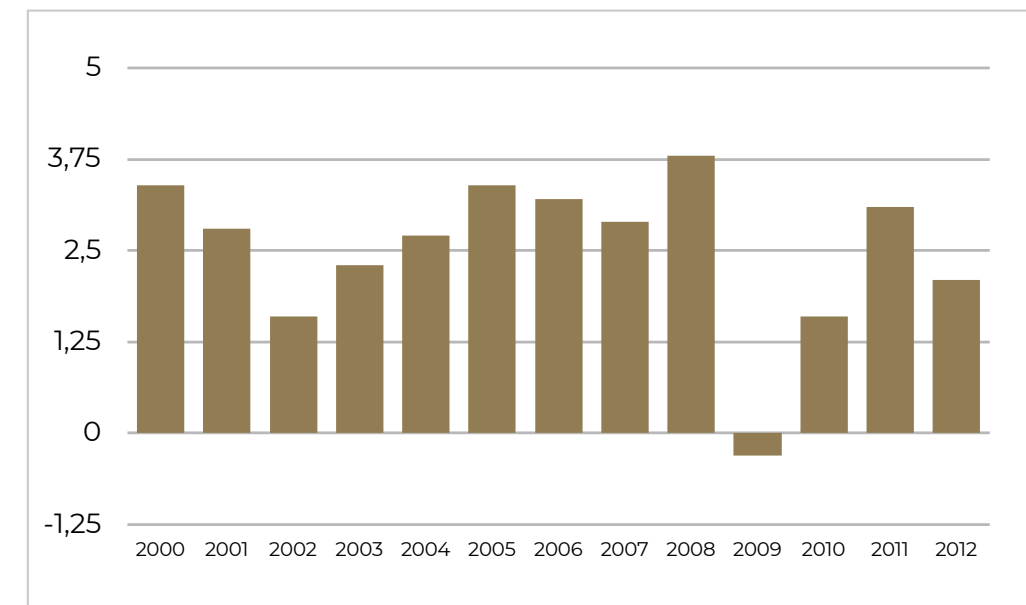


Fig. 14. Inflation in the USA, %.

Source: Macrotrends. Available at: <https://www.macrotrends.net/countries/USA/united-states/inflation-rate-cpi> (accessed 28 December 2023).

According to the World Bank, the decline in GDP at purchasing power parity in developed countries reached 3.4% in 2009, while GDP growth in emerging economies slowed sharply to 2.8% (from 5.8% in 2008) [21]. The full-scale crisis in the United States officially lasted from December 2007 to June 2009 (18 months). The mortgage crisis affected more than 20 economies around the world.

The value of the US stock market fell by almost a quarter from June 2007 to November 2008. It is important to note that by early November 2008, the S&P 500 stock index [22] had fallen by more than 40% compared to the record highs of 2007. In mid-2008, investment and savings (excluding pension savings) fell by \$1.2 trillion.

It is necessary to consider the CBOE Volatility Index (VIX) in Figure 15. A period of low volatility is considered to be when the index is at a level of 12 or below, and a period of high volatility is considered to be above 20. If the VIX is at 30, then we can conclude that there is a crisis situation on the financial market, and investors are very worried [23].

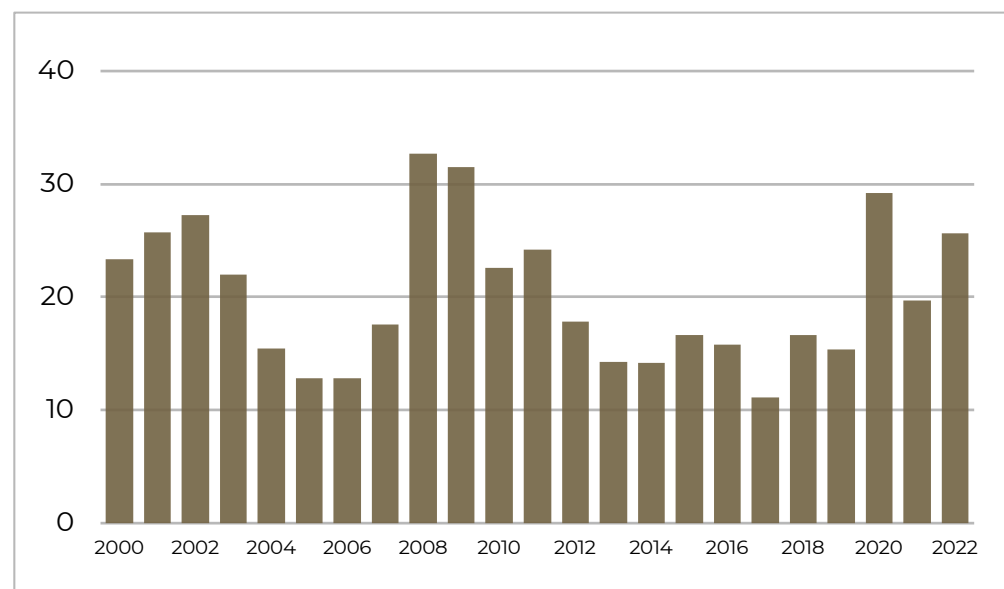


Fig. 15. Volatility Index (VIX), points.

Source: compiled by the author based on data from the Yahoo website. Available at: <https://yhoo.it/3pSD1wO> (accessed 28 December 2023).

Due to high uncertainty on both the stock market (Figure 15) and the real estate market, investors' attention shifted to more stable and reliable types of assets. There was a revaluation of values, the hunger for super-profits faded away as the primary objective at that time was the preservation of savings.

Gold price (Figure 8) showed a tangible rise. If in 2006 this asset price made up \$604.34 per ounce, then in 2009, the price reached \$973.66 per ounce. Almost 40% over several years is a considerable difference for this investment asset.

Though prices for investment diamonds are less volatile than for gold, between 2007 and 2009, precious stones rose significantly in their market value (Figure 16) [24]. The dynamics of the price index for diamonds of 1 carat, 3 carats, and 5 carats reflects the general situation on the market. This happens because it is colorless diamonds with these characteristics that are most in demand.

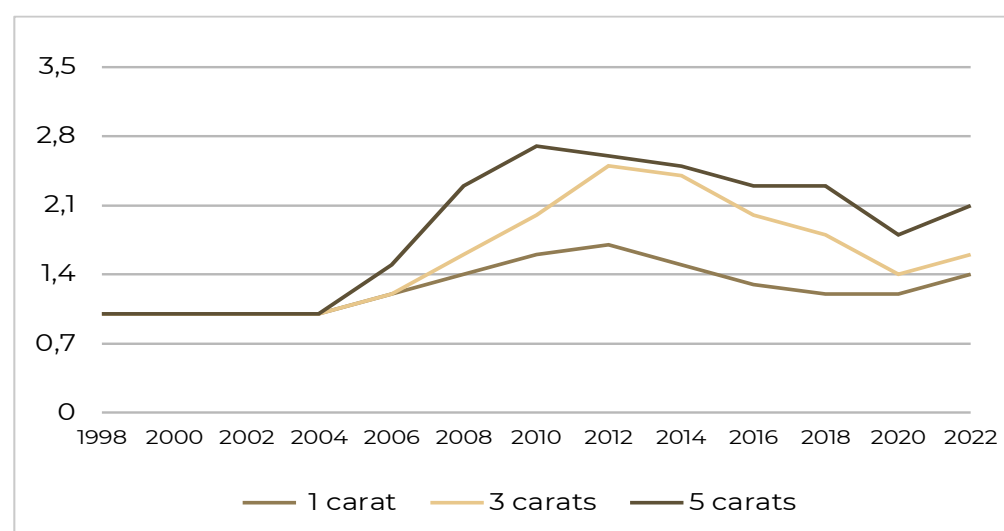


Fig. 16. Dynamics of the price index for colorless diamonds (D-IF) of various sizes (1 carat, 3 carats and 5 carats).

Source: compiled by the author based on data from the ALROSA report "Investing in Diamonds, November 2022". Available at: <https://russianjeweller.ru/2/10/13693> (accessed 28 December 2023).

If we talk about fancy colored gemstones, then Figure 3 clearly shows the price dynamics for yellow, pink and blue diamonds. These gemstones are purchased by investors because of their rarity. Colored diamonds are much less common in nature than colorless diamonds. For this reason, their price is several times higher. Moreover, the depth of shade plays an important role when evaluating a stone. This factor is key when determining the price of fancy color diamonds.

The above allows us to conclude that the crisis on the mortgage market had a huge impact on both the US economy and the global economy as a whole.

PANDEMIC - COVID-19 CRISIS

One of the severest economic crises was caused by the Covid-19 pandemic in 2020. On January 30, the World Health Organization (WHO) declared the outbreak a public health emergency of international concern and began calling it a pandemic on 11 March 2020. The end date of the emergency can be considered May 2023.

Under these circumstances, small, medium, and large businesses radically changed their approach to the work process. Companies transferred employees to remote work and began to pay more attention to business development in the Internet. This had a positive impact on the stock prices of technology companies. For instance, Zoom became one of the most popular services for organizing video conferencing, although it had been previously little known and inferior to Skype in many respects. If we talk about offline business, the situation is radically different. Due to reduced supplies, high penalties for violating quarantine, and other measures taken to fight the virus, the activities of companies that require the physical presence of the customer and employees were almost brought to a standstill. Revenue and other performance indicators of firms declined sharply. This, in turn, had a negative impact on the stock prices of companies that do not provide Internet services and cannot transfer their business online.

The development of a particular sector of the economy was significantly influenced by state policies and the preferences created for business activities in certain areas. Since the 2020 crisis was caused by the disease outbreak, the healthcare sector enjoyed huge funding from both investors and the government. Stocks of companies developing a vaccine showed significant gains. Examples include Pfizer, Johnson & Johnson, and Moderna.

This dissonance impacted the stock market. Throughout 2020-2021, it showed high volatility. This can be seen by looking at the rates of the S&P 500 and DJIA [25]. It is worth noting that the S&P 500 Index includes the largest companies by capitalization on the US markets from various sectors. Dow Jones Industrial Average is a stock index and a special numerical indicator of the stock exchange, showing the situation in the industrial sector of the economy.

Figure 15 shows a strong jump in investor anxiety. The VIX index reached a value of almost 30 points. An indicator at this level indicates a crisis situation. If in 2019 this indicator was at 15.39, then in 2020 the gauge almost doubled. Based on the above, we can conclude that the stock market in the period from 2020 to 2021 not only quickly recovered from the initial crash but also reached new highs.

It should be noted that such a rebound in securities value and indices on the stock market was provoked by the policies of states that allocated trillions of dollars to provide financial aid. Regardless of the negative sentiment in the world economy, the influx of liquidity caused a rally in the stock market.

Yields and bond prices move in different directions. When the price falls,

the yield rises. Since a decline in bond prices often occurs when investors dump them to invest in stocks, a rise in bond yields on the market often constitutes a signal for the beginning of a bullish sentiment (active purchases) on the stock market. It is necessary to look at the yield curve of government securities issued by the US Treasury in Figure 1. After the start of the pandemic, the yield rose sharply. If in 2020 this reading was 0.89%, then in 2021 the yield made up 1.45%. In 2022, we could see the figure at 2.95% and in 2023, already 3.96%.

Periods of low bond yields, as a rule, indicate investors' concern and their reluctance to invest money in the high-risk stock market. High demand for bonds pushes their prices up and yields decline. It is also necessary to mention that the investment attractiveness of bonds depends on the key rate and the dynamics of its changes. If we compare the information from Table 2, this will become obvious [26].

Table 2

Key rate in the USA by year, %

Year	Average yield, %
1999	4,97
2000	6,24
2001	3,88
2002	1,67
2003	1,13
2004	1,35
2005	3,22
2006	4,97
2007	5,02
2008	1,92
2009	0,16
2010	0,18
2011	0,1
2012	0,14
2013	0,11
2014	0,09
2015	0,13
2016	0,39
2017	1
2018	1,79
2019	2,16
2020	0,36
2021	0,08
2022	1,68
2023	4,92

Source: Macrotrends. Federal Funds Rate - 62 Year Historical Chart. Available at: <https://www.macrotrends.net/2015/fed-funds-rate-historical-chart> (accessed 28 December 2023).

The Federal Reserve and central banks around the world cut interest rates during the pandemic in an effort to boost economy during the recession. This led to a fall in bond yields and a rise in their prices.

Uncertainty in the world economy contributed to rising gold prices. This is clearly visible in Figure 8. The price per ounce in 2019 was \$1,393 and in 2020, it rose to \$1,773. In January 2020, the world faced the disease outbreak, and no one realized how much the crisis would change developed and emerging economies. In March, the situation with the virus worsened. On the 11th, the outbreak was declared a pandemic by the WHO, and the price of gold made up \$1,987.96. If we talk about them in more detail, the price of gold in July 2020 reached its decade high (\$2,336.44). For comparison, in 2011, at its peak (in August), gold cost \$2,472.88. In 2021 and 2022, there was no such rapid growth for this asset.

Rising inflation expectations amid global turbulence forced investors around the world to look at various types of alternative assets to protect capital and diversify their portfolios. One of these assets was investment diamonds. Their prices are characterized by the greatest stability and maintain confident positive dynamics in the long term. The small size of the market, which amounted to \$10 billion a year (for comparison, the financial asset market is \$100 trillion), allows the industry to protect itself from sharp price fluctuations. Should need arise, manufacturers can hold diamonds in storage. Therefore, at the beginning of the year, during the lockdown, prices for diamonds dropped by approximately 7%, but the drop turned out to be much less than for other commodities. Figure 16 shows that the price index for stones of 1 carat, 3 carats and 5 carats showed positive dynamics.

If we talk about the real estate market, then in this case, the rise in the price of country houses was caused largely by consumer demand due to measures to combat Covid-19. However, it is worth mentioning that investment capital also poured into this sector of the economy. For instance, the average price of housing in the United States gradually increased. In the UK, the price has also risen since 2020 (Figure 10). Commercial real estate suffered most due to the crisis caused by the pandemic. Figures 11 and 12 clearly show the decline in this sector in 2020. This is due to quarantine measures that did not allow enterprises and companies to operate as normal. This economic downturn has had a significant impact on the value of commercial real estate around the world. At first, it dropped and then there was a fairly sharp rebound.

The above allows us to conclude that depending on the reasons for the crisis situation, the investment attractiveness of an asset on a particular financial market may be different.

VENTURE

The investment attractiveness of the venture market always depends on the economic situation not only in the country where money is invested but throughout the world. In times of crisis, raising financial capital becomes a non-lucrative and complicated process for both investors and startups. Under crisis circumstances, a business may raise less investment than during times of active global economic growth. It is explained by the fact that investing in startups carries high risks that are not commensurate with the potential return. Moreover, amid increased uncertainty, investors tend to opt for more conservative instruments that show low volatility [27].

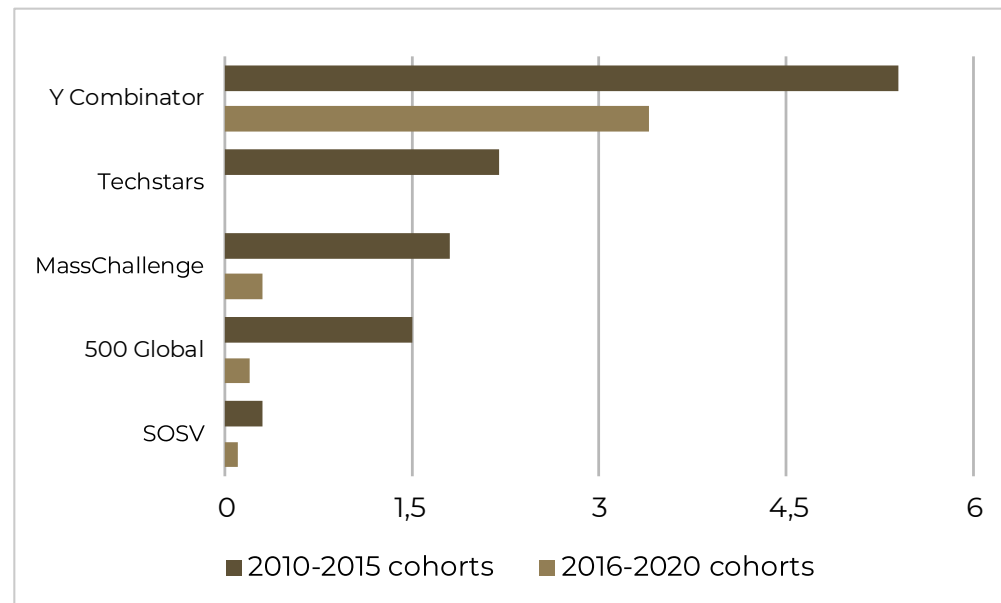


Fig. 17. Estimated percentage of startups that became unicorns, %.
Source: PitchBook's Quantifying the Success of YC and the Largest Accelerators. Available at: <https://pitchbook.com/news/articles/y-combinator-accelerator-success-rate-unicorns> (accessed 28 December 2023).

Investing in startups is considered high-risk. Experts estimate that 4.5% of startups that have gone through Y Combinator since 2010 have become billion-dollar companies; however, approximately 30% of venture-backed startups ultimately failed. In Figure 17, you can see the share of startups that became unicorn companies. The high return that the venture market can generate is only possible in rare cases. Thus, almost 9 out of 10 startups fail [28]. Almost 75% of venture businesses do not meet the expectations of investors (i.e. funds, business angels). In 30-40% of cases, the initially invested money not only bring no dividends but is completely lost. The startup spends it on its development (for instance, on the development of a medical drug or new IT technology), payroll, and other types of expenses.

Analyzing Crunchbase reports [29] from 2020 to mid-2022, we can see a gradual decline in this sector, which became one of the reasons for the bankruptcy of a large US bank, Silicon Valley Bank. The trend towards a reduction in investment in the venture business was triggered by investors' attempt, amid uncertainty, to minimize risks. Moreover, the cessation of state policies aimed at economic recovery had a negative impact on venture investments.

Reduced investment leads to a decline in gross domestic product (GDP). This argument is based on the idea that investment leads to an increase in the total output of goods and services. Looking at Figure 18, we can trace this trend during the crisis of 2000, 2007, and 2020 [30].

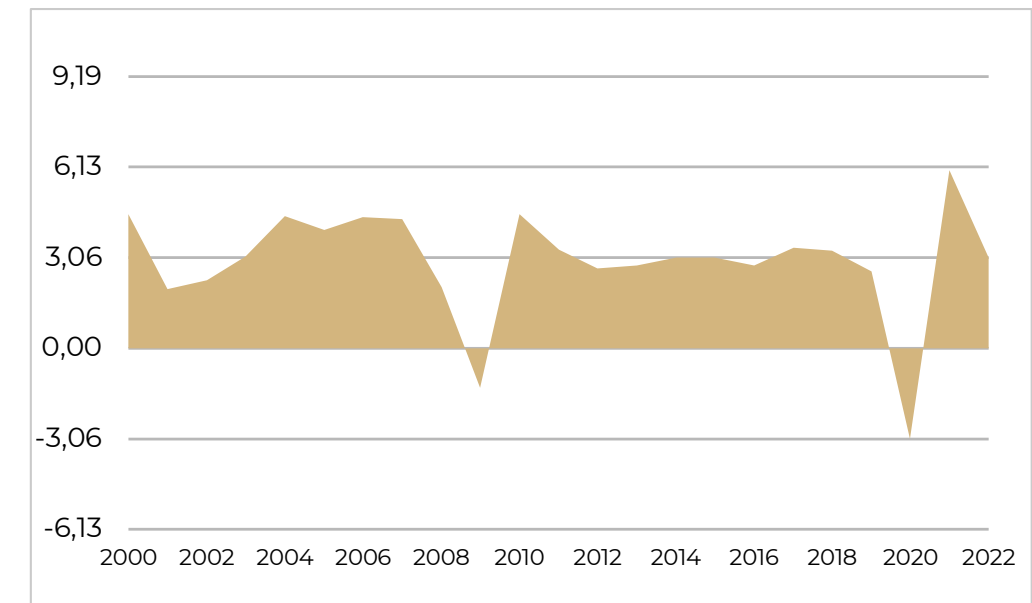


Fig. 18. World GDP growth rate, %.
Source: Macrotrends. World GDP Growth Rate 1961-2024. Available at: <https://www.macrotrends.net/countries/WLD/world/gdp-growth-rate> (accessed 28 December 2023).

It is worth mentioning that investment is the most volatile component of total spending, as it depends not only on interest rates but also on future economic consumption. Looking at Table 2, we can see the US key rate. It is believed that the venture market in this country is better developed than in the rest of the world. Table 3 can serve as proof of this assumption [31].

Table 3

Global national ecosystems ranked by VC investment, billion dollars

Country	2022	2021	2020	2019	2018
USA	245	364	175	156	149
China	61	84	61	65	108
Great Britain	31	41	17	18	12
India	25	43	15	17	13
France	16	14	6	6	5
South Korea	15	16	5	5	5
Germany	12	21	7	9	6
Canada	11	16	6	7	5
Israel	8	11	5	4	4
Singapore	8	8	4	5	6

Source: Dealroom. The State of Global VC by geography. Available at: <https://dealroom.co/guides/global> (accessed 28 December 2023).

That is why it is necessary to analyze the "investment attractiveness" of a venture business, relying primarily on the economic indicators of the USA and Great Britain.

It is necessary to consider the UK economy size with much smaller share of global GDP than the US. For instance, in 2000 the USA accounted for 30.66% of world GDP and the UK 4.98%, respectively. In 2007, the US share made up

25.03% and the UK - 5.35%, in 2020 - 25.06% and 3.22%, respectively. 2022 had a significant impact on all indicators. China took first place with almost 18%, and the United States - 13.5%. In 2022, the UK's share fell to 2%. However, the UK is actively attracting funds to the venture capital market. In Table 3, we can see that the USA ranks first among all countries for this indicator, and the UK is third. The amount of financial capital that flows into the sector varies from year to year.

Based on the above, we can conclude that crises have a negative impact on the venture business sector.

CONCLUSION

The stock market, under certain conditions, is volatile and high-risk. Under the influence of negative external circumstances, stocks can significantly change in their value by 70-400% if we talk about over-the-counter trading, the futures market, or IPO, and by 5-15% if we take into account the shares of large companies that are included in such indices as Dow Jones, S&P 500, Nasdaq 100, and others (blue chips). Bonds tend to be less volatile than stocks and often perform better than other financial assets during recessions. However, they also have their own risks, including default risk and interest rate risk. Thanks to digitalization, the stock market is open to investors from anywhere in the world. This contributes to chaos and uncertainty as thousands of external factors influence security prices. Moreover, both professional market participants (large international investment companies, hedge funds, funds of funds) and retail investors operate on this market, and each has their own strategy for managing financial capital.

As for gold bars or coins, this asset becomes attractive to investors amid high uncertainty. However, the purchase should not be made at the peak at the maximum price, but in advance, when stability sets in. Thus, when selling gold during times of highest demand, there is a high probability of making excess return.

The diamond market is less dependent on global crises at the initial stage, as it is more strongly controlled by large market players (diamond mining companies, jewelry brands). They keep prices at a certain level, preventing the fall in the price. Despite this, amid high volatility in the economy, there is a tendency for the value of diamonds to rise. This investment asset has high intrinsic value and is considered a savings asset.

The real estate market is more popular globally as investors better understand how it works. This financial market is less liquid and has higher commissions than the stock market. However, it is more accessible and open to people wishing to invest their money than the gems or antique market. Owning residential or commercial real estate minimizes the risk of asset theft, which is an advantage over when an investor buys diamonds, art, or antique coins. Real estate is classified as alternative investment.

It should be noted that each of the financial markets has its own unique features. Portfolio diversification allows preserving and slightly increasing financial capital amid uncertainty. Unfortunately, it is impossible to predict exactly how the situation will develop during each phase of the economic crisis. Many unrelated factors impact security prices and the price of real assets. Despite this, there is a trend of increasing demand for alternative investments amid instability. Investors are more likely to invest their own savings in low-risk instruments available on financial markets and that contain real value.

Economic crises have a tangible impact on the investment attractiveness of various financial markets and the dynamics of the world economic development.

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THE IMPACT OF DIVORCE ON WOMEN’S LABOR SUPPLY

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Abstract

Divorce brings changes to the parties’ time use and economic conditions. In recent years, the divorce rates of urban and rural areas in China have continued to rise and caused many people to worry about the social stability and the welfare of women after divorce. This paper focuses on how divorce affects women’s labor supply and wage income. Using data from the China Household Finance Survey 2013-2019, we find that divorce generally promotes the probability of women participating in market labor. This is also consistent with our understanding that divorce will cause most women’s family income to decline significantly, thus they become more likely to participate in market labor to maintain their economic well-being. Our paper implies that women’s economic welfare may not deteriorate at all after divorce, and thus their will about marriage should be protected by relevant law.

Keywords

Labor Supply, divorce, women, China, Labor Force Participation.

INTRODUCTION

Aggregate labor supply restricts economic growth and social development. However, in recent years, China's working-age population and labor participation rate have been declining, posing one of the biggest potential threats to China's long-term economic development. Starting from 1990s, with China's planned economic system transitioning to a market economic system, the previous mode of employment based on government distribution started to change. During the same period, with the privatization process of small and medium-sized state-owned enterprises, the government allowed enterprises to dismiss employees on their own, resulting in a large number of layoffs. At the same time, due to economic development, demand for a low-cost labor force rose. The government relaxed the population mobility restrictions based on the household registration system, and a large number of rural labor force began to migrate to cities. This has a significant crowding-out effect on urban residents with higher reservation wages, and the labor participation level of urban residents has dropped sharply [1]. According to data from the National Bureau of Statistics, China's labor participation rate dropped from 83.28% in 1990 to 75.61% in 2019, with a total drop of 7.67%. Women's labor participation rate dropped far more than men's, reaching 10.82% (79.39% to 68.57%).

During the same period, no-fault divorce became common in China. Actually, soon after China first allowed no-fault divorce in 1980, divorce rose sharply in 1981. With the new amendment of China's Marriage Law in April 2001, the divorce process was further simplified. Data from the National Bureau of Statistics shows that crude divorce rate rose from 0.55‰ to 3.36‰ between 1987-2019, and the absolute number climbed from 580,000 pairs in 1987 to 4.706 million pairs in 2019.

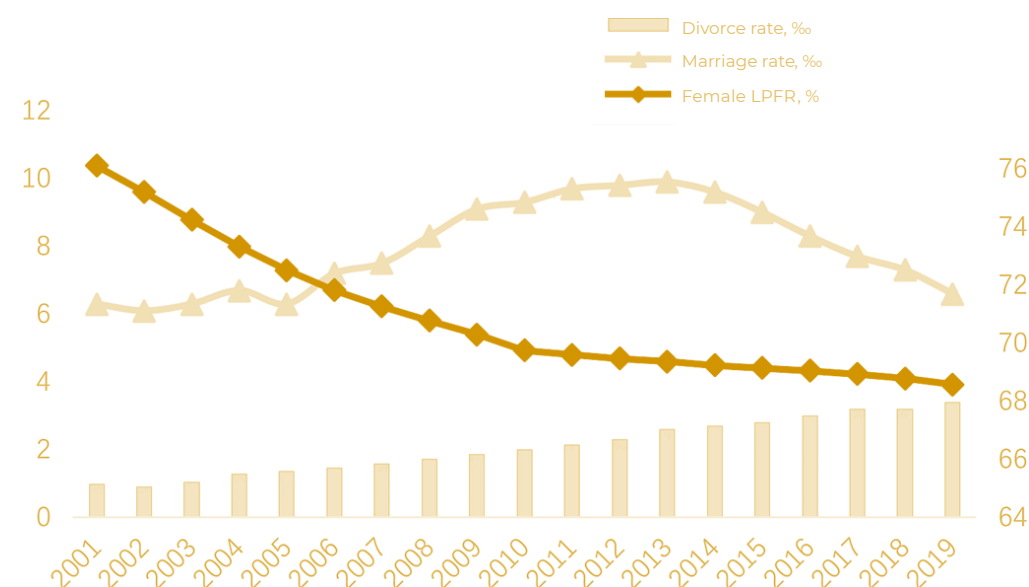


Fig. 1. China's crude divorce rate, crude marriage rate, and women's labor participation rate.
Source: Fang H., Gu Q., Xiong W., Zhou, L.A. Demystifying the Chinese housing boom. NBER macroeconomics annual. 2016. Vol. 30. No. 1. P. 105-166.

Figure 1 shows China's crude divorce rate, crude marriage rate, and women's labor participation rate over the past two decades. It is clear that by 2019, China's divorce rate showed a continuous upward trend, the marriage rate showed a rapid downward trend, while women's labor participation rate plummeted sharply at the same time.

Under traditional marriage theory, marriage enables partners to improve work efficiency through division of labor and risk sharing [2]. Traditional Chinese culture advocates "men outside, women inside": the husband works outside the home to earn income and the wife takes care of the family. The household's total income mainly depends on the male. With social development and women's rights awareness, more women started to work outside the household. In addition, the increased education period and rising proportion of women in college education lead to a greater incentive for women to work, which eventually improved their economic status significantly [3]. J.A.Burr et al. find that married women's happiness positively correlated with their labor participation rate [4]. The increased economic status means divorce becomes more feasible. For example, M.Marcén concludes that women's labor supply increases with the divorce rate [5].

With China's rapid change, how does divorce affect women's labor supply and wage? The literature shows that personal factors, family factors, and social factors may all play a role. Existing literature, however, focuses on marriage, barely mentioning divorce. We try to fill this gap in our research by focusing on the relationship between divorce and labor supply.

MODELS AND DATA

EMPIRICAL MODELS

The econometric model is extended as follows:

$$LEP_{it} = \alpha_0 + \alpha_1 divorce_{it} + \alpha_x X_{it} + e_{it}$$

Where LEP_{it} is a binary variable indicating whether the i th female individual participates in the labor market in year t , taking a value of 1 if participating in market labor, otherwise 0. $divorce_{it}$ indicates whether the i th female individual is divorced in year t , taking a value of 1 if divorced, otherwise 0. X_{it} is a collection of a series of control variables, such as age (age), education level (edu), health status (health), family care burden such as children (childnumber) or number of elderly people (oldnumber), family total assets (lnasset), family total income (Intotalincome), provincial per capita GDP (lngdp), and dummy variables for household location (rural) etc., influencing labor participation rate of individual characteristics and family characteristics variables [6-11]. The following equation is finally formed:

$$LEP_{it} = \alpha_0 + \alpha_1 divorce_{it} + \alpha_2 edu_{it} + \alpha_3 childnumber_{it} + \alpha_4 oldnumber_{it} + \alpha_5 health_{it} + \alpha_6 lnasset_{it} + \alpha_7 Intotalincome_{it} + \alpha_8 rural_{it} + \alpha_9 age_{it} + \alpha_{10} age_{it}^2 + \alpha_{11} lngdp_{it} + e_{it} \quad (1)$$

DATA

The data used in this paper comes from the four rounds of survey data from 2013 to 2019 in the China Household Finance Survey (CHFS) project conducted by the China Household Finance Survey and Research Center of Southwestern University of Finance and Economics. CHFS aims to collect relevant information at the household micro level, with samples distributed in 29 provinces, 367 counties (districts, county-level cities), 1481 communities, covering 40.011 households and 127.012 individuals. The total sample size is 465.109. After excluding samples with missing key variables and male samples, the focus

sample mainly limits to female legal working age within 18-55 years old, with a final selected sample size of 87,999. For labor participation measurement based on respondents' answers to the question "whether to work for income in the last week", at the same time, individuals who have work, as well as those who do not have work but the reason is unemployment or seasonal work and not in the working season, are defined as labor participation. For wage measurement based on respondents' answers to the question "how much after-tax monetary wage did you actually get from working last year", and logarithmic processing is performed in the empirical regression analysis.

Table 1

Descriptive Statistics for the Full Sample

Variable	Full sample	By Place of Residence	
		Urban	Rural
Labor participation rate	69.72%	67.47%	74.26%
Personal wage income	33381.41	35859.51	22692.52
Divorced or not	3.47%	4.15%	2.12%
Age	42.1	41.83	42.63
Children under 14 years old	0.65	0.59	0.76
Elderly people over 60 years old	0.44	0.39	0.54
Years of education	9.59	10.74	7.27
Health status	2.61	2.51	2.81
Residence location	0.33	0	1
Family total assets	1112353	1440104	452303.5
Family total income	97586.71	116037.5	60429.25
West region	27.43%	25.15%	32.02%
Central region	27.73%	24.81%	33.61%

Source: compiled by the author based on the China Household Finance Survey (CHFS).

From Table 1 variable descriptive statistics results can be seen:
First, in the full sample, women's labor participation rate is 69.72%. Urban residents' labor participation rate (67.47%) is lower than rural residents' (74.26%). The CHFS treats rural residents' farming as labor participation. Women's average wage is RMB 33381.41, and urban women's wage is far higher than their rural counterparts.
Second, in the full sample, the number of children under 14 years old is on average 0.65, and rural (0.76) is higher than urban (0.59). The number of elderly people over 60 years for rural (0.54) is also higher than urban (0.39). The reasons may be because raising a child is more costly in urban areas, and household in urban areas are smaller with elder people not living with their children.
Third, for education, women's years of education is on average 9.59 years, among which urban women's average years of education (10.74 years) is much higher than rural women's average years of education (7.27), which is consistent with almost all existing statistics. For income, family total assets and family total

income are respectively RMB 1,112,353 and RMB 97,586.71, among which urban households are far higher than rural households in both. This reflects the well-known expanding income gap between urban and rural areas in China.
Fourth and last, for the core explanatory variable of this paper, women's divorce rate in the sample is 3.47%, while urban women's divorce rate (4.15%) is much higher than rural (2.12%). According to China Marriage Report published in the year 2021, the divorce rates increased in both urban and rural areas. In rural areas, the divorce peak appeared around 30 years old, while in urban area, it peaked around 50 years old.

THE IMPACT OF DIVORCE ON WOMEN'S LABOR DECISIONS

Whether a woman's family income will decrease depends on the specific situation and personal choices. However, for women who do not work, divorce is likely to cause economic difficulties, especially if they need to raise children. In order to maintain the previous standard of living, these women need to participate in market labor to earn more income. To confirm the mechanism of the impact of divorce on the labor supply of single women who are not working, Table 2 shows the results of the Logit fixed-effects model regression on the full sample, where the dependent variable is whether or not to participate in market labor (yes = 1, no = 0).

Table 2

The Impact of Divorce on Women's Labor Decisions

LPR	Full sample	By Place of Residence	
		Urban	Rural
Divorce	0,3904*** (-0,148)	0,5066*** (-0,1785)	0,2086 (-0,2722)
Age	0,3454*** (-0,0357)	0,4147*** (-0,0457)	0,2082*** (-0,0585)
Age Square	-0,0036*** (-0,0004)	-0,0041*** (-0,0005)	-0,0024*** (-0,0007)
Number of Children	-0,2397*** (-0,0346)	-0,3902*** (-0,0515)	-0,1049** (-0,0477)
Number of Elderly People	0,0008 (-0,0447)	0,0304 (-0,0611)	-0,0109 (-0,0673)
Years of Education	0,0306*** (-0,0117)	0,0412** (-0,0168)	0,0169 (-0,0165)
Health Status	-0,1155*** (-0,0201)	-0,1041*** (-0,0272)	-0,1242*** (-0,0303)
Place of Residence	0,009 (-0,1881)		
Total Family Income	0,2659*** (-0,0249)	0,3752*** (-0,0335)	0,1123*** (-0,0376)
Total Family Assets	0,0643*** (-0,0174)	0,0627*** (-0,0224)	0,0542* (-0,0282)

Provincial GDP Per Capita	-1,7588*** (-0,1177)	-1,8524*** (-0,1597)	-1,6154*** (-0,1775)
Individual Fixed Effects	YES YES	YES YES	YES YES

The numbers in parentheses represent robust standard errors. *, **, * represent that the marginal effect result is significant at the 1%, 5%, and 10% significance levels, respectively. Source: compiled by the author based on the China Household Finance Survey (CHFS).**

Table 2 indicates the following. First, divorced women are more likely to participate in market labor, most likely because they need to increase their income or because they have gained more autonomy and opportunities to develop their careers, which is consistent with the conclusions drawn by some other articles [12-14].

Second, the impact of age on women's labor participation is an inverted U-shaped curve, that is, women's labor participation is lower when they are young and old, and higher when they are middle-aged. This is also related to factors such as education, marriage, childbirth, and family responsibilities faced by women at different ages. Overall, women are more likely to participate in market labor during middle age than during youth and old age.

Third, the number of children negatively affects women's participation in market labor. According to the World Bank report, the impact of the number of children in a family on women's participation in market labor is also affected by the age of the children. The number of elderly people over 60 years old in a family does not have a significant impact. Generally speaking, elderly people may need care from women, but sometimes the multi-generational family structure can help enable elderly people to help to take care of their grandchildren, which may improve women's labor participation rate [15-17].

Fourth, years of education have a significant positive effect on women's labor participation, which is consistent with most excising studies [18-20]. For physical health status, the better health, the higher likelihood of participating in market labor.

Finally, Table 2 further regresses the sample by place of residence and finds that urban women are more likely to choose employment after divorce, while divorce has no significant impact on rural women's labor supply. The reason is that, in underdeveloped rural areas, women are mainly engaged in farming and do not have as much autonomy in labor choices as urban women in developed areas.

CONCLUSION

This paper uses data from the China Household Finance Survey from 2013 to 2019 to form a panel data. Through the Logit model, it is found that divorce generally promotes the probability of women participating in market labor. This is also consistent with our understanding that divorce will cause most women's family income to decline significantly. Unemployed divorced women will be in a more difficult economic situation, so women are more likely to participate in market labor due to the decline in family income levels after divorce.

In recent years, the divorce rates of urban and rural areas in China have continued to rise and caused many people to worry about the social stability and the welfare of women after divorce. They even criticize the current law, which simplifies the procedure for women to file divorces. Our paper, however, demonstrates that women may actually become more active in labor market. Our paper implies that women's economic welfare may not deteriorate at all

after divorce. After all, divorce is a personal choice, and so is working.

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PROACTIVE DECISION-MAKING OF GENERATION Z IN KAZAKHSTAN

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Abstract

The objective of this research paper is to assess the proactive decision-making of Generation Z in Kazakhstan. A quantitative approach was used for data collection and analysis. Respondents were invited to participate in the survey on a voluntary basis. They were asked to indicate their level of agreement with a list of 19 statements, using a 6-point Likert-type scale. A total of 380 valid questionnaires were returned back. The results suggest that young people are low on taking initiative and not strong in systematic identification of alternatives, but are much better at systematic identification of objectives, using a decision radar, and striving for improvement. The implications of these findings are discussed in the paper.

Keywords

Generation Z, proactive decision-making, taking initiative, striving for improvement, identification of objectives, identification of information, search for alternatives, decision radar, Kazakhstan.

INTRODUCTION

In terms of decision-making, managers can be problem-avoiders, problem-solvers, and problem-seekers. Problem-avoider avoids a problem by not noticing it, by pretending that there is no problem. This is the worst type of manager because s/he does not do anything to solve the problem, allowing it to grow. Problem-solver is a better manager because s/he is not hiding from a problem, but acknowledges the problem and tries to solve it. However, once a problem has occurred, it may take a considerable amount of time and other resources to resolve it. From this point of view, a problem-seeker is the best type of manager. Problem-seeker actively seeks problems to prevent them and, in the meanwhile, explores opportunities. Problem-seeker is a proactive decision-maker who takes a proactive rather than passive and reactive approach to selecting between competing courses of action.

The objective of this research paper is to assess the proactive decision-making of Generation Z in Kazakhstan. The oldest in the Gen Z cohort will be 27 in 2024, while the youngest will turn 12. Kazakhstan is a member of the Eurasian Economic Union (EAEU) [1] and a member of the Collective Security Treaty Organization (CSTO) [2]. The Republic of Kazakhstan and the Russian Federation have the longest continuous international border in the world of 7.591 kilometers [3]. It would be useful for political and business leaders in Russia to know how future political and business leaders in Kazakhstan approach the decision-making process and how they intend to select between competing courses of action.

THEORETICAL BACKGROUND OF THE STUDY

Proactive decision-makers are future-oriented [4] and have a vision of a bright future [5; 6]. They know what they want to achieve. They have well-developed cognitive skills in the systematic identification of objectives. Proactive decision-makers constantly monitor the external environment to identify threats and opportunities. They take measures to prevent problems from occurring and use objectives to create decision opportunities [7]. They do not sit idle and wait, but take initiative in decision situations [8]. Unlike reactive and passive individuals, proactive decision-makers try to create more and better alternatives [6]. They actively search for information that helps them to evaluate alternatives [9]. Proactive decision-makers strive for improvement in decision situations [10]. Finally, proactive individuals formulate their decisions strategically, taking into account other decisions and proactively, rather than dealing with any challenge in life when it arises in isolation from other decisions and reactively [9]. Thus, a proactive decision-maker is defined as an individual who takes initiative, strives for improvement, systematically identifies objectives, systematically identifies alternatives, systematically searches for information, and uses a decision radar [9].

METHODOLOGY

The current research study is based on J.Siebert’s and R.Kunz’s [9] six-dimensional scale for proactive decision-making. The scale is designed to assess four proactive cognitive skills and two proactive personality traits of individuals in decision-making. Data were collected from students studying in Kazakhstan. The questionnaire was distributed among the students on a random basis. Students were asked to indicate their level of agreement with 19 statements in the survey using 6-point Likert-type scale: 1 = strongly disagree, 2 = disagree, 3 =

slightly disagree, 4 = slightly agree, 5 = agree, 6 = strongly agree. The survey was conducted anonymously. A total of 380 questionnaires were collected from the respondents.

FINDINGS AND ANALYSIS

The age of the respondents varied from 17 to 26 years; the majority was 20 years old. Mostly third- and fourth-year students participated in the survey. See Table 1 with demographic data for more information.

Table 1

Demographic data

Gender	Survey number	Age	Survey number
Female	224	17 years	3
Male	155	18 years	25
No answer	1	19 years	83
Total	380	20 years	119
Year of Study		21 years	84
1st year bachelor	14	22 years	35
2nd year bachelor	82	23 years	19
3rd year bachelor	144	24 years	6
4th year bachelor	135	25 years	4
Master student	2	26 years	1
No answer	3	No answer	1
Total	380	Total	380

Source: compiled by the author.

Assessment results for “taking initiative” (INI) are summarized in Table 2. The results show that majority of respondents slightly agreed, agreed, and strongly agreed that they usually wait for something to happen rather than take the initiative themselves (19% + 27% + 16% = 62%) and they do not make decisions unless they really have to (21% + 28% + 13% = 62%). Almost half of the respondents slightly agreed, agreed, and strongly agreed that they tend to adapt to given circumstances rather than changing them (24% + 18% + 4% = 46%). Note that all three questionnaire statements in Table 2 describe reactive rather than proactive decision-making.

Table 2

Frequency of answers on «taking initiative» (INI)

Statements	Mean (SD)	Frequency of answers						
		NA	"1"	"2"	"3"	"4"	"5"	"6"
1. I usually wait for something to happen rather than taking the initiative myself	4,00 (1,44)	0 0%	16 4%	53 14%	74 19%	72 19%	103 27%	62 16%
2. I tend to adapt to given circumstances rather than changing them	3,38 (1,31)	0 0%	25 7%	84 22%	94 25%	91 24%	69 18%	17 4%
3. I do not make decisions unless I really have to	3,98 (1,35)	5 1%	14 4%	45 12%	80 21%	81 21%	107 28%	48 13%

Source: compiled by the author.

Assessment results for “striving for improvement” (IMP) are summarized in Table 3. The results show that more than half of the respondents agreed and strongly agreed that they are constantly on the lookout for new ways to improve their life (35% + 21% = 56%) and are always looking for better ways to do things (37% + 15% = 52%). Around half of the respondents agreed and strongly agreed that they continually try to improve their current situation (29% + 19% = 48%).

Table 3

Frequency of answers on «striving for improvement» (IMP)

Statements	Mean (SD)	Frequency of answers						
		NA	"1"	"2"	"3"	"4"	"5"	"6"
1. I am always looking for better ways to do things	4,38 (1,20)	7 2%	8 2%	26 7%	42 11%	97 26%	142 37%	58 15%
2. I am constantly on the lookout for new ways to improve my life	4,46 (1,26)	2 1%	12 3%	20 5%	42 11%	93 24%	132 35%	79 21%
3. I continually try to improve my current situation	4,36 (1,23)	3 1%	9 2%	21 6%	53 14%	109 29%	112 29%	73 19%

Source: compiled by the author.

Assessment results for “systematic identification of objectives” (OBJ) are summarized in Table 4. The results show that more than half of the respondents agreed or strongly agreed that they engage in systematic reflection for important decisions on what they wish to achieve (41% + 21% = 62%), they are in general aware of their objectives in a decision situation (35% + 22% = 57%), and they try to be clear about them before choosing (34% + 20% = 54%).

Table 4

Frequency of answers on «systematic identification of objectives» (OBJ)

Statements	Mean (SD)	Frequency of answers						
		NA	"1"	"2"	"3"	"4"	"5"	"6"
1. I try to be clear about my objectives before choosing	4,45 (1,27)	10 3%	14 4%	16 4%	44 12%	89 23%	131 34%	76 20%
2. In general, I am aware of my objectives in a decision situation	4,53 (1,19)	2 1%	8 2%	17 4%	37 10%	102 27%	132 35%	82 22%
3. For important decisions, I engage in systematic reflection, what I wish to achieve	4,58 (1,18)	1 0%	9 2%	17 4%	33 9%	86 23%	154 41%	80 21%

Source: compiled by the author.

Assessment results for “systematic identification of information” (INF) are summarized in Table 5. The results show that more than half of the respondents agreed or strongly agreed that they seek actively information to improve decision-making (37% + 19% = 56%). A bit less than half of the respondents agreed or strongly agreed that they systematically collect the decision-relevant information (34% + 15% = 49%) and double check information sources before making decisions (29% + 18% = 47%).

Table 5

Frequency of answers on «systematic identification of information» (INF)

Statements	Mean (SD)	Frequency of answers						
		NA	"1"	"2"	"3"	"4"	"5"	"6"
1. I seek actively information to improve my decision making	4,45 (1,23)	1 0%	10 3%	18 5%	50 13%	87 23%	141 37%	73 19%
2. I systematically collect the decision-relevant information	4,27 (1,27)	4 1%	13 3%	28 7%	46 12%	103 27%	128 34%	58 15%
3. I double check my information sources to be sure to have the right facts before making decisions	4,24 (1,34)	2 1%	15 4%	33 9%	47 12%	103 27%	112 29%	68 18%

Source: compiled by the author.

Assessment results for “systematic search for alternatives” (ALT) are summarized in Table 6. The results show that only a bit more than one third of the respondents agreed or strongly agreed that they excel at identifying opportunities (29% + 8% = 37%) and they systematically use their objectives to create alternatives (29% + 7% = 36%). Less than half of the respondents agreed or strongly agreed that they are good at finding ways to achieve their objectives (31% + 14% = 45%).

Table 6

Frequency of answers on «systematic search for alternatives» (ALT)

Statements	Mean (SD)	Frequency of answers						
		NA	"1"	"2"	"3"	"4"	"5"	"6"
1. I excel at identifying opportunities	4,09 (1,14)	7 2%	11 3%	20 5%	69 18%	130 34%	112 29%	31 8%
2. I systematically use my objectives to create alternatives	4,11 (1,07)	7 2%	7 2%	24 6%	54 14%	152 40%	109 29%	27 7%
3. I am good at finding ways to achieve my objectives	4,34 (1,13)	10 3%	6 2%	19 5%	47 12%	126 33%	117 31%	55 14%

Source: compiled by the author.

Assessment results for “using a decision radar” (RAD) are summarized in Table 7. The results show that more than half of the respondents agreed or strongly agreed that they thoroughly consider how best to carry out a decision (36% + 22% = 58%), thoroughly think about when they make which decision (34% + 22% = 56%), consider future events in their current decisions (38% + 17% = 55%), and are very aware of their thinking process in a decision situation (35% + 16% = 51%).

Table 7

Frequency of answers on «using a decision radar» (RAD)

Statements	Mean (SD)	Frequency of answers						
		NA	"1"	"2"	"3"	"4"	"5"	"6"
1. I thoroughly think about when I make which decision	4,48 (1,26)	4 1%	11 3%	21 6%	39 10%	93 24%	130 34%	82 22%
2. I consider future events in my current decisions	4,32 (1,38)	4 1%	23 6%	24 6%	39 10%	81 21%	143 38%	66 17%
3. I am very aware of my thinking process in a decision situation	4,36 (1,19)	2 1%	6 2%	31 8%	36 9%	112 29%	134 35%	59 16%
4. I thoroughly consider how best to carry out a decision	4,58 (1,14)	5 1%	6 2%	16 4%	33 9%	101 27%	137 36%	82 22%

Source: compiled by the author.

Table 8 summarizes and Figure 1 visually depicts average scores for each dimension of proactive decision-making for Gen Z in Kazakhstan. These scores indicate that young people are low in “taking initiative” (INI) - average score

is 3.79 and are not strong in “systematic identification of alternatives” (ALT) - average score is 4.18. They are much better at “systematic identification of objectives” (OBJ) - average score is 4.52, “using a decision radar” (RAD) - average score is 4.43, and “striving for improvement” (IMP) - average score is 4.40.

Table 8

Average scores on proactive decision-making (PDM) dimensions

Dimensions of Proactive Decision-Making (PDM)	Mean	SD
Taking initiative (INI)	3.79	1.39
Striving for improvement (IMP)	4.40	1.23
Systematic identification of objectives (OBJ)	4.52	1.21
Systematic search for information (INF)	4.32	1.28
Systematic identification of alternatives (ALT)	4.18	1.12
Using a decision radar (RAD)	4.43	1.25

Source: compiled by the author.

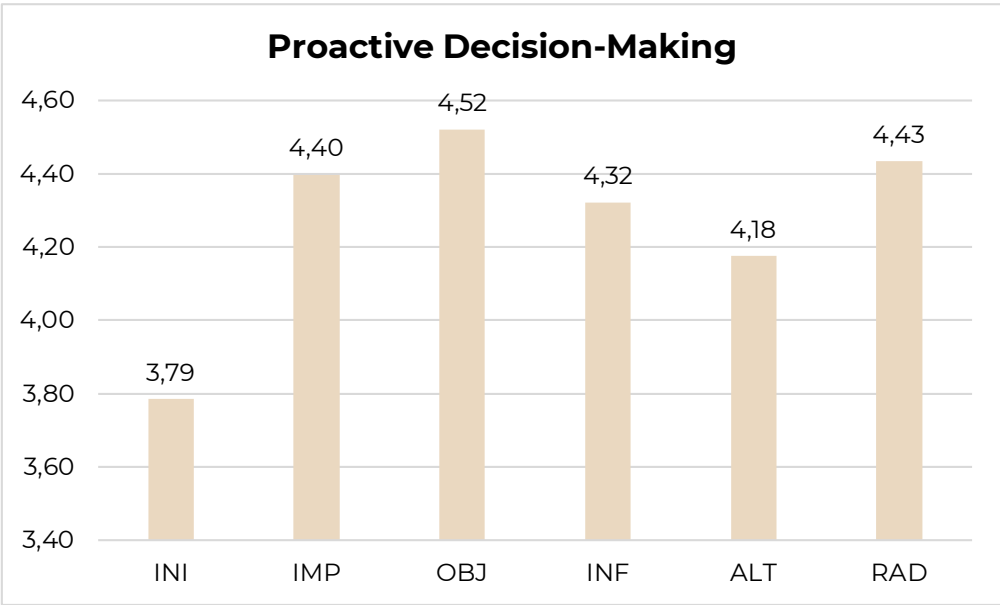


Fig. 1. Average scores on proactive decision-making (PDM) dimensions.
Source: compiled by the author.

DISCUSSION

Proactive decision-making involves constant monitoring of the external environment to identify potential opportunities and threats, linking them with existing goals and objectives, gathering and analyzing available information, generating alternatives, and formulating strategies on how to address them long before they arise. Proactive decision-making is often considered better than passive and reactive decision-making for several reasons. It provides a strategic advantage because it allows one to capitalize on opportunities and mitigate risks before they fully materialize. Proactive decisions give more control over situations. By anticipating potential issues and taking action beforehand, it

becomes possible to influence outcomes more effectively. It is usually easier and less costly in terms of time and money to address problems before they arise rather than deal with them when they have already taken place. Being proactive in decision-making often leads to promoting stability in the long run. By thinking ahead and anticipating possible outcomes, one can develop more durable solutions that endure challenges in the future. Responding to emergencies or unforeseen situations can cause extreme stress. Making decisions in advance helps to lower the chances of being negatively surprised, ultimately decreasing stress and creating a more stable work atmosphere.

This research study has assessed proactive decision-making of Generation Z in Kazakhstan using multidimensional scale of Siebert and Kunz [9]. The scale is designed to assess two proactive personality traits and four proactive cognitive skills of individuals in decision-making. The two proactive personality traits include “taking initiative” and “striving for improvement”. The four proactive cognitive skills include “systematic identification of objectives”, “systematic identification of alternatives”, “systematic search for information”, and “using a decision radar”.

The results of the study revealed that, on average, young people in Kazakhstan are low on “taking initiative”. They prefer to wait rather than to take the initiative themselves. The results of the study indicated that, on average, young people in Kazakhstan are not strong in “systematic identification of alternatives”. Only a bit more than one-third of the respondents identify opportunities and systematically use their objectives to create alternatives.

At the same time, the results of the study show that, on average, young people in Kazakhstan are much better at “systematic identification of objectives”. More than half of them know what they want to achieve before choosing between alternatives. Young people in Kazakhstan, on average, are also good in “using a decision radar”. More than half of them thoroughly think when they have to make a decision and take into consideration future events. They are also, on average, fine in “striving for improvement”. Around half of them try to improve their life or their situation.

The results of the study produced contradictory results regarding “systematic identification of information”. On the one hand, young people in Kazakhstan, on average, actively seek information to improve their decision-making. On the other hand, they may not necessarily double-check their information sources to be sure that they have the right facts before making decisions.

CONCLUSION

The results of the current study investigated the proactive decision-making of Generation Z in Kazakhstan. The oldest in the Gen Z cohort will be 27 in 2024, while the youngest will turn 12. Generation Z will inherit the reins of power from previous generations soon. Thus, we can think about Generation Z as the future political and business leaders of Kazakhstan.

Understanding the decision-making processes of political and business leaders in Kazakhstan is crucial for their counterparts in Russia. Kazakhstan shares a long border with Russia, making it a key neighbor and influencing Russia's geopolitical dynamics in Central Asia. Russia and Kazakhstan have extensive economic, political, and strategic ties. Both countries engage in trade and investment, contributing to their mutual economic development. Understanding how decisions are made in Kazakhstan helps Russian businesses assess risks, identify opportunities, and form effective partnerships with Kazakh counterparts. Kazakhstan holds significant influence in Central Asia, a region of strategic importance to Russia. The two countries cooperate closely on security

issues, including counterterrorism and regional stability, to address common challenges and threats. Political and business decisions made in Kazakhstan can impact regional dynamics, including security, trade, and economic cooperation. Understanding these decisions allows Russia to maintain its influence and interests in the broader Central Asian region. Russia and Kazakhstan collaborate on various international platforms, such as the Eurasian Economic Union (EAEU) and the Collective Security Treaty Organization (CSTO).

The results of this study show that the future leaders of Kazakhstan want to improve their position. They know what they want and are ready to collect the information necessary for making a decision. However, they do not always verify the reliability of their sources of information. Russia's future leaders should be ready to help their counterparts from Kazakhstan collect and verify information that is used for decision-making.

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CHINESE ALFALFA MARKET: NEW OPPORTUNITIES FOR RUSSIAN PRODUCERS

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Abstract

At present, China and Russia are increasing co-operation in various areas, including agriculture. There is a great demand for alfalfa in China. However, due to natural-geographical (limited area for cultivation) and socio-political conditions, China cannot achieve self-sufficiency. Currently, the Chinese alfalfa import market is dominated by the USA and Spain, while Russian alfalfa is just beginning to appear on the market. This article introduces the prospects for Russian alfalfa exports to China and offers some recommendations for Russian companies. China and Russia have strategic opportunities for comprehensive co-operation and have great potential for cooperation in agriculture. There is a high demand for high quality alfalfa in China. However, due to natural geographical and socio-political conditions, China has limited area for alfalfa cultivation and poor soil conditions. Local alfalfa production also lacks advantages in terms of quality and price. Currently, the Chinese alfalfa import market is dominated by the United States and Spain, while Russia is just beginning to supply alfalfa to the Chinese market. This article analyses the demand for alfalfa in China, its production characteristics, import methods and the reasons for the absolute dominance of alfalfa from the USA in the Chinese market. The article also presents the prospects of Russian alfalfa exports to China and offers some recommendations for Russian companies to improve quality, reduce transportation costs, create a brand name, establish an effective industry association for quality after-sales service and access to market information.

Keywords

Alfalfa, agriculture, China, Russia, international trade, livestock.

INTRODUCTION

Agriculture is a very important part of international trade. China is a large agricultural country with high demand for dairy products and alfalfa for dairy farms. The Chinese alfalfa hay market has been developing in its own directions for a long time. However, nowadays, a large amount of alfalfa hay products have to be imported from abroad. China and Russia are geographically close to each other, and trade between them seems quite promising. Understanding the situation in the Chinese alfalfa hay market may allow us to identify our own advantages and strengthen cooperation with China in alfalfa.

ANALYSING CONSUMER DEMAND FOR ALFALFA IN CHINA

The demand for dairy products in China is growing vigorously [1], as evidenced by the increasing demand for alfalfa hay [2]. The growth of milk production in China is due to the increase in the number of Holstein breed cows on large dairy farms (more than 100 cows) and the increase in the productivity of individual cows. Influenced by the stance of Chinese scientists and the National Alfalfa and Forage Alliance (NAFA), the plant has been widely introduced on large dairy farms in China. Currently, each Holstein cow producing milk requires 1 tonne of alfalfa per year. The number of Holstein dairy cows in China will be 5.6 million in 2021, 6.5 million in 2022 and 7.13 million in 2023. About 55% of them are lactating cows. Thus, China needed 3.08 million tonnes of high quality alfalfa hay in 2021, 3.57 million tonnes in 2022 and 3.92 million tonnes in 2023. However, due to the declining demand for dairy products, large Chinese dairy farms are suffering losses and about 25% of them will close in 2023. As a result, the number of Holstein cows is expected to decline further by 12% in 2024 and total demand for alfalfa hay is expected to fall to 3 million tonnes, returning to 2021 levels.

ALFALFA PRODUCTION IN CHINA

There are not many areas in China suitable for alfalfa cultivation, mainly concentrated in the north of the country. However, China's agricultural policy aims to prioritise staple food production and has an extremely strict system of arable land protection [3], so alfalfa can only be planted on low-quality land and the cultivated area cannot be increased. Only a small portion of the land can produce high quality alfalfa for sale.

Alfalfa yields in China are generally low due to poor land [4]. In 2012. The PRC Ministry of Agriculture issued a document that the alfalfa yield in the demonstration area was to reach 6 t/ha in dry crops and 12 t/ha under irrigated conditions. In 2018, this target was almost achieved. In 2020, the average yield of Chinese commercial alfalfa was 9.21 tonnes/ha. However, due to natural conditions, experts believe that it is difficult to further increase the yield of commercial alfalfa. In addition, Chinese dairy companies are making increasingly high demands on alfalfa quality. Therefore, producers will not blindly increase yields at the expense of alfalfa quality.

Currently, large dairy farms in China adhere to alfalfa grading for feed allocation in Total Mixed Ration. Prices and purchases are determined based on test reports following feed grading in accordance with North American alfalfa grading standards.

In general, due to climate and soil quality, areas producing alfalfa for sale, with the exception of Gansu, Inner Mongolia and Xinjiang, cannot produce high quality alfalfa hay [5]. In 2012. The Ministry of Agriculture issued the

«Guidelines for the Implementation of High-Yielding and High-Quality Alfalfa Demonstration Project 2012», and since then, the government has continued to increase subsidies for agricultural companies. Producers have accelerated the process of upgrading machinery and equipment. By 2018, alfalfa quality had generally improved, and 70% of commercial alfalfa had reached grade 2 or higher. However, it is difficult for Chinese enterprises to consistently produce feed grade 1 or higher [6]. Premium alfalfa with RFV (Relative Feed Value) over 185 is mainly imported.

In general, domestic alfalfa has no advantage over imported alfalfa.

Firstly, the productivity of quality alfalfa is low, making it difficult to meet domestic demand. Second, the stability of quality is not high enough, the nutritional index varies greatly from batch to batch, and many enterprises face the problem of inaccurate grading. Third, supply is unstable because alfalfa growing areas are located in regions with unstable climate. Finally, Chinese alfalfa has yet to become a premium brand.

In recent years, rising land rental costs have severely undermined producers' profitability. For example, in Inner Mongolia, government-supported companies planted about 10,000 hectares of alfalfa in 2013, but after 2016 they almost completely went out of business as excessive land rents reduced their investment in machinery and technology, making it difficult to produce sufficient quantities of quality alfalfa. As a result, the profitability of alfalfa production in China has not increased in tandem with rising prices and consumption [7]. China also has regions with low land value. For example, the land rent for alfalfa in the sandy areas of eastern Inner Mongolia is 3,000 to 4,500 yuan per hectare. And Ar Horqin Banner, after ten years of development, has become a developing industrial zone with the largest cultivated area, the highest coverage of modern large-scale machinery (up to 85%) and the most advanced technology in China [8]. However, such alfalfa area is very limited to fill the alfalfa gap in China.

Excessive transport costs deprive the national alfalfa of price advantage. First, there is a geospatial mismatch between alfalfa production areas and demand areas: alfalfa hay often has to travel thousands of kilometres to reach dairy farms. These costs already exceed the cost of shipping from the US to China [9]. Second, due to a lack of technology, neither containerised transport nor transport in rail wagons is economically viable at the current density of hay shipments in China. As a result, transport by truck continues to be the dominant mode of transport in China.

Higher machinery cost thresholds also constrain alfalfa development. The basic machinery needed to produce and harvest alfalfa has to be imported from abroad. For every 100 hectares of alfalfa, 400,000 to 500,000 yuan is invested in agronomic harvesting equipment, accounting for more than 20% of the total investment.

Thus, there is always a shortage of alfalfa in China. China's agricultural policy to prioritise major grain crops limits the land area and soil conditions for alfalfa cultivation, which makes it difficult to produce high quality alfalfa. The long distance between production and consumption areas increases transport costs. In addition, lagging behind in the development of forage harvesting technology makes it difficult to reduce transport costs. The development status of the alfalfa industry in China suggests that the Chinese alfalfa market has a strong demand for imported alfalfa, especially high quality alfalfa.

ALFALFA IMPORT SITUATION IN CHINA

China's imports of high quality alfalfa grew from 2008 (19,000 tonnes) to 2021 (1.78 million tonnes), peaking and maintaining this level in 2022, before imports started to decline in 2023 due to the dairy industry downturn. However,

imports will increase in the medium to long term and are expected to reach 2.1 million tonnes by 2030.

The average price of imported alfalfa hay is also increasing. In 2020 it was \$362 per tonne and in 2021 it is \$377 per tonne. In 2022, the average CIF (Cost, Insurance and Freight) price is \$518 per tonne, up 36% over the year. From January to June 2023, despite a decline in the volume of alfalfa hay imports over the year, the average CIF price continued to rise to \$573 per tonne, up 33% over the year. However, the price of imported alfalfa hay declined rapidly as milk prices continued to decline and dairy farms struggled to operate. As a result, alfalfa imports were 43% lower in 2023 compared to 2022, and the average import price was also 1% lower. The econometric analysis also shows that until 2019, China's alfalfa import volume was mainly driven by the growth of large dairy farms. However, after 2020, price increases led to lower import volumes. Thus, China's alfalfa imports will continue to grow, but it will be difficult to avoid short-term fluctuations.

Currently, China imports alfalfa grass products mainly from the USA (91.11%), Australia (7.30%), Canada (0.82%) and Spain (0.75%). The USA is the leading exporter of alfalfa hay to China [9] and Spain is the leading exporter of Chinese alfalfa pellets, meal and blocks. The Chinese market is dominated by alfalfa from the US: until 2017, its hay accounted for 93.5% (1.307 million tonnes) of all imports, although this declined in the early months of the US-China trade war. However, US alfalfa's market share increased again as countries such as Spain began producing less alfalfa [10], making it more difficult to fill the US alfalfa deficit. Overall, the trade war did not have a significant impact on the market share of U.S. alfalfa in China.

Alfalfa prices in China depend on alfalfa prices in the U.S. market. After 2018, alfalfa acreage in the U.S. decreased and demand for alfalfa increased due to higher milk prices in the country. As a result, alfalfa prices in China followed the rise in US alfalfa export prices. Thus, in general, Chinese buyers have no advantage over U.S. alfalfa due to international supply and demand.

The Chinese market for alfalfa pellets and meal is small, with annual imports of approximately 30,000 tonnes. Spain dominates Chinese imports of alfalfa meal and pellets, accounting for about 90%. In 2019 and 2020. China has started imports from Italy and South Africa.

China's demand for imported alfalfa is quite high. When the price of alfalfa hay is high, dairy farms will use feeds such as corn silage, oats and soya meal (of which Australia is the main importer of oats to China). When the price of alternative feeds rises, dairy farms will still choose alfalfa. Meanwhile Australia, as a US ally, has been hit hard by the US-China trade war, despite China's very hesitant sanctions on US agricultural products. Restrictions on renewing licences for Australian companies to export oats to China after February 2021 have led to a sharp decline in oat exports to China. And they were not eased slightly until late 2023.

The dominance of US alfalfa in the Chinese market is also due to the contribution of the American Plant Products Association. It patiently developed the Chinese alfalfa market, exported grading standards to China, developed a quality control mechanism to remove weeds and floating soil, popularised the knowledge of alfalfa-to-milk conversion and provided training on TMR (Total Mixed Ration) feed blending technology. The association established a neutral arbitration mechanism for fair mediation between Chinese importers, dairy farms and U.S. producers. The Association also advised U.S. producers on China's GMO zero-tolerance policy. As a result, they have successfully penetrated and dominated the Chinese market.

CONCLUSION

In the next decade, the consumption of dairy products by the Chinese population will increase. Accordingly, the demand for alfalfa hay will also increase. However, due to agricultural policies in China, there will continue to be a long-term demand for imported alfalfa. Of course, there are cyclical changes in commodity prices in this market, so the Russian alfalfa industry should also be oriented to the risk of market fluctuations.

The Chinese alfalfa hay market is mature and dominated by alfalfa from the US. Russian alfalfa exports to China should consider «American standards» and actively compete with US alfalfa.

Russia can take an example from the USA and Spain in terms of establishing industry associations. They can actively study the Chinese market, assist domestic enterprises in doing business, form a full-fledged sales system, act as mediators and arbitrators in disputes. The Russian alfalfa industry should also look for suitable transport routes. Considering the current sea freight rate of \$20 per tonne from the US and road freight rate of \$100 per tonne in China, the freight rate from St. Petersburg and the Black Sea to China's eastern ports is about \$40 per tonne, which is still competitive. In addition, it is worth paying attention to China's policy on the One Belt, One Road initiative and the China-EU liner to get subsidies to enter the Chinese market at a lower price.

Thus, the Chinese alfalfa hay market has a huge potential, which offers great opportunities for Russia. At the same time, the Chinese hay market has its own peculiarities in terms of imports, setting standards, etc. Russian hay should be well prepared before entering the Chinese market.

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BRAND BUILDING: THE ROLE OF PR IN MODERN BUSINESS

Dmitry V. Ozman
Forbes Club, Forbes Russia

Abstract

In the interview with Dmitry Ozman, President of Forbes Club and Development Director of Forbes Russia, the importance of PR and media in business is discussed, emphasising their key role in a company's success. It is argued that quality PR is a basic component of any business, as it forms the face and character of the company, which becomes especially important in a highly competitive environment. As technology and new media formats are actively evolving, companies are forced to adapt and utilise modern tools such as social media and artificial intelligence to remain relevant and visible to their audience. An important part of a successful media product is the characteristics of the target audience and their needs. The process of creating compelling content involves preliminary market research as well as interaction with peers and experts. Examples of successful projects illustrate how innovative formats and joint work with market players help to create in-demand products and effective business communities. In addition, the interviews emphasise the importance of early professional experience for young people and the importance of the first step in career choices.

Keywords

PR, media product, compelling content, technologisation of the media business, target audience.

- **Tell us about your career path. What brought you into the industry?**

- This story should start with my childhood. In primary school, I dreamed of becoming a military man and was preparing to enter a military university. But when I broke my back at the age of 14 (compression fracture of five vertebrae), the doctors immediately said that I would have no future in this profession. They gave me a military ticket and that was it. My future profession was determined by my grandmother, who once said at dinner that I was a born journalist. Then came journalism school and the journalism department of Voronezh State University.

From the first year, I started working on television, but I realised straight away that it wasn't my thing: bushy operators, lack of freedom of speech and rigid boundaries. I realised that there was a very low ceiling in television journalism, and I definitely needed to look wider. So I started doing PR, I got a lot of projects, including international ones. And in 2018, when Forbes had big problems with its reputation, I took the position of PR director, that is, I became a media manager. Then marketing was added to my responsibilities. And in 2021, when I graduated from Stanford, I took the position of director of development.

Today, journalism is closely linked to my life – Forbes' video project "Business Class", Forbes Club journal, and the author's Telegram channel.



The basic qualities of specialists in media promotion are communication skills, attention to detail and love for what you do.

- **In your opinion, what role does PR play in the activities of a modern company?**

- PR plays a key role. Any successful business always has good PR, and where it is bad, there are always big problems. When a company has difficulties, the first people who start to solve them are lawyers and PR people. That is why PR is a basic component of any company. On the one hand, it is its face, and on the other hand, it is its character. We have moved away from the time when companies could be faceless. Today, almost every business has a media persona from its top management or that talking head that the audience associates with the product.



My main recommendation for the younger generation is to start working as early as possible, from their teenage years. It is important to understand your predisposition, what you are best at, what you are passionate about, to understand where these competences are applicable.

- **What trends are observed in the Russian media business?**

- All the trends of the last ten to fifteen years are in one way or another related to technology - the media have acquired their own YouTube-channels, social networks, and Telegram-channels. I think that the trend towards the technologicalisation of media will continue. Some editorial offices are already using artificial intelligence. Perhaps there will be forms of communication with the audience through augmented reality, when the reader/viewer will be immersed in the news as much as possible, will become a part of some event. If we talk in terms of a medium-term perspective of five to seven years, I see two directions of development - simplification of content distribution and technologicalisation of formats.



Our task is to provide unique opportunities for entrepreneurs: to get professional expertise, to find partners and friends among "our own", to discuss topics of concern with intelligent and interesting people.

- **What professional qualities distinguish specialists in the field of media promotion?**

- The basic qualities are communication skills, attention to detail and love for what you do. These are the three basic ingredients to be successful in media.

- **How to create a successful media product in a highly competitive environment?**

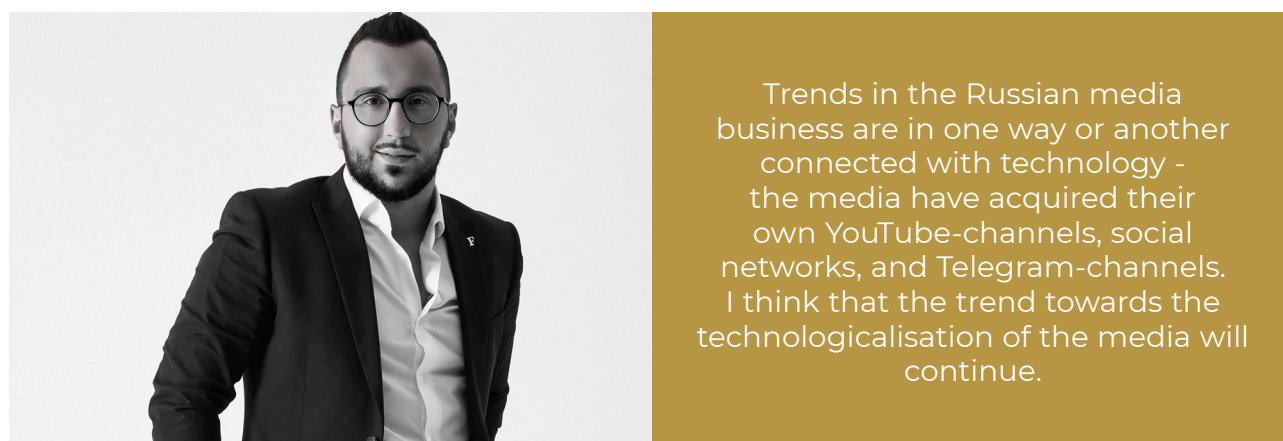
- The basic metrics of a successful media product are audience and advertisers' money. Before launching a project, you must have a clear understanding of who your target audience is, how big it is, and what its needs are. Without answering these questions, you should not even start - with a high probability the project will fail. The next step is to try to respond to these needs. Here you can stumble a bit and make some mistakes, see what content/format goes in and what doesn't. Look at the experience of peers, talk to experts,

perhaps engage those experts to create collaborative content. When the project gains a core audience, you will be noticed by advertisers and your project will be “valued” by the ruble.



- Tell us about the most interesting projects that you have already managed to realise or are planning to realise in the near future

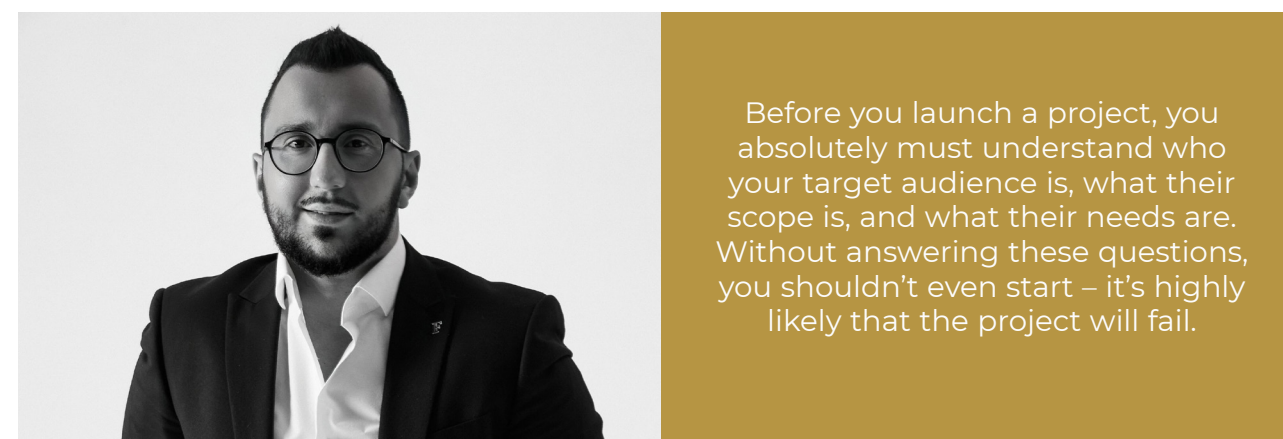
- Of the latest ones, Forbes “Business Class” is definitely worth mentioning, I spoke about it earlier. This project is interesting from the point of view of realisation. In the first season, we recorded interviews in a car, assuming that all entrepreneurs are quite busy people. To save them time, we talk directly on the road. From the point of view of realisation, this idea turned out to be very difficult because it is filmed in non-standard conditions - in addition to the car itself, where the shooting takes place, it is accompanied by three others. In two seasons, this product has established itself as one of the fast-growing and hopeful ones. There’s another one that definitely needs to be mentioned - it’s Forbes Club. We have been bringing together some of the best representatives of Russia’s business environment for many years. Visionaries, industry leaders, top managers of companies with high development potential. Our task is to provide unique opportunities for entrepreneurs: to receive professional expertise, to find partners and friends among “our own”, to discuss topics of concern with intelligent and interesting people. In essence, the club has become a tool that helps Russian business to grow. We have created a business environment where its participants do not compete with each other but unite to achieve common goals. This is also one of the achievements that my team and I are proud of.



- What advice would you give to the upcoming younger generation in terms of building a career?

- My main recommendation is to start working as early as possible, from the teenage years. You can try yourself as a courier or a tutor - that is, consider any profession available to schoolchildren. You need to work both with your hands and your head, look at different fields of activity. The sooner you start working, the sooner you will understand where you should move and what you should do in the future. From next year, when he turns ten, my son will go to learn new professions, and everything is available for that now. It is important to understand your predisposition, what you are best at, what you are passionate about, to understand where these competences are applicable.

As for internships, you should go for them only when you clearly understand where you want to go. But once again, the career path does not start from that point. You first need to understand what you’re good at and what you want.



- How to start a career in media?

- It seems to me that the best way is to find a mentor, an authority in the media sphere you need and try to be useful to him, learn from him and establish communication. Talk to bloggers, ask to visit editorial offices and agencies. Many people don’t want to just mess around with beginners, you have to spend a lot of time, but if you are useful in the business, if you can say “I’m ready to do everything, just give me a task”, then everything will work out.

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