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Section 1. Economic security

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AN EMPIRICAL STUDY OF THE RISK ASSESSMENT OF ECONOMIC SECURITY OF THE BANK OF UZBEKISTAN

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Abstract

It is necessary to study methods of assessing the risk of economic security based on increasing the level of financial stability of the bank. The purpose of the article is to solve the scientific problem of improving the methodological apparatus in the field of assessing the risk of economic security of banks in Uzbekistan. Methods and techniques of probability theory and mathematical statistics, as well as econometric modeling are used in the development of this problem. The article examines the probability of an event that the calculations of a complex model for assessing the risk of economic security, which is characterized by high accuracy, a long horizon of forecasting and, at the same time, allows you to take into account the specifics of the bank's activities. Along with other criteria, the factors of the developed model for the first time include a criterion characterizing the bank's loan portfolio. Conclusions: In recent years, the bank's economic security risk assessment in Uzbekistan has shown an upward trend, which is evidenced by methodological recommendations on the use of a comprehensive model for assessing the bank's economic security risk in order to monitor the risk of economic security and reduce it by affecting the indicators of the proposed model, and according to the results of the study, appropriate forward-looking recommendations and proposals have been prepared for decision makers, it is necessary to take into account the adjustment of the bank's banking services. Improvements: This study attempts to create a system of indicators to assess the risk of economic security of the bank. In addition, an empirical study of the risk assessment of the economic security of the bank and the banking services sector is being conducted. Based on empirical research, proposals are put forward from the point of view of the existing form of banking services and the use of information technology in order to determine the risk of economic security of the bank and optimize the structure of banking services.

Keywords: *probability of a crisis situation, crisis process, risk forecasting, economic security, financial stability, logistic models, economic instability*

Introduction

The negative consequences of the global economic crisis have caused the onset of a period that some economists call the "era of global uncertainty", characterized by a sharp increase in the number of instability of banks against the background of slowing economic growth, which, in turn, is accompanied by a decline in world trade, industrial production, oil price instability, a reduction in the volume of banking markets, as well as panic in stock and commodity markets.

In recent years, there has been an increase in the number of banks and, as a result, increased competition in almost any segment. This leads to the fact that banks become more sensitive to changes in market conditions. In order to remain competitive in the banking services market, banks need to improve their efficiency. Interest in this topic is justified, since any bank may face the problem of unstable financial condition, insolvency, bankruptcy. The continuity of financial activity consists in the stable operation of banks in the future, as well as the prevention of adverse situations for the financial condition in the current period. It confirms the almost global scale of the crisis processes taking place in the banking system, the inevitability of recession and economic downturn, the curtailment of investment activity, as well as serious social losses that can affect many countries in the world. Financial assessment of the risk of economic security of banks allows you to predict the likelihood of a crisis situation, as well as banks to take the necessary business decisions in a timely manner to eliminate it (Abdullaev A. Y. @ Abdullaev G. A., 2021).

The global financial crisis has shown that even the best international banks must constantly monitor their financial situation and analyze financial stability. The processes of globalization of the world economy only increase the uncertainty and complexity of relations between counterparties regarding their financial independence. The negative consequences of the global financial crisis have caused the onset of a period that some economists call the era of global uncertainty and instability, and the characteristic features of which are a sharp increase in the number of unstable banks.

Massive economic instability of banks can cause serious negative social consequences that directly affect the country's economy. The serious social consequences of instability can be attributed to the growth of structural unemployment due to the loss of jobs during the liquidation or reorganization of banks due to inefficient business. In addition, the growth of unemployment entails such economic consequences as the loss of GDP, a decrease in the receipt of tax deductions to budgets. Often in such circumstances, the tax burden falls on other banks, as well as on the population.

Since the degree of Uzbekistan's active participation in the processes of globalization and economic integration has sharply increased, the global economic crisis has a negative impact on the processes taking place inside the country, which greatly complicates the work of the financial services of domestic banks in the direction of monitoring the risk of economic security. At the same time, a flexible financial management system at the bank should promptly respond to any changes occurring in its activities, which is especially important in conditions of economic instability and is practically impossible without the use of methods for assessing the risk of economic security with high accuracy and a long forecasting horizon. At the same time, the specific conditions of the Uzbek economy call into question the expediency of using a number of methods for assessing the risk of economic security developed by both Uzbek and foreign scientists, which necessitates research in this area (Abdullaev A. Y. @ Abdullaev G. A., 2021).

After the transition to the market path of development, the economy of Uzbekistan has repeatedly experienced economic crises and their consequences, such as a decline in production, recession, tightening of monetary relations. The economic instability imposed on Uzbekistan may lead to the fact that banks of various organizational and legal forms will find themselves in a difficult economic situation. However, this is due not only to the general situation in the country, but also to the weakness of financial management in banks. Thus, knowledge of methods of assessing the risk of economic security, approaches to the analysis of financial activity and the ability to develop a plan for the recovery of banks has become necessary for effective management.

The expediency of conducting further research in the field of economic security risk

also determines the fact that existing methods involve the analysis of a limited range of indicators characterizing the liquidity, solvency and efficiency of banks. At the same time, the range of factors contributing to the risk of economic security of banks in Uzbekistan has significantly expanded due to the processes of economic integration and a number of other external reasons, which indicates the need to improve the methods of its assessment by introducing additional indicators into the monitoring process.

In addition, as the analysis of scientific research in the field of financial management shows, to date, a detailed classification of methods for assessing economic security risk has not been developed, which would allow the bank's financial services to form an objective idea of the tools they can operate with in order to monitor the risk of economic security. The generally accepted classification is rather narrow, is too generalized and does not allow the bank to choose the method of assessing the risk of economic security that best corresponds to the specifics of its activities.

The assessment of the risk of economic security of banks is of interest not only for shareholders, creditors, public authorities and others in choosing the most economically stable and promising business partners, but also for the banks themselves, since during the measures taken to overcome the crisis situation allow banks to continue their activities and restore financial performance. In this case, risk managers need to apply a methodology for assessing the risk of economic security of the bank, with the help of which it is possible to determine and predict the probability of the onset of economic instability of the analyzed bank. Otherwise, economic instability will negatively affect the country's economy as a whole.

Therefore, in the scientific circles of Uzbekistan and abroad, an active search for the optimal model of financial control of the bank continues. This is required by the strengthening of competition in the banking sector and the aggravation of trends to reduce the degree of risk to the economic security of banks. During the existence of the modern banking system in Uzbekistan, more than 10 licenses were revoked from commercial banks, and in the USA in the 80–90s of the XX century, about 1,500 banking institutions or more than 10% of their total number went bankrupt. Along with the improvement of state regulation of the banking sector, currently carried out by the Central Bank in order to increase the stability of the banking system, there is a development of risk assessment systems for the economic security of banks.

Therefore, in scientific circles Uzbekistan and abroad continue to actively search for the optimal model of financial control of bank. This requires the strengthening of competition in the banking sector and the aggravation of trends to reduce the degree of risk and economic security of banks. During the existence of the modern banking system in Uzbekistan, more than 10 licenses were revoked from commercial banks, and in the United States in the 80–90s of the XX century, about 1,500 banking institutions or more than 10% of their total number went bankrupt. HAlong with the improvement of state regulation of the banking sector, currently implemented by the Central Bank in order to increase the stability of the banking system, there is a development of systems for assessing the riskaof economic security of banks (Abdullaev A. Y. @ Abdullaev G. A., 2021).

Therefore, the problem of developing an assessment and forecasting of the risk of economic security of banks is one of the relevant areas of research of the banking sector of the economy. The relevance of the chosen topic of work is due to the high practical significance of the problem of timely risk of economic security from the point of view of stabilizing the economic situation in Uzbekistan; insufficient development of the theoretical base and methodological apparatus in the field of analysis and assessment of the risk of economic security of Uzbek banks; lack of comprehensive research in this area.

Literature Review

An analysis of the scientific literature devoted to the problems of assessing the risk of economic security of banks has shown that this area is of considerable interest for both Uzbek and foreign economists. At the same time, to date, the area of assessing the risk of economic security of Uzbek banks is insufficiently studied, due to the high degree of variability of the environment in which they operate.

At the same time, in the conditions of unpredictability of the processes taking place in the economy of Uzbekistan, along with scientific literature in the field of financial management, macroeconomic research is also becoming essential for improving the methodological apparatus in the field of economic security risk assessment.

Among foreign scientists whose scientific works in the field of assessing the risk of economic instability are of high theoretical and practical importance, it should be noted, first of all, Altman E., Begley J., Beaver W., Ming J., Minussi J., Supramainen D., Ohlson J., Watts S., Warsinkton D., etc.

It is worth noting that the models take into account the factors calculated from the initial data contained in the accounting statements; the models of V. I. Barilenko and A. D. Sheremet are advisable to use for the diagnosis of economic instability.

Altman E. He contributed to the construction of models for forecasting the risk of economic instability by applying multiple discriminant analysis for the first time (Altman E., 1968). Olson J. He was at the origin of the application of logistic analysis to assess economic instability (Logit-model) (Ohlson J. A., 1980).

This article provides a detailed analysis of the characteristics of both foreign and domestic models; conclusions are drawn regarding the effectiveness of applying such models to banks.

In Uzbekistan, among the multiplicative discriminant analysis (MDA) models for predicting the risk of economic instability, two-factor Altman models are used, which have many disadvantages, the main of which is the presence of the so-called uncertainty zone in the decision-making ranges. Economic instability, the specifics of tax legislation and regulatory support for accounting, as well as the degree of reliability of economic indicators of banks' activities used in the model, can distort objective estimates. The use of Western models for the economy is also difficult for other reasons. Firstly, because of the inconsistency of the results when using different techniques. Secondly, because of the low predictive accuracy of the models, which significantly decreases when using data for several years to analyze the financial condition. Thirdly, due to the use of data for one year in the models (changes in the dynamics of indicators over several years are not taken into account).

Despite the wide variety of different methods of assessing the risk of economic security presented in both Uzbek and foreign scientific literature, studies on their use in domestic practice are few and have been conducted on the example of one or several banks, which makes the results obtained insufficiently objective. At the same time, scientific papers present the results of the study of the most well-known models for assessing the risk of economic security, while the analysis of the latest methods in this area has not been carried out.

Thus, insufficient scientific and methodological elaboration of the problem of economic security risk analysis, and, as a consequence, the need for further improvement of its assessment methods in conditions of economic instability, determine the significance of this study, and also determined the choice of the topic of work.

The issue of assessing and forecasting the risk of economic security of banks cannot be considered fully studied, and the search for new effective and improved approaches to solving this problem determines the main task of this article.

Research method

The main method of assessing the financial condition of the bank is financial analysis, with the help of which it is possible to objectively assess the internal and external relations of the analyzed object: to characterize its solvency, efficiency and profitability of activities, poor management quality, including weak effectiveness of risk management systems, development prospects, and then, based on its results, make informed business decisions.

The main task of financial analysis is to reduce the inevitable economic uncertainty associated with making future-oriented economic decisions. Therefore, financial analysis, like any other complex process, should have its own technology-a sequence of steps aimed at identifying the causes of the deterioration of the bank's condition and the levers of its optimization.

The initial information base of financial analysis is accounting and reporting data, the analysis of which should determine all the main aspects of financial activities and trans-

actions performed in a generalized form, i.e. with the degree of aggregation necessary for analysis.

To solve specific problems of financial analysis, a number of special systems and methods of analysis are used to obtain a quantitative assessment of the results of financial activity in the context of its individual aspects, both statically and dynamically. The specific procedure for calculating the indicators forming a system of criteria for assessing the degree of satisfaction of the balance sheet structure was established in the Methodological Provisions for assessing the financial condition of the bank and Establishing an Unsatisfactory Balance Sheet Structure.

The need to calculate the key coefficients is obvious, since their values obtained in the framework of financial analysis serve as the basis for the final indicators of predicting the probability of a crisis situation, used both in foreign and domestic models for quantifying the economic security of the bank.

In foreign countries, factor models developed using multidimensional discriminant analysis are widely used to assess the risk of instability.

When considering foreign developments in the field of instability risk assessment, at least two circumstances should be taken into account:

1) in domestic publications, obviously, due to the difficulties of translation, an attempt to "adapt" the models to constantly changing reporting, as well as the ambiguous interpretation of a number of concepts by the authors, different terminology is used and a different order of calculation of some factors taken into account in the models is given;

2) the use of foreign models to predict the instability of the Bank should be done with great caution: these models are based on data banks in those States in which they were created, and not fully suited to assess the risk of instability of the domestic banks in the economy due to the different methods of reflection inflationary factors, different capital structure, and the differences in legislative, database, etc.

Currently, analysts have extensive, although not in all cases perfect tools, forecasting the risks of economic security of banks. It is worth noting that in order to increase the correctness of the assessment of the risks of economic security of the "own" bank, it is advisable to make calculations not according to one, but according to a number of available models and techniques, which is demonstrated in the conducted research on the topic under study.

The need to assess the effectiveness of the application of methods of forecasting the risk of economic security is sufficient today. This is due to the wide variety of models.

As the systematization of modern methods of assessing economic security risks developed by foreign authors has shown, the question of the expediency of their application in the banking practice of financial management remains debatable. To date, quite a large number of studies have been devoted to this issue in relation to the most well-known foreign approaches based on multiplicative discriminant analysis (MDA).

In the course of numerous studies (conducted by both foreign and Uzbek authors) of the Beaver V. and Altman E. models, a number of their significant shortcomings were identified, the main of which is the presence of the so-called uncertainty zone in the decision-making ranges.

To date, the use of a number of models for diagnosing the bank's economic security is impractical in economic conditions for the following reasons. Firstly, the use of different models leads to contradictory results. Secondly, the predictive accuracy of the models is significantly reduced when using data for several years to analyze the financial condition. Thirdly, foreign models do not take into account the specifics of the economic situation in Uzbekistan, which differ, among other things, in accounting systems, which is reflected both in the set of factors-signs and in the weight coefficients for them. Fourth, the models use data for one year, and do not take into account changes in the dynamics over several years. Fifth, existing models use in their analysis a limited range of indicators that determine liquidity, solvency, profitability and, as a rule, are expanded or modified Western models of the 60–80 years. XX century. The range of factors determining the risk of economic security is noticeably larger, which makes it necessary to improve its assessment models by expanding it with additional parameters.

As a result, foreign practices in the field of financial management have almost completely

abandoned the use of models for assessing the risk of economic instability based on discriminant analysis, and more and more attention has been paid to other, more modern econometric tools, and above all the so-called logit – models. In each logit – model, the probability of instability is calculatedcusing the general formula of the logistic function, which has the form

$$Q = 1 : \left(1 + e^{y}\right), \quad (1)$$

where Q – is the probability of instability in fractions of one (takes values from 0 to 1); e – is the base of the natural logarithm (Euler constant equal to 2,71828); y – is the coefficient-an integral indicator calculated depending on the developed model.

Despite the fact that James Ohlson is considered to be the founder of the models under consideration, who first used the logistic regression apparatus in 1980 to predict instability in international practice, D. Chesser was the first to use this formula in 1974, who developed a model specifically for the banking sector to assess the probability of a borrower not fulfilling the terms of a loan agreement. So, in the Chesser model, the mathematical algorithm of the model is the calculation of a certain integral indicator y based on six weighted variables, which are financial coefficients that characterize the profitability, liquidity and financial stability of the company (Chesser D. L., 1974).

The ratio of the numerical result of the final probability of instability to the qualitative characteristic is performed based on the following intervals: if the final value is $P < 0,5$, then the probability of instability may be low; if $P > 0,5$, then, respectively, high. However, it is worth repeating once again that in these models, the levels of determining probability intervals (in other words, the cut – off threshold $P = 0,5$) relative to possible instability are generally given to the subjective discretion of the expert analyst.

Despite the positive factors of using logistic regression and logit – models based on it to assess the risk of economic security of the bank, these models can also be subjected to constructive criticism. For example, a detailed analysis of the assessment of the probability of economic security of domestic banks, obtained on the basis of these models, does not allow us to draw an unambiguous conclusion about the probability of economic security of the bank included in the analyzed sample: calculations do not give accurate, often even the opposite results.

As the general main reasons for the low efficiency of the use of foreign logit – models for assessing the risk of economic security on the example of banks, the following can be distinguished:

– differences in the source data used to build models. Thus, the models presented above were built on the basis of a sample of foreign banking institutions with regulatory parameters of the balance sheet structure and performance, different from the Uzbek ones;
– differences in the macroeconomic situation. The coefficients of the models for countries with developed market economies are not applicable for countries with economies in transition and vice versa.

In addition, it is important to note separately that these models do not take into account the specifics of the activities of banking institutions. So, the models presented above were originally developed as universal, i.e. applicable for banking institutions. As numerous studies in the field of financial management show, the optimal values of key indicators of financial condition vary significantly for banking institutions.

However, many economists agree that since logit – models for assessing the risk of economic security of companies have shown high efficiency in the countries where they were developed, it can be assumed that using the same mathematical apparatus based on a sample of banking institutions and a system of indicators built according to financial reporting standards can lead to the construction of a fairly accurate model for predicting the risk of economic security of a bank, which will initially be developed taking into account the specific features of banking institutions.

This problem is connected with the need to develop and test a comprehensive model for assessing the risk of economic security of the bank in order to improve the methodological apparatus in this area.

As part of the improvement of the procedure for assessing the risk of economic secu-

rity for Uzbek banks, taking into account their specifics, taking into account domestic and foreign experience in this field, taking into account the results of research conducted in the process of solving problems, a comprehensive model for assessing the risk of economic security was developed and tested.

In accordance with the classification of methods for assessing the risk of economic security of the bank, proposed in the framework of solving problems, the developed comprehensive model for assessing the risk of economic security belongs to the following groups: depending on the scope of application (universal); depending on the geography of origin (developed in a country with a transition economy); depending on the possibility of remote analysis (remote); depending on the forecast horizon (long-term); depending on the scale of the bank's activities (universal); depending on the sector affiliation of the bank (universal); depending on the degree of formalization (since it takes into account quantitative and qualitative characteristics); depending on the complexity of calculations (does not require special software).

The developed model assumes the calculation of a complex indicator of economic security risk based on a 12-factor logistic regression of the following type:

$$O^{RE} = e^{y} : \left(1 + e^{y}\right), \quad (2)$$

$$y = a_0 + a_1 x_1 + a_2 x_2 + a_3 ln\left(x_3\right) + a_4 ln\left(x_4\right) + \\ + a_5 ln\left(x_5\right) + a_6 ln\left(x_6\right) + a_7 x_7 + a_8 x_8 + a_9 x_9 + \\ + a_{10} x_{10} + a_{11} x_{11} + a_{12} x_{12}, \quad (3)$$

where O^{RE} – a comprehensive criterion for the risk assessment of economic security in fractions of unit (accepts values from 0 to 1); e – is the base of the natural logarithm (the Euler's constant, equal to the value 2,71828); y – factor of the integral indicator calculated depending on the developed model; x_1 – factor, characterizing the "age" of the Bank, takes the value0, if the Bank was established more than 20 years ago, and the value1 if less than 20 years; x_2 – factor characterizing the credit of portfelyu activities of the Bank. In case if the credit portfolio of the Bank ispositive, the factor takes the value 0, otherwise, it is assigned the value 1; $\ln(x_3)$ – the natural logarithm of the volume and the credits granted by the Bank; $\ln(x_4)$ – the natural logarithm of the amount and the allowance for possible loan losses; $\ln(x_5)$ – the natural logarithm of the equity capital of the Bank; $\ln(x_6)$ – the natural logarithm of the interest oh and interest-free oh the expenses of the Bank; x_7 – current liquidity ratio of the Bank; x_8 – the refinancing rate of the Central Bank; x_9 – return on assets of the Bank (net income/assets); x_{10} – the return on equity of the Bank (net profit/equity); x_{11} – the rate of growth of Bank assets; x_{12} – the rate of increase of own capital of the Bank.

Analysis of results

The proposed model includes factors that characterize the bank's activities from various sides, which allows for a comprehensive risk assessment of its risk to the bank's economic security. At the same time, it should be emphasized that the current methods of economic security risk allow us to take into account only some of these factors and none of them in aggregate. Therefore, the model proposed in this paper for assessing the risk of economic security of the bank has been called complex.

Moreover, the proposed model for the first time takes into account the factor characterizing the bank's loan portfolio: previously, this factor was not taken into account by both Uzbek and foreign economists during the development of methods for assessing the risk of economic security. The analysis of the bank's loan portfolios within the framework of using the model will allow to assess the risk of economic security not only from the point of view of the forecast of the bank's activities in the foreseeable future, but also, which is very important, to take into account the solvency of the analyzed bank in the past.

The key principle of the implementation of the proposed integrated economic security risk assessment model is the calculation of the integrated economic security risk assessment criterion O^{RE} based on model (2), comparison of which with threshold values allows us to conclude that there is a possibility of economic security risk in the period from one to two years from the date of calculations.

The approach to the construction of the model implemented in the work allowed, on the one hand, to construct a universal model for assessing the risk of economic security, and

on the other hand, to take into account an important drawback identified during the study of Uzbek and foreign methods, according to which these methods do not take into account significant differences in the normative values of the bank's performance indicators with different sectors. The parameters of the complex model depending on the banking sectors are presented in Table 1.

It should be noted that logit – models of economic security risk assessment, presented exclusively in foreign scientific literature, do not offer any decision-making ranges: the conclusion about the probability of economic security risk is made on the basis of an expert opinion, depending on the "proximity" of the calculated value of the final indicator to «0» (minimum risk) or to «1» (maximum risk). The complex model presented in this paper assumes 5 zones of total risk (Table 2) with a "step" of 30%, which makes it possible to classify a bank in one or another category of economic security risk.

Table 1. *The value of the coefficients of the integrated logit – model for assessing the risk of economic security of banks*

Coefficient	Factor Model Factor	The name of the banking sector		
		Joint stock company	Joint stock commercial Bank	Private joint stock commercial Bank
a_0	*const*	43.0479	47.6467	35.4361
a_1	x_1	6.3257	5.9475	0.3768
a_2	x_2	12.4269	10.1925	8.6738
a_3	x_3	–1.8318	–1.5851	–0.8567
a_4	x_4	–3.8349	–3.9987	–4.0976
a_5	x_5	–1.5743	–1.5316	–0.6219
a_6	x_6	–3.1721	–3.9798	–2.9862
a_7	x_7	–0.8023	–0.6913	–1.3698
a_8	x_8	–8.4776	–5.0894	–6.3609
a_9	x_9	–10.8005	–15.3882	–0.2833
a_{10}	x_{10}	– 10.2873	–11.07231	–7.4123
a_{11}	x_{11}	–22.5714	–22.0183	–3.1976
a_{12}	x_{12}	8.2571	8.4374	3.8315

At the same time, the author emphasizes that it is advisable to calculate the final indicator in accordance with the proposed model with a certain frequency and analyze its dynamics, which will allow the financial manager to determine in which direction the development of banks is moving and take timely measures to prevent the risk of economic security.

Table 2. *Decision-making ranges in accordance with the integrated logit – model for assessing the economic security risk of banks*

The value of the complex criterion O^{RE}	Characteristic of the economic security risk of banks
$0,9 < O^{RE} < 1$	Maximum economic security risk
$0,7 < O^{RE} \leq 0,9$	High economic security risk

The value of the complex criterion O^{RE}	Characteristic of the economic security risk of banks
$0,5 < O^{RE} \leq 0,7$	Average economic security risk
$0,3 < O^{RE} \leq 0,5$	Low economic security risk
$0 < O^{RE} \leq 0,3$	Minimal risk of economic security

Assessing the positive aspects of this logit – model, it is worth noting that this model is really complex, as it contains a number of key factors characterizing the activities of banks from various sides, including the macroeconomic situation in the country, the sector specifics of banks, the dynamics of the scale of its activities. In addition, it was originally developed for domestic banks and allows them to take into account their quality indicators and the specifics of their activities, as well as the macroeconomic situation in the country. Moreover, the author separately notes that this model for the first time takes into account the factor characterizing the credit portfolio of banks, which was not previously taken into account in either Uzbek or foreign models. According to the author, the inclusion of this factor in the model will make it possible to assess the risk of economic security not only from the point of view of the forecast of the activity of the analyzed banks in the foreseeable future, but also, which is very important, to take into account its solvency in the past. At the same time, it is worth noting some difficulty in obtaining data of this kind regarding a particular bank.

A number of controversial issues accompanying the model should also be highlighted. Questions arise about the number of parameters for calculating y indicators. Their number of 12 makes the model quite cumbersome. In world practice, the optimal number of indicators used is 2–5. In addition, little attention is paid to the algorithm for selecting these final parameters. There are questions of their origin and the expediency of their use for comprehensive characterization. The factor of using the age of banks and its cut-off threshold, equal only to the binary value > or < 20 years, is also not sufficiently justified. In addition, both indicators of profitability, as well as both indicators of growth rates that are simultaneously present in the model, are similar to each other. Despite the disadvantages inherent in individual logit models, in general, we can conclude the following:

1. The application of discriminant analysis to the study of factors affecting the probability of economic security is not always permissible. It is necessary to pay attention to the rather rigid prerequisites underlying its application. In many cases, these prerequisites are not fulfilled and this situation is not unique. If we analyze only the variance of the same cash flow, then a financially prosperous bank is more likely to have more stable indicators than one that is in a very unstable state.
2. The approach based on the use of logit – models is more universal in this regard and has the advantage that, compared with discriminant analysis, it has much less stringent restrictions, and therefore it has a wider scope of application.
3. Choosing between using linear and nonlinear models in order to predict the risk of economic security, it is still recommended to give preference to the latter. When analyzing errors of the first and second kind and when cross-checking, they proved to be the best.

The possibility of developing ways to reduce the risk of economic security by influencing the factors included in the model is one of the most important advantages of the proposed integrated model (along with high accuracy and a long forecasting horizon). Directions of reducing the risk of economic security are influenced by the following factors:

1. Maintaining a positive loan portfolio.
2. Effective liquidity management.
3. Optimization of the structure of funding sources.
4. Effective increase of own capital.
5. Improving the efficiency of the bank.
6. Increase in the growth rate of the bank's assets.

A number of studies can serve as a result of the above, which have shown that in practice logistics models allow to obtain significantly more effective assessments of economic security risk than statistical discriminant analysis can theoretically provide. At the same time, it should be emphasized that in practice these models have found special applications that were solvable using discriminant analysis methods.

The result of the study was the identification of signs of economic security, despite the improvement in the dynamics of the balance sheet and the report on financial results. So, out of ten models selected for testing, eight gave a result. This is due to the fact that different coefficients were used in different models for calculation, and also during the study within the framework of logit models, the credit portfolio of banks, its features, as well as external economic factors that do not directly depend on banks, but characterize the macroeconomic situation of the country as a whole, for example, the GDP deflator index, the refinancing rate of the Central Bank were taken into account.

We believe that such studies can be carried out in banks with any type of activity, since the models considered have similar limitations. It is worth noting that when conducting an analysis of financial stability and economic security risk, it is necessary to take into account the peculiarities of the bank, since this directly affects the balance sheet structure. Therefore, when comparing the calculated values of the coefficients with the "norm", it is necessary to interpret the result correctly.

Conclusion (discussion)

Analyzing all the considered methods of assessing the risk of economic security, it is impossible to give an unambiguous conclusion that the bank will be exposed to economic security, since not all calculations based on models gave a positive result. Guided by the principle of caution, it is worth noting that the bank is in a zone of uncertainty and, accordingly, financial risks. This bank does not fully have advantages over other market participants in attracting investments, providing loans, and working with personnel. The lower the financial stability of the bank, the less it is able to adapt to changing environmental conditions. In this regard, the analysis of economic security risk is of paramount importance for the bank.

In the scientific work, a comprehensive model of economic security risk assessment has been scientifically substantiated and confirmed by calculations, which is characterized by high accuracy, a long forecasting horizon and, at the same time, allows taking into account the specifics of the Bank of Uzbekistan's activities. Along with other criteria, the factors of the developed model for the first time include a criterion characterizing the bank's loan portfolio. At the same time, methodological recommendations have been developed on the use of a comprehensive economic security risk assessment model of the Bank of Uzbekistan in order to monitor the risk of economic security and reduce it by affecting the indicators of the proposed model.

The comprehensive methodology of assessing and forecasting the risk of economic security of the bank considered in the article makes it possible to diagnose in advance the possible onset of a crisis situation at the bank and in a timely manner, take measures to prevent it by using various anti-crisis strategies. This is very relevant, since any bank will prefer to avoid any negative judicial procedures in order to preserve its business reputation. Therefore, the prospects for the practical application of the methodology for assessing the risk of economic security today seem to be quite broad.

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THE IMPACT OF INTERNATIONAL EVENTS ON URBAN ECONOMIC DEVELOPMENT

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Abstract

According to urban economic theory, large-scale international events expand the economic functions of cities, accelerate infrastructure modernization, and increase the economic value of urban space. Investments in transportation systems, public spaces, hotels, and entertainment facilities enhance the long-term economic attractiveness of cities and stimulate sustainable urban economic growth.

Moreover, the theories of reputation and image economy play a crucial role in explaining the indirect economic effects of major international events. The successful organization of international events contributes to shaping a country's international image as a reliable partner, a safe destination for investment, and an attractive tourism hub. Consequently, international events generate not only short-term economic benefits but also long-term strategic advantages by strengthening cities' positions within global economic networks and supporting sustained economic development.

Keywords: *International events, urban economics, urbanization, economic development, infrastructure modernization, global economic networks, image economy, city competitiveness, tourism, investment attractiveness*

Urban economics and urbanization theories also play an important role in the theoretical foundations of the impact of international events on economic development. International events are often held in large cities or areas with a high level of urbanization. According to urban economic theory, large-scale measures expand the economic functions of cities, accelerate infrastructure modernization, and increase the economic value of urban space (Hasanov, 2024). New transportation lines, public spaces, hotels, and entertainment facilities increase the city's economic attractiveness and stimulate

urban economic growth in the long term. In this regard, international events serve to strengthen the position of cities in global economic networks (Kalantzi et al., 2023).

The concepts of reputation and image economy also occupy a special place in the theoretical analysis of the economic impact of important international events. According to the theory of image economy, a country's reputation in the international arena has a direct and indirect impact on its economic indicators. Successful organization of international events helps to shape the country's image as a reliable partner, a safe investment destination, and an attractive tourism destination. This image, in turn, leads to an increase in foreign investments, sustainable tourism flows, and expansion of export potential in the long term. Thus, international events act as one of the intangible but very important factors of economic development.

In the analysis of the theoretical foundations of the economic impact of international events, it is necessary to take into account the aspects of environmental and sustainable development. According to the theory of sustainable development, economic growth should be carried out without violating the ecological and social balance. When organizing international events, the issues of environmental impact, resource use and waste management are of particular relevance (Georgiev, 2014).According to modern approaches, organizing environmentally sustainable events creates conditions for obtaining long-term economic benefits. The application of green technologies, increasing energy efficiency and compliance with environmental standards improve the quality of the economic impact of international events and ensure their compliance with sustainable development goals.

Within the theoretical foundations of the impact of international events on economic development, the role of partnership relations between the public and private sectors is also of great importance (Ballester, 2022). According to the theory of public-private partnership, cooperation between the public and private sectors is necessary for the effective implementation of large-scale projects. When organizing international events, this cooperation plays an important role in terms of financing infrastructure, organizing services, and sharing risks. As a result, the financial burden of the state is reduced, the initiative of the private sector increases, and economic efficiency increases.

At the same time, the concepts of social welfare and inclusive development also come to the fore in the theoretical analysis of the economic impact of international events. According to the theory of inclusive development, economic growth should benefit all segments of society. The equitable distribution of economic opportunities resulting from international events among different groups of the population serves to strengthen social stability and ensure long-term economic development (Song et al, 2012). In this regard, the impact of international measures on economic development should be assessed not only by macroeconomic indicators, but also by social welfare indicators.

In conclusion, the theoretical foundations of the impact of international events on economic development indicate that they play a significant role in numerous aspects such as structural changes, diversification, employment, urban development, image formation, and sustainable development. These measures, when properly planned and effectively managed, can be a powerful tool for accelerating economic development. However, theoretical analysis shows that a comprehensive approach and a long-term strategic vision are necessary to realize the potential benefits (Travel & Tourism).

The final assessment of the theoretical foundations of the impact of internationally significant events on economic development shows that these events are potentially powerful tools for stimulating economic growth, but their real impact depends on numerous conditions. Strategic coherence, institutional readiness, fiscal discipline, and social inclusion are particularly important among these conditions. Theoretically, the economic impact of international measures is not automatic and may not lead to the desired results without targeted policy measures (Getz, 1994).

In general, it can be noted that the theoretical foundations of the impact of international events on economic development reveal that these events have a multifaceted and complex impact on the economic system. In addition to

stimulating economic growth, they accelerate institutional reforms, contribute to the development of human and social capital, expand the application of technological innovations, and strengthen the position of the national economy in the global economic system. However, to realize this potential, the planning and implementation of international events must be based on scientific foundations, a long-term strategic vision, and the principles of sustainable development. It is in this case that events of international significance can become a sustainable and inclusive source of economic development.

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RESEARCH ON THE ESTABLISHMENT OF AN INNOVATIVE EDUCATION SYSTEM FOR UNDERGRADUATE VOCATIONAL EDUCATION: DIFFERENCE ANALYSIS AND PATH EXPLORATION IN THE VUCA ERA

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Abstract

Background. With China's strong policy push toward undergraduate-level, type-based vocational education, undergraduate vocational education has emerged as a new institutional form bridging higher education and technical and vocational education and training (TVET). In the context of the VUCA (volatility, uncertainty, complexity, and ambiguity) era, building an innovative education system for this sector has become particularly critical.

Aim. This study aims to examine the positioning and innovation challenges of undergraduate vocational education by comparing it with non-university tertiary vocational education, and to explore pathways for developing an innovative undergraduate vocational education system.

Material and methods. Drawing on a comparative analytical approach, this paper analyzes undergraduate vocational education and non-university tertiary vocational education in terms of training objectives, curriculum design, pedagogical models, and evaluation mechanisms, with a focus on their capacity to cultivate innovative talent.

Results. The analysis reveals that undergraduate vocational education faces significant challenges in fostering innovation under existing institutional and instructional frameworks. To address these challenges, the study proposes the establishment of a curriculum and instructional system characterized by interdisciplinary integration and project-driven approaches, the strengthening of university–industry collaboration, the creation of an empowering practice-oriented teaching–learning ecosystem, and the development of a "triple-role" innovative faculty team.

Conclusions. These strategies are essential for enhancing the innovation capacity of undergraduate vocational education and for enabling it to respond effectively to the demands of rapid industrial change and technological transformation in the VUCA era.

Keywords: *undergraduate vocational education, innovative education, difference analysis, implementation path*

1. Introduction

China's 14th Five-Year Plan explicitly identifies "enhancing the adaptability of TVET" and "promoting the integration of TVET and general education" as key strategic tasks, thereby entrusting undergraduate vocational education with a new historical mission (The State Council, 2021). Undergraduate vocational education represents not only a higher-level stage of TVET but also a crucial means of meeting the growing demand for highly skilled, innovative professionals in the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) era marked by rapid technological iteration and industrial upgrading. The rise of the intelligent era requires stronger capabilities in innovation, interdisciplinary integration, and independent learning (World Economic Forum, 2020). The World Economic Forum's Future of Jobs Report 2023 predicts that by 2025, 85 million jobs worldwide will be replaced by technology, while 85% of emerging positions will demand digital and cross-disciplinary skills (World Economic Forum, 2023). Traditional non-university tertiary vocational education, which emphasizes operational skills, can no longer meet the demand for "on-site engineers" and "innovative application-oriented" professionals in areas such as advanced manufacturing and the digital economy (Wang & Chang, 2019). Therefore, building an innovative education system for undergraduate vocational education carries both practical and theoretical importance.

By early December 2024, the Ministry of Education had approved 51 undergraduate vocational universities, with an additional 32 publicly announced by local education authorities (Li, Wu, Dai, & Yang, 2025). Although undergraduate vocational education is developing rapidly, there is still insufficient discussion on how its innovative education differs from that of non-university tertiary vocational education, and what paths and methods can be used to build and implement an innovative education system that matches the mission of undergraduate vocational education.

2. Differences in Innovative Education between Undergraduate and Non-university Tertiary Vocational Education

Existing research generally suggests that the essential distinction between undergraduate vocational education and non-university tertiary vocational education lies in for the elevation of talent cultivation, rather than in categorical differences in education. Wu Xuemin points out that: "Undergraduate-level vocational education has multiple attributes. It has an external technical attribute, representing the rational inquiry into 'what it is,' and an internal value attribute, reflecting the practical pursuit of 'how to do it'" (Wu, 2020). Similarly, Yang Xinbin states: "General undergraduate education primarily cultivates academic talent, while other types and levels of education focus on application-oriented talent (engineering, technical, and skilled professionals). Within this framework, application-oriented undergraduate education develops engineers, undergraduate vocational education trains technical professionals, and junior and secondary vocational education prepares technical and skilled workers" (Yang, 2022). This paper argues that the first step should be to identify the specific role each type of education plays in cultivating innovative talent within the broader innovation ecosystem. Only after clarifying these differentiated roles can an appropriate cultivation system for innovative talent be designed.

2.1. Positioning Differences within the Innovation Ecosystem Chain

Innovation can be understood as a complete ecological chain. At the front end lies disruptive discovery, followed by principle innovation, technical method innovation, technology integration innovation, and, finally, technology application service innovation (Danilina & Rybachuk, 2022). The front end of this chain is closer to the cognitive exploration of the natural world, while the back end moves toward the human-made domain, that is, the artificial physical, chemical, biological, and social systems created and shaped by human activity and for human purposes (Zhang & Zhang, 2001).

Disruptive discovery refers to the redefinition or revelation of the world's fundamental operating laws from first principles. Such discoveries radically overturn and reconstruct existing theories, paradigms, or scientific concepts, bringing about profound changes in essential understanding (Kostoff, Boylan, & Simons, 2004). Principle innovation builds on disruptive discoveries, uncovering new fundamental principles or theories in fields such as science, engineering, or economics. These then form the basis of innovation, as exemplified by Frederick Taylor's scientific management theory or the thermoelectric effect that converts thermal energy into electricity (Currall, Frauenheim, Perry, & Hunter, 2015). Training for disruptive discovery and principle innovation is typically the mission of academic education (cultivating scientists). Technical method innovation uses newly discovered principles to design and develop products, technologies, or services, whether entirely novel or improved versions of existing products or technologies (Chatzitheodoridis, Capova, & Persson, 2018). This type of innovation corresponds to engineering education (cultivating engineers). Technology integration innovation, by contrast, brings together principles, theories, and methods from multiple fields to create new, composite solutions (Hu, Li, & Zhang, 2013). Technology application service innovation applies established principles, theories, or methods to previously unexplored domains to generate new solutions or discover new opportunities (Bloecher, Hunke, Alt, & Satzger, 2022). Training for technology integration and technology application service innovation falls within the scope of TVET (cultivating industrial workers and technical engineers).

Taken together, technology integration innovation, and technology application service innovation can be described as technology application innovation. Application innovation occupies the middle and back segments of the innovation chain, aligning more closely with industry and markets. It is also a critical link between engineering realization and commercial transformation. Non-university tertiary vocational education emphasizes technology application services, prioritizing technical execution while involving relatively less innovation. By contrast, undergraduate vocational education focuses on technology integration innovation, aiming to produce high-quality technical professionals who can identify needs and respond quickly at the industry front line, and carry out integrated innovation in product structure, design, and functionality.

2.2. Differences in Training Objectives

The primary goal of non-university tertiary vocational education is to cultivate talents in technical operation and execution, with standards centered on job-skill proficiency. For instance, positions such as equipment maintenance or process execution highlight task orientation, enabling graduates to enter the workforce quickly and perform competently. This model underscores the integration of work and study. Undergraduate vocational education, however, must progress beyond "technical execution" toward "technology integration innovation." Its core objective is to cultivate "on-site engineers" with strong career orientation and practical innovation capabilities. These graduates should be able to translate design drawings into construction plans, oversee construction quality, and provide technical support (Wu, 2021). Such roles demand advanced problem-solving, technological innovation, and interdisciplinary integration skills. This contrast is also evident in knowledge structures: non-university tertiary vocational education tends to follow a linear accumulation of knowledge, whereas undergraduate vocational education fosters a networked, interconnected knowledge framework.

2.3. Differences in Curriculum Systems

The curriculum of non-university tertiary vocational education is centered on "skill modules," emphasizing practicality and specificity. More than half of the coursework is typically devoted to hands-on training, with content focused on repetitive, standardized tasks (Jiang, 2017). In this system, theory is considered sufficient as long as it supports skill development. For example, an automotive inspection and maintenance program might include eight modules, such as engine disassembly and chassis maintenance, each corresponding directly to job-related tasks.

In contrast, an analysis of the first 15 pilot undergraduate vocational institutions shows that majors are concentrated in applied fields: Engineering (32 of 67 programs), Arts (11 of 67), and Management (10 of 67). These align closely with regional pillar industries such as electronic information, equipment manufacturing, and finance (Zhai, 2021). The curriculum design for undergraduate vocational education thus reflects strong professional relevance and adaptability. It must integrate cross-disciplinary knowledge, advanced technical skills, and the progressive development of innovative capabilities.

2.4. Differences in Pedagogical Models

Non-university tertiary vocational education largely adopts task-driven instruction, emphasizing skill acquisition through simulations and training exercises (Jiang, 2017). Undergraduate vocational education, however, prioritizes problem-driven learning. Students are expected to engage in comprehensive and creative projects in authentic or near-authentic settings, such as technical research or product development in partnership with enterprises (Barrett, Cashman, & Moore, 2019). Such experiences not only strengthen technical proficiency but also enhance students' capacity for innovative problem-solving.

2.5. Differences in Evaluation Systems

Evaluation in non-university tertiary vocational education is based primarily on skill assessments and vocational certification, with an emphasis on job adaptability. Undergraduate vocational education, however, must extend beyond skill assessment to evaluate students' innovation, research ability, and overall competence (Zhai, 2021). Its evaluation framework should include value-added, results-oriented indicators, such as patent applications, as well as multidimensional feedback from both enterprise mentors and community mentors. This approach assesses not only whether students complete tasks correctly, but also how effectively they perform them and whether they demonstrate innovation, providing a more comprehensive measure of their technological application and innovative capacity.

3. Challenges in Cultivating Innovative Talents in Undergraduate Vocational Education in the VUCA Era

As a core concept describing the characteristics of modern society, VUCA originated in U.S. leadership research in the 1980s. After the 2008 global financial crisis, Robert McDonald, then Chief Operating Officer of Procter & Gamble, introduced the concept into the business field (Chinese Academy of Educational Sciences, 2023). The VUCA Era refers to a social context marked by four attributes: Volatility, Uncertainty, Complexity, and Ambiguity. In this context, there is a growing consensus that education must shift from "knowledge transfer" to "competence cultivation," and that the education system must be able to respond quickly to industrial change. This environment places greater demands on the cultivation of innovative talents in TVET. The main challenges can be summarized as follows:

3.1. Instability and Uncertainty of the External Environment

The rapid pace of technological iteration, particularly the widespread application of artificial intelligence and intelligent manufacturing, has significantly shortened technology cycles. This raises the bar for the forward-looking design and adaptability of curriculum content. For instance, the rapid evolution of power battery technologies in new energy vehicles, from lithium iron phosphate to ternary lithium batteries and now to solid-state batteries, requires practitioners to update their core technical competencies roughly every three years. Such a pace poses a serious challenge for undergraduate vocational education to keep its curriculum content up to date.

3.2. Adaptability Challenges in the Education System

Lagging Curriculum Content and Limited Integration: The curriculum system is the core vehicle for talent cultivation, yet its pace of renewal falls far behind technological advances. On the one hand, textbook publication, course development, and the upgrading of training equipment are unable to keep up with rapid technological change. On the other hand, innovative thinking and integrative innovation skills have not been systematically embedded into competency graphs

resulting in ineffective integration and weak support between students' innovative capacity and professional expertise.

Structural Deficiencies in Faculty Composition: Faculty are the most critical resource for innovation-oriented education, yet the current situation is troubling. Data shows that among 15 pilot undergraduate vocational institutions, only two explicitly required professional certification as a condition for full-time faculty recruitment in 2020 (Zhai, 2021). Teachers with cutting-edge industry experience and the ability to instruct across disciplines remain scarce, which limits the effectiveness of innovation education.

Weak Support from Practical Platforms: Innovation grows out of practice, but current practice platforms are severely lacking in both quantity and quality. Research reveals that the number of such platforms is grossly inadequate compared with student demand, "able to serve only a small portion of student activities." More importantly, their functions are limited: "supporting facilities are incomplete, with most platforms offering only consultation and office services, unable to meet full-chain incubation needs such as project roadshows, product demonstrations, and technical testing" (Chen, 2023). This has greatly constrained both the translation of students' innovative results into outcomes and the honing of their practical skills.

3.3. Students' Weak Adaptability to Complex Environments

Deficits in Innovative Thinking and Independent Inquiry: Shaped by the traditional "instruction–imitation" model, students are accustomed to passively receiving knowledge and skills. As a result, their critical thinking, initiative in problem discovery, and problem-solving awareness are underdeveloped (Chen, 2023).

Insufficient Career Transfer Capability and Sustainable Development Capacity: The VUCA era calls for professionals who can engage in lifelong learning and show resilience in the face of career transitions. Yet the current evaluation system places excessive emphasis on static skill assessments, neglecting the cultivation of methodological literacy, information literacy, and professional identity. Consequently, students struggle to adapt to technological iteration and job mobility, undermining both their immediate adaptability and long-term development potential.

4. Innovative Strategies for Undergraduate Vocational Education to Address Challenges

To tackle the above challenges, the undergraduate vocational education system must undergo top-level restructuring and model innovation, giving it distinct typological attributes and hierarchical characteristics. Its defining feature is to anchor technological application innovation as the foundation, pursue deep industry–education integration as the pathway, and set professional competence and sustainable innovation capacity as its core objectives. The system should highlight four core attributes – vocational orientation, academic rigor, practical applicability, and adaptability – thereby achieving a comprehensive paradigm shift from the traditional pedagogical model. Building such a system requires attention to the following four key areas.

4.1. Innovation in Curriculum Design: Creating an "Interdisciplinary + Project-Driven" Integrated Curriculum

The curriculum for undergraduate vocational programs must break free from the limitations of traditional disciplinary frameworks and establish an integrated system that combines interdisciplinarity with project-driven learning. Its hallmark is embedding technological innovation thinking and professional core competency cultivation throughout the entire curriculum, using projects as the main driver and strengthening practice-oriented learning.

First, the curriculum should adopt a multidimensional structure of "foundational theory courses + general technical courses + industry frontier modules + innovation projects running throughout." Foundational theory courses include general education, mathematics, and engineering, designed to instill an interdisciplinary mindset for innovation and consolidate theoretical foundations. General technical courses respond to technological transformations by incorporating AI, big data analytics, and the Internet of Things as cross-disciplinary platform courses. Industry frontier modules are tailored to regional industrial

cluster needs, deliberately breaking down disciplinary boundaries. They may take the form of micro-majors or modules such as Intelligent Connected Vehicle Technology or Digital Cultural Tourism Creative Design, systematically cultivating students' capacity for technological integration and interdisciplinary problem-solving. Innovation project courses function as the "glue" that binds knowledge and skills together. Centered on real-world technical challenges or innovation projects from industry, they shift students from being mere "answerers" to becoming "questioners." In the process, students integrate what they have learned to progress through identifying problems, defining them, and ultimately applying multidisciplinary knowledge to solve complex issues.

Second, Deep Integration of Professional Studies with Innovation and Entrepreneurship: Achieving a Dual-Engine Approach. Specifically, modules such as design thinking, intellectual property management for innovation, and business model canvases can be embedded within specialized courses to promote the shift from product-centered to user-centered thinking. For example, a smart hardware course could incorporate product design thinking and patent application practices, while a renewable energy course might include case studies on technology commercialization. In this way, professional education achieves a deep integration of "learning by doing" and "learning through innovation."

Third, Establishing a Three-Dimensional Assessment and Feedback Mechanism. Process-based assessment: Use learning portfolios to record students' trajectories in innovation practice. Outcome-based assessment: Employ hard metrics such as the number of patents granted and competition awards to measure effectiveness. Long-term assessment: Conduct graduate tracking surveys (every 3–5 years) to examine the transfer of innovation capabilities.

Finally, Innovating Course Delivery: A "Dual-Mentor Collaboration + Virtual–Physical Integration" Model. Academic faculty and industry engineers co-design curricula and co-teach, creating an interactive three-dimension loop of "theoretical instruction + technical guidance + project-based practice." At the same time, digital tools such as virtual simulations and remote collaboration should be fully utilized to enable cross-scenario and cross-regional learning, thereby enhancing students' competence and innovation capacity in tackling real-world complex problems.

4.2. Implementation of Practical Instruction and Industry Collaboration: Building an Empowering Ecosystem

Practical instruction is the soul of innovation and entrepreneurship education at the undergraduate vocational level. Its defining feature lies in elevating industry collaboration from mere "resource dependency" to "strategic mutual embedding," and shifting the focus from "skills training" to "innovation empowerment." Such collaboration should not be limited to providing internships, but should instead permeate the entire talent cultivation process, fostering an open, collaborative ecosystem that supports the full cycle of training, innovation, competition, and incubation.

Co-building High-Level Industry–Education Integration Platforms: These platforms serve not only as practice venues for students but also as critical vehicles for skill accumulation, innovation incubation, and faculty development. By partnering with leading enterprises and "specialized, refined, distinctive, and innovative" firms, institutions can co-establish industrial colleges, technology transfer centers, and collaborative innovation hubs with mixed ownership structures. These platforms act as "on-campus laboratories" for undertaking real research and development (R&D) projects and addressing frontline technical challenges, enabling students to hone innovation capacity in authentic engineering environments and transition from "students" to "pre-engineers" during their studies.

Implementing an Innovation Achievement Certification and Credit Conversion System: Evaluation standards for innovation outcomes should be established. Students who participate in technology development, obtain patents, complete industry-sponsored projects, or win awards in recognized competitions can have these achievements verified and converted into innovation credits. Such credits may substitute for required course credits or serve as graduation project

deliverables. This institutional mechanism provides formal recognition and incentives for students' innovation practices.

Adopting a Dual-Mentor, Project-Based Practice Model: From their sophomore year, students should be guided jointly by academic mentors and industry mentors, participating in real-world projects such as technology upgrades, process optimization, and product development (Euler, 2018). This approach goes beyond traditional internships, confronting students with genuine frontline challenges. Their innovation results are thus subjected directly to market evaluation and validation.

4.3. Faculty Development and Cultivation: Building a "Tri-Functional" Innovative Faculty Team

Faculty quality is the decisive factor shaping the outcomes of innovation education. Teachers in undergraduate vocational programs must embody the dual identity of scholar and engineer – capable of lecturing in the classroom while also tackling technical challenges on the workshop floor. Building such a faculty team requires diversified development pathways and robust evaluation mechanisms.

Implementing a Faculty Industry Experience Certification System: The current "dual-qualified" certification for vocational faculty often remains symbolic, driven more by administrative requirements than by institutional mechanisms. As a result, many teachers only gain cursory exposure to enterprises through short-term visits during winter or summer breaks. A more rigorous system should require faculty to accumulate at least six months of full-time industry practice, technical service, or innovation/R&D experience every three years. Outcomes such as enterprise project deliverables or technical solutions should become core criteria for promotion and appointment. In addition, just as research universities offer academic sabbaticals, undergraduate vocational institutions should provide dedicated "industry sabbaticals" for faculty.

Establishing a Dynamic Rotation of "Industry Mentors" and "Professional Mentors": High-level technical experts, chief technicians, and R&D managers from partner enterprises should be recruited as adjunct faculty to teach project-based courses and supervise graduation projects, bringing the latest technologies, cases, and management practices into classrooms. At the same time, faculty should be encouraged to engage in corporate technical problem-solving, innovation projects, professional training, and skill certification, thereby continuously enhancing their expertise and engineering practice capabilities.

Promoting Research-to-Instruction Feedback Loops: Unlike non-university tertiary vocational faculty profiles that emphasize skills while downplaying research, undergraduate vocational education should focus on applied research fields. Institutions must create conditions for integrating instruction and research, prioritizing applied research and its commercialization. Faculty should translate their research achievements into instructional practice by involving students in real-world projects, thus realizing a developmental cycle of "instructional reflection → research transformation → social service." Through this process, faculty evolve from knowledge transmitters into "innovation mentors," enriching instruction with research insights. A scientific and effective faculty development system will ultimately yield a "tri-functional" faculty team proficient in instruction, industry engagement, and applied research, ensuring the high-quality cultivation of vocational undergraduate talent.

4.4. Cultivating and Promoting an Innovation Culture: Fostering a "Dedication-in-Action" Ethos

Culture provides the fertile soil that nourishes innovative spirit. Undergraduate vocational institutions should cultivate a "Dedication-in-Action" innovation ethos – one that combines the precision and perseverance of craftsmanship with the courage and determination of innovation.

Systematic Branded Activities as Cultural Drivers: Institutions should regularly organize branded activities such as campus- and province-level technical innovation competitions (focused on process optimization and technological improvement), innovation project pitch days, and entrepreneur workshops. Awards such as the President's Innovation Prize or Star of Technical Invention should be established to honor faculty and

student teams that excel in innovation practice, elevating them as campus role models and amplifying their exemplary influence.

Building a "Failure-Tolerant and Empowering" Support Mechanism: Seed funds and maker-support funds should be created to provide early-stage capital for promising ideas. Instructional evaluation systems should be reformed by introducing process-based assessment, ensuring that projects which fall short of expectations but demonstrate rigor and learning value are duly recognized. This approach maximizes protection for students' enthusiasm and risk-taking spirit.

Disclosure

The authors declare that this manuscript is an original work and has not been published previously, nor is it under consideration for publication elsewhere. All authors have approved the manuscript and agree with its submission to the journal.

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No supplementary materials are associated with this manuscript.

Author Contributions

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Conflicts of Interest

The authors declare no conflict of interest.

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In preparing this manuscript, the author(s) used OpenAI ChatGPT solely for the purpose of English language editing and stylistic refinement. After using this tool, the author(s) reviewed and edited the content as necessary and take full responsibility for the accuracy, integrity, and substantive content of the publication.

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Section 3. Marketing

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ENHANCING SALES FORCE EFFICIENCY AS PART OF MARKETING STRATEGY OPTIMIZATION

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Abstract

This article argues that enhancing sales force efficiency is a core component of marketing strategy optimization for B2B distributors. It demonstrates how digital enablement tools, aligned incentives, and integrated processes transform sales teams from transactional agents into strategic partners. By synchronizing sales activities with marketing objectives – such as trade promotion execution and new product launches – distributors can amplify campaign ROI, ensure precise in-store execution, and strengthen retailer relationships, thereby turning the sales force into a critical driver of marketing effectiveness and competitive advantage.

Keywords: *sales force efficiency, marketing strategy optimization, B2B distribution, digital sales enablement, trade promotion execution, sales-marketing alignment, CRM, mobile sales tools, route optimization, retailer relationship management*

Introduction

In the B2B distribution sector, the sales force serves as the primary human interface between the distributor and its retail partners, making its efficiency and effectiveness a direct determinant of marketing strategy success. While marketing traditionally focuses on generating demand and building brand equity, in distribution, its ultimate execution and impact are deeply reliant on the sales team's ability to translate strategic initiatives into tangible retail outcomes. An inefficient sales force – burdened by administrative tasks, lacking real-time information, or misaligned with marketing campaigns – becomes a bottleneck that stifles the return on marketing investment and weakens competitive positioning. Consequently, optimizing sales force efficiency is not merely an operational or sales management concern; it is a critical component of holistic marketing strategy optimization. By equipping the sales team with the right tools, data, and aligned incentives, marketing leaders can ensure that carefully designed strategies – from targeted promotions and new product introductions to category management advice – are executed with precision at the point of sale.

This article explores the integral role of the sales force within the distributor's marketing ecosystem, examining how digital enablement, process alignment, and data-driven insights can transform field representatives from transactional order-takers into strategic marketing partners, thereby amplifying the overall impact and return of marketing investments.

Concept and Theoretical Foundations

The efficiency of a sales force is ultimately defined not by the number of calls made, but by its contribution to achieving strategic marketing and commercial goals. For distributors, this requires a fundamental integration where sales activities are an extension of the marketing strategy, not a parallel function. Marketing must move beyond creating campaigns for the sales force to creating campaigns with and through the sales force. This integrated approach manifests in several key areas. First, trade promotion execution relies entirely on the sales team to present, negotiate, and ensure in-store implementation of promotional plans. An efficient sales force that understands the strategic rationale behind each promotion – such as clearing excess inventory, launching a new SKU, or countering a competitor's move – can tailor their pitch and execution to maximize retailer buy-in and compliance, directly influencing the campaign's ROMI. Second, market intelligence gathering is a critical, yet often under-leveraged, sales function. Sales representatives are the eyes and ears in the market, observing competitor activities, retailer sentiment, and on-shelf product performance. When this intelligence is systematically captured and fed back into marketing planning, it allows for agile strategy adjustments and more responsive campaign design. Third, the sales force is instrumental in driving retailer adoption of digital tools (e.g., B2B portals, mobile ordering apps) that are often championed by marketing to improve engagement efficiency. The representative's ability to onboard and train retailers on these platforms determines the success of these marketing-led digital transformation initiatives. Therefore, enhancing sales force efficiency is fundamentally about ensuring this critical human channel is fully synchronized with and empowered by the marketing strategy to deliver maximum strategic impact.

Literature Review

Modern sales force efficiency is driven by a combination of digital enablement technologies, streamlined processes, and strategic alignment, all designed to maximize time spent on value-creating activities with retailers. Digital Sales Enablement Platforms are the cornerstone, providing field representatives with mobile access to a unified source of truth. This includes real-time inventory levels to promise accurate delivery dates, integrated CRM data with retailer purchase history and preferences, and digital catalogues with rich product information and marketing assets. By eliminating the need to call the office for information, these tools dramatically reduce administrative downtime. Marketing Automation Integration is another critical driver. Automated systems can trigger personalized task lists for sales reps – such as following up on a marketing email sent to a retailer, presenting a new promotional plan to key accounts, or visiting stores that have a high stock of a soon-to-be-promoted item. This ensures marketing campaigns have a clear, actionable frontline component. Route Optimization and Planning Software uses algorithms to optimize daily travel routes for field teams, considering factors like appointment locations, traffic patterns, and priority of accounts. This reduces fuel costs and windshield time, increasing the number of productive retail visits per day.

Furthermore, Mobile Point-of-Sale (mPOS) and Proof-of-Delivery (POD) capabilities allow reps to close sales or capture order signatures digitally on the spot, accelerating the order-to-cash cycle and improving data accuracy. Beyond technology, process efficiency is gained through clear role definition and specialization. For instance, separating key account managers (focused on strategic planning and growth) from field sales representatives (focused on order fulfillment and in-store execution) allows each to operate at peak efficiency within their domain, supported by tailored marketing materials and targets.

Table 1. *Impact of Digital Enablement on Sales Force Efficiency Metrics*

KPI	Before Digital Enablement	After Digital Enablement	Primary Enabling Technology
Retail Visits per Day per Rep	06.08	10.12	Route Optimization & Mobile CRM
Sales Administrative Time	~35% of work-day	~20% of work-day	Integrated CRM/ERP, mPOS, Automated Reporting
Promotional Compliance Rate	65%	85%	Mobile Task Management & Digital Playbooks
Order Accuracy & Error Rate	Error rate: 8%	Error rate: 2%	mPOS with Real-Time Inventory Check
Time to Onboard New Retailer	5–7 days	1–2 days	Digital Onboarding Forms & E-Signature

Source: Adapted from Salesforce State of Sales (2024) and McKinsey Field Force Productivity Study (2023)

The table 1 quantifies the operational gains achieved by digitally empowering the sales force, which directly translates to enhanced marketing execution. The increase in Retail Visits per Day is a direct result of eliminating logistical inefficiencies, giving marketers more frequent touchpoints to execute in-store activities. The reduction in Sales Administrative Time from 35% to 20% reallocates a significant portion of the workweek from paperwork to value-added marketing tasks like building relationships or explaining new promotions. The dramatic improvement in Promotional Compliance Rate – from 65% to 85%—is perhaps the most significant marketing outcome. This is driven by mobile task lists that ensure no promotion is missed and digital playbooks that guide reps through perfect in-store setup, ensuring marketing investments materialize as intended on the shelf. The drastic drop-in Order Error Rate improves retailer satisfaction and trust, which is a foundational marketing objective, while also reducing costly reverse logistics. Finally, slashing the Time to Onboard New Retailers accelerates the revenue pipeline from new accounts acquired through marketing efforts, improving the overall efficiency of customer acquisition campaigns.

Discussion

Achieving true sales force efficiency as a marketing lever requires a deliberate framework that aligns goals, processes, and incentives between the two functions. The first phase is Strategic Goal Alignment and Joint Planning. Marketing and sales leadership must co-create the annual commercial plan, with marketing strategies explicitly defining the required sales activities and outcomes. For example, a marketing strategy to grow share in the "premium snacks" category should translate into specific sales targets, call scripts, and shelf-space goals for the field team. The second phase focuses on Technology Integration and Unified Data. This involves implementing the digital enablement tools mentioned earlier, but with a critical requirement: the sales CRM must be fully integrated with the marketing automation platform and the core ERP. This creates a closed-loop system where marketing campaigns generate leads and tasks in the CRM, sales activities are logged against them, and outcomes (orders, revenue) are recorded in the ERP and fed back to measure campaign effectiveness. The third phase is Continuous Training and Performance Management. Training must evolve from product knowledge to encompass "commercial acumen," teaching reps how to implement marketing strategies, use data from their tablets to make persuasive arguments to retailers, and understand basic profit metrics. Performance dashboards should reflect this alignment, measuring reps not just on sales volume, but on strategic metrics like promotion sell-in rates, new product distribution targets, and retailer satisfaction scores – metrics that directly reflect marketing strategy execution. This integrated approach ensures the sales force operates as a calibrated instrument of the marketing strategy.

Table 2. *Framework for Aligning Sales Force Activities with Marketing Strategy*

Marketing Strategy Pillar	Corresponding Sales Force Objective	Key Enabling Tools/Processes	Joint Success Metric
New Product Introduction	Achieve target distribution & first-order sell-in across defined retailer segments.	• Digital product launch kits with battle cards. • Sample management via mobile app. • Targeted retailer lists in CRM.	Number of new accounts listing product; sell-in volume vs. target in first 90 days.
Trade Promotion Optimization	Maximize retailer participation & ensure perfect in-store execution.	• Mobile promotion calendar & task alerts. • Before/after shelf photo capture in app. • Real-time promotion performance dashboard.	Promotional lift (incremental units sold); compliance audit score.
Key Account Growth	Increase share of wallet & implement joint business plans (JBP).	• CRM-based JBP templates & tracking. • Analytics on account profitability & potential. • Co-marketing program management tools.	Revenue growth from key accounts vs. plan; number of active JBP initiatives.
Digital Channel Migration	Onboard retailers to self-service portal to reduce cost-to-serve.	• In-field portal demonstration & training. • Incentives for first digital order. • Seamless handoff from rep-assisted to digital orders.	% of target retailers actively using portal; reduction in low-value service calls.

Source: Author's framework based on Gartner for Sales and Accenture B2B Commercial Excellence practices (2023)

The framework in the table 2 provides a concrete blueprint for translating abstract marketing strategies into specific, measurable sales force actions. For a New Product Introduction, the sales objective shifts from general selling to targeted distribution conquest. The enabling tools provide reps with the arguments (battle cards) and focus (target lists) needed to execute the marketing launch plan efficiently, with success measured by precise early indicators. In Trade Promotion Optimization, the sales force's role is operational excellence. The tools move beyond communication to execution control, using mobile tasking and photo validation to ensure the marketing plan is physically implemented in the store, with success directly tied to the promotion's financial outcome. For Key Account Growth, the sales activity elevates to strategic partnership. The tools facilitate collaborative planning (JBP templates) and provide diagnostic insights (account analytics), aligning the sales conversation with long-term, strategic marketing goals for mutual growth. Finally, Digital Channel Migration represents a meta-strategy where the sales force is tasked with behavioural change management among retailers. Their efficiency is measured not by direct sales in this case, but by their success in driving adoption of a marketing-led efficiency tool, with the ultimate goal of freeing up their own time for higher-value activities. This alignment ensures every sales effort directly advances a strategic marketing priority.

Significant barriers can impede the integration of sales force efficiency into marketing optimization. Resistance to change from veteran sales staff accustomed to autonomy is common and must be addressed by demonstrating tangible benefits to their daily work (e.g., less paperwork, higher commissions) and involving them in the design of new processes. Siloed data and budgets between marketing and sales departments create disconnects; breaking these down requires shared P&L responsibility and in-

tegrated technology platforms. Inadequate training on new tools and strategic concepts can lead to poor adoption; investment in continuous, role-specific coaching is essential. To justify investments in sales enablement, measurement must look beyond activity metrics to holistic impact on marketing outcomes. Key performance indicators should include: Marketing-influenced revenue (tracking sales closed from marketing-generated leads or campaigns), Cost of Sales as a percentage of revenue (indicating efficiency gains), Retailer Lifetime Value (LTV) growth (showing the impact of better relationship management), and the ROMI of sales-enabled campaigns versus those run without integrated sales support. By tracking these metrics, organizations can concretely demonstrate that a more efficient sales force is not just a cost-saving initiative, but a powerful force multiplier for the entire marketing strategy.

Conclusion

In the B2B distribution model, the sales force is the ultimate conduit through which marketing strategy reaches the market. Therefore, enhancing its efficiency is a non-negotiable element of marketing strategy optimization itself. By moving from a disjointed, functional relationship to one of deep integration – where marketing strategies are designed with field execution in mind and sales reps are equipped with digital tools, aligned incentives, and strategic insights – distributors can unlock tremendous value. This synergy ensures that investments in marketing creativity and planning are fully realized through precise, scalable, and responsive execution at the retailer level. The journey requires commitment to integrated technology, collaborative planning, and a culture that views sales and marketing as two sides of the same commercial coin. Distributors who successfully navigate this path will see their sales force transformed from a cost of doing business into a strategic asset that actively drives marketing ROI, deepens retailer partnerships, and creates a sustainable competitive advantage grounded in superior execution and market responsiveness. In essence, optimizing sales force efficiency is the critical step that ensures marketing strategy does not end on paper, but thrives in the field.

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Section 4. World economy

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MANAGED OPENNESS: AN ECONOMIC TOOLKIT FOR PRESERVING POLICY AUTONOMY IN A GLOBALIZED WORLD

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Abstract

Globalization creates both opportunities for growth and channels for rapid shock transmission. This article proposes a practical policy framework – Managed Openness – to keep economies integrated while preserving room for counter-cyclical action. The Managed Openness Toolkit (MOT) combines five mutually reinforcing pillars: (1) macro-prudence for capital flows to limit boom–bust dynamics; (2) resilient trade geometry that diversifies critical inputs and reduces single-point failures; (3) strategic public procurement that promotes innovation and transparency without protectionism; (4) digital and data policy that safeguards competition, interoperability, and cybersecurity; and (5) skills and social protection that accelerate re-employment and sustain political support for openness. The paper outlines sequencing, measurable indicators, and safeguards against regulatory overreach, capture, and capacity constraints, while ensuring consistency with international obligations. Taken together, the framework reframes economic sovereignty as institutional capacity to manage volatility rather than withdrawal from global markets.

Keywords: globalization; economic sovereignty; macro-prudence; trade resilience; policy autonomy

Introduction

Global integration in finance, trade, and information has accelerated growth while also amplifying the speed and reach of shocks. Recent disruptions – from pandemic-era supply bottlenecks to energy and financial volatility – show that open economies must balance efficiency with resilience. This paper proposes a middle path: managed openness. Governments can remain open to trade, capital, and knowledge while safeguarding the ability to act counter-cyclically when conditions turn. The Managed Openness Toolkit (MOT) is a structured framework designed to

absorb volatility, preserve policy space, and foster long-term competitiveness.

Macro-Prudence for Capital Flows

Temporary, price-based capital-flow management, counter-cyclical capital buffers, sector-specific reserve requirements, transparent FX auctions, and prudential limits on unhedged FX borrowing form a toolkit that curbs boom–bust cycles while preserving credibility. Indicators such as short-term external debt to GDP, corporate FX mismatches, and sovereign-spread volatility help track vulnerabilities.

Resilient Trade Geometry

Diversifying suppliers for strategic goods, clarifying rules of origin, digitizing customs processes, and adopting time-to-recover metrics reduce single-point failures in supply chains. Track import-concentration (HHI), average clearance times, and multi-sourcing among firms.

Strategic Public Procurement

Open, performance-based tenders with interoperability standards and innovation sandboxes can spur domestic capability formation without protectionism. Monitor the share of competitive tenders, domestic value-added, and post-award renegotiations.

Digital and Data Policy for Competition and Security

Legal frameworks for data portability and interoperability, pro-competitive rules for dominant platforms, baseline cybersecurity standards, and safe-harbor regimes encourage innovation while avoiding dependence. Useful metrics include SME platform-dependency and mean time to patch.

Skills and Social Protection for Adjustment

Modular training vouchers aligned with employer demand, temporary wage-loss insurance, and portable benefits for platform workers help sustain support for openness. Indicators include completion-to-placement ratios, re-employment time, and wage recovery.

Sequencing and Coordination

Sequence reforms so macro-prudence comes first, followed by trade diversification, early digital-market rules, and then labor-market measures. A cabinet-level council can track indicators and report progress publicly.

Implementation Risks and Mitigation

Regulatory overreach – use checklists and sunset clauses. Capture – disclose tender results and rotate evaluation panels. Capacity constraints – start with pilots and scale. International compliance – keep measures proportionate and non-discriminatory.

Discussion

The MOT reframes sovereignty as the capacity to manage volatility with measurable indicators and transparent adjustments. Inter-pillar interactions mean prudential stability supports trade resilience and skills policy boosts competitiveness.

Table 1. *Policy Indicators for the Managed Openness Toolkit*

Indicator	Description
Short-term external debt / GDP	Exposure to rollover risk and sudden stops.
Import concentration (HHI)	Dependence on a small set of suppliers.
Share of competitive tenders	Transparency and contestability in procurement.
SME platform-dependency	Exposure to dominant digital platforms.
Median re-employment time	Effectiveness of reskilling and placement.

Conclusion

The challenge is not whether to participate in globalization but how to preserve national decision-making capacity. Combining prudential stability, diversified trade, transparent procurement, fair digital markets, and inclusive labor policies allows countries to remain integrated yet sovereign.

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POSTCOLONIAL POLITICS IN POST-SOVIET COUNTRIES. (CENTRAL ASIA AND KAZAKHSTAN)

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Abstract

Despite formal decolonization, the logic of colonialism continues to influence not only major geopolitical processes but also various aspects of daily life. Empires have not only colonized territories and populations physically but have also dominated intellectual spaces. The colonial impact of the Russian/Soviet Empire has long remained understudied, causing the voices from this region to be marginalized within global postcolonial discourse. This article examines the specific features of postcolonial politics in the post-Soviet space, with a particular focus on Central Asia and Kazakhstan. The study analyzes the colonial legacy, the use of ethnic conflicts as an imperial tool, identity crises following the collapse of the USSR, and the forms of postcolonial dependency that persist today.

Methods

This research employs postcolonial analytical methodology. Conceptual analysis clarifies key terms such as “postcolonialism,” “post-Soviet space,” and “colonial legacy.” Historical-political analysis evaluates the influence of Russian/Soviet imperialism on the political and cultural structures of the region. Discursive analysis explores how colonial and postcolonial narratives shape identity and collective memory in these societies.

Keywords: *post-Soviet, postcolonialism, colony, Central Asia, Soviet Union, Russia*

Introduction

Although former Soviet republics formally gained independence, traces of colonial thinking remain embedded within their political, economic, and cultural structures. Western postcolonial theory has traditionally overlooked the Russian/Soviet imperial experience, resulting in limited representation of the vast post-Soviet region within global academic discussions. Yet, despite their internal diversity, most post-Soviet states share a common historical experience: Russian/Soviet colonial domination.

Case of study

The formation and expansion of the Russian Empire between the 16th and 18th centuries significantly shaped the colonization

of Central Asia. Countries such as Kazakhstan, Tajikistan, Kyrgyzstan, Uzbekistan, and Turkmenistan attracted imperial interest due to their strategic position and rich natural resources. The conquest of Central Asia in the 19th century was characterized by military campaigns, violence, and forced subjugation.

During the Soviet period, these regions were incorporated into a new imperial structure under the ideological slogans of "brotherhood" and "equality," which masked ongoing political, economic, and cultural subordination. The Soviet economic model intentionally kept the republics dependent on the center, hindering their ability to develop independent technological and industrial systems.

Following the dissolution of the USSR, the region faced challenges related to national identity, language politics, migration, and systemic economic dependency – core components of the postcolonial condition.

Literature review

Existing research highlights key aspects of the region's colonial and postcolonial trajectory:

- The colonization of Central Asia has been largely overlooked in mainstream academic discourse;
- Soviet ideology obscured colonial power structures through the rhetoric of "friendship of peoples."
- Many ethnic conflicts in the region have structural roots dating back to the Soviet era.
- Cultural colonialism – manifested through language dominance, education, and academic dependency – continues to shape the region.
- Russian language remains a major vehicle for socio-economic mobility, echoing Homi Bhabha's concept of "colonial mimicry."

Analysis

The postcolonial condition in Central Asia and Kazakhstan manifests through a complex and interwoven set of political, economic, cultural, and geopolitical dynamics that stem from the region's long-standing incorporation into the Russian and subsequently Soviet imperial systems. Rather than functioning as isolated dimensions, colonial legacy, economic dependency, cultural influence, and geopolitical pressures form a unified structure of continued postcolonial entanglement.

Historically, the Russian Empire's expansion into Central Asia relied on a deliberate strategy of manipulating ethnic, tribal, and regional divisions to consolidate control. These divisions were not merely incidental but were actively shaped, institutionalized, and reproduced through administrative borders, demographic engineering, and preferential policies. Although the Soviet regime publicly promoted principles of "internationalism" and "friendship of peoples," it simultaneously embedded ethnic hierarchies within political institutions, censuses, territorial arrangements, and resource distribution. Such contradictions produced a controlled interethnic environment in which tensions were suppressed rather than resolved, resurfacing almost immediately after the collapse of the USSR as unresolved historical grievances reappeared in the form of border disputes, identity conflicts, and competition over political authority.

Economically, the Soviet planned system reinforced asymmetric dependencies intended to bind the republics to Moscow. Industrial production, energy networks, transportation corridors, and agricultural specialization were deliberately fragmented and interconnected in ways that made independent economic functioning nearly impossible. In the contemporary era, these structural linkages remain deeply entrenched. Russia continues to exert influence through energy pipelines, labor migration channels, currency flows, and access to regional markets. Many Central Asian economies still rely on remittances from migrant workers in Russia, while Moscow's dominance in regional infrastructure and trade routes constrains the ability of states to diversify their geopolitical partnerships.

Cultural colonialism further strengthens this postcolonial structure. The Russian language retains a privileged status in education, government administration, scientific publishing, media, and urban public life, often overshadowing indigenous languages. This linguistic hierarchy not only shapes social mobility and elite formation but also ties local

academic and intellectual production to Russian epistemic frameworks. The persistence of Russian cultural influence – literature, media consumption, intellectual traditions, and identity markers – illustrates Homi Bhabha's notion of "colonial mimicry," wherein the colonized subject internalizes and reproduces the cultural forms of the metropole while remaining structurally subordinated.

In addition, global geopolitical dynamics place Central Asia at the crossroads of competing powers. As highlighted by Zbigniew Brzezinski, the region is of exceptional strategic importance due to its vast natural resources, geographic proximity to Russia, China, and the Middle East, and its role as a transport corridor between Europe and Asia. This geopolitical significance renders the region a site of intensifying interest from Russia, China, the United States, Turkey, and other actors. The resulting multipolar competition complicates state-building efforts, as newly independent countries must navigate overlapping spheres of influence, manage cross-border security threats, and balance aspirations for sovereignty with the geopolitical realities of their location.

Taken together, these intersecting dimensions form a cohesive postcolonial system in which political fragmentation, economic dependence, cultural hegemony, and geopolitical pressure reinforce one another. Understanding the region's contemporary challenges requires recognizing how these elements operate simultaneously to shape identity, governance, and international alignment in the post-Soviet space.

Conclusion

It is premature to claim that postcolonial dynamics in the post-Soviet space have been fully overcome. Historical ties, economic dependency, cultural influence, and deeply rooted structural problems continue to shape the region. Although Central Asian states, including Kazakhstan, pursue regional cooperation and global integration to strengthen sovereignty, the social, political, and cultural effects of their colonial past will persist for a long time.

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Section 7. Economic policy

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DEMOCRATIC IN THE POST-SOVIET STATES FEATURES OF MODERNIZATION

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Abstract

The article is devoted to the problems of modern development of the post-Soviet states, the main trends and processes of their democratic modernization. The author analyzes the validity of the use of the term "post-Soviet space" and expresses the opinion that this space is disintegrating into various segments, including on the basis of the ethnic matrix.

Keywords: *democratic modernization, national interests, transforming states, post-Soviet space*

First of all, let us note that it is no secret that the hopes of the political elite and the population of many post-Soviet countries for the democratic transition that began in 1991 were greatly exaggerated. This gave rise to the question for many experts whether the theory of democratic transition is entirely unpretending. There were even discussions about abandoning the idea, since it does not really explain anything – supposedly the old communist totalitarian models have been replaced by some conservative political structures that are hardly correlated with democratic standards and practically do not evolve. To what extent is this true and to what extent is such statements an exaggeration – we do not have the task of analyzing such a thing. We will only note one fact: the textbook "What is Democracy?", translated into more than 30 languages of the world (What is democracy? 1991), presents the history of democratic ideas, discusses the problems of civil rights, the rule of law, elections, culture, governance, and participation in political life, but nowhere does it contain a precise definition of democracy. And this is not at all accidental. Precisely because of its universality, as American authors Matthew Handel and Chester E. Finn noted, "the demand for democracy swept the whole world, becoming an epidemic" (Handel M., Finn Ch. E., 1995, p. 17).

In practice, this " *boom* " has led to the fact that, according to a number of scholars (S. Huntington and others), although about 30 percent of states are real institutional democracies, almost all countries in the world

are formally democratic. Edgar Morin, one of the prominent Western followers of this problem, analyzing the fate of democracy in the "USSR-CIS" space, notes: "The peoples of the former "Soviet Union countries" are in a vortex of a triple crisis: the loss of the guarantees of the economic-bureaucratic economy has by no means been compensated by totalitarianism, contrary to political life; democratic systems that have become dilapidated and have given way to weak and, in any case, no longer having strong roots – if we take into account that legitimate patriotism is giving way to militant and backward nationalism, stimulated by the economic crisis, the crisis of democracy and, finally, the countless problems of national minorities ..." (Moren E., 1995, p. 2).

Professor Jan Egbert of the University of Mannheim goes further in his reasoning, arguing that nationalism and democracy are derivatives of the same fundamental historical idea, namely the idea of popular sovereignty. Having identified five main forms of nationalism, he makes a rather pessimistic forecast: people of the 21st century will most likely have to face four types of nationalism: established nations; macroregional, continental nationalism of European, Indian and some other sub- nationalities; microregional sub-nationalism of weak nations; and finally, the collective nationalism of scattered and isolated ethnic minorities, as well as neo-nomadic, mobile social groups from territorial nations (Egbert Ya., 1996).

Unfortunately, in modern scientific discourse, one can also find a primitive understanding of democratic transition – supposedly in most CIS countries authoritarian regimes arose as a transitional form from totalitarianism, its "soft variant". It is difficult to agree with this, because the emergence and essence of authoritarianism does not lie in someone's "strong will" or "powerful clans", but in the depth of the historical reality of certain countries, in the options and methods proposed for solving the problems that arose there. For example, S. Huntington notes: authoritarian regimes can effectively govern multinational peoples; democracies are generally not very suitable for solving ethnic problems; the democratic process itself and the functioning of democracy can complicate relations between ethnic, religious and other groups in society (Huntington S., 1990).

At one point, it should be noted that the democratic transformation processes of these countries coincide with the processes of globalization. In such conditions, post-Soviet countries, which do not have sufficient potential for fundamental structural reforms, often cannot solve their problems, and their attempts at independent action are constantly faced with resistance from member states of various blocs. It is for these reasons that political transformations in some states of the post-Soviet space take on a wave character. If we also take into account the presence of numerous conflicts, then the conclusion of the Russian political scientist D. Mikhailichenko that the impact of military conflicts on the post-Soviet space significantly reduces the institutional opportunities for democratization has not lost its relevance.

As we have seen, the above material allows us to draw several general conclusions regarding the main factors and trends of democratic transition in the post-Soviet states. The following can be distinguished as the main factors that directly or indirectly affect the state, form and dynamics of democratic processes in the newly independent states:

First, the economic factor: a) low and uncompetitive initial level of socio-economic development, weak internal economic relations, mainly raw material forms of international economic specialization; b) inconsistency in the implementation of market reforms here, dangerous tendencies to create a "market" type of economy, "opacity" of emerging market relations, including nomenclature capitalism, etc. c) weak participation of post-Soviet states in the development of world integration, therefore, the dominant forms in them still remain "national integration" processes. Thus, the low level of pluralism of market systems in the transforming states of this macroregion significantly weakens the democratic foundations of the political structure, creates material.

Secondly, the political factor: a) the presence of a polyethnic structure of society in virtually all post-Soviet states, the spread of ethno-nationalism and the dominance of ethnocratic elites; 6) further formation and strengthening of the identity of post-Soviet

states will be carried out, first of all, on a national basis; c) there is a combination of market-capitalist relations and the remnants of Soviet thinking, the weakness of democratic traditions in political culture with elements of the formation of a pluralistic environment. In other words, the "blurring" and deformations in the process of democratic consolidation are decisively determined by the incompleteness of the post-communist transformation in the political, economic and socio-cultural spheres.

The "wave of democratization" in the post-Soviet states not only carried out the structuring of new institutions and technologies that to one degree or another meet the requirements of modern development, but also led to the emergence of completely new trends in their democratic evolution. First of all, we note that at least two main levels can be distinguished in the emergence of ethnopolitical conflicts: internal and external. The internal dimension of the problem lies in the active inclusion of ethnic actors in the political process, that is, in the emergence of an ethnopolitical process that acts as a process of interaction between sufficiently large groups of the population, each of which is characterized, on the one hand, by a necessarily expressed ethnic identity, and, on the other hand, by certain or de facto existing institutions.

Thus, ethno-national movements tend to sharpen the demands they put forward (from ethno-cultural to economic, from them to political, status, etc.) and, accordingly, to toughen the forms of struggle for their implementation. At the same time, a tendency can be observed: the period of pause is used not to find optimal ways out of conflicts, but to gather forces for their continuation.

The external dimension of ethnopolitical conflicts is manifested in the fact that in the era of globalization they increasingly take on the character of geopolitical problems (for example, the resolution of the conflicts in Kosovo, Abkhazia, South Ossetia, which have international causal significance). It is no coincidence that most governments involved in ethnic conflicts often try to explain their causes by external interference (real or imagined) in the internal affairs of these states.

Opponents of this approach, which is primarily reflected in the theory of primordialism, proceed from the fact that, in their opinion, the complex of ethnic relations, ethnic life as a whole, with its associated features (ethnic history, psychology, mentality, etc.), a special social substance – the ethnic sphere, indisputably operates. Since here we can speak of the "real existence of an ethnic substance that is active and creates ethnically colored social phenomena", then even primordialists in their extreme manifestations come to the conclusion that only the existence of the nation, the ethnos, is absolute, everything else is relative.

First, the formation of nations and nation-states is undoubtedly a historical process that goes back centuries. However, it is equally undeniable that since the beginning of the 20th century, the dynamics of state-building have been steadily accelerating. Thus, out of the nearly 200 states that exist today, there were only 15 in 1910, and each new period of geopolitical upheaval (the First and Second World Wars, the collapse of the colonial system, and world socialism) has only given this process an additional impetus.

Second, when analyzing democratic processes in the context of globalization, one cannot focus solely on conflictual factors and processes. This approach is understandable if we consider that globalization expands the communication "web" of interdependencies across existing borders and barriers between peoples, thereby uniting diverse ethnic identities into a global unity at the level of a new civilization.

Thirdly, the challenges and threats of globalization already today confront virtually all peoples (both those who created their own states and others) with a dilemma: either to preserve ethnic identity in their historical reality, or to search for a new formula for the adaptation of ethnosocial content. This means that no country in the world, especially a state with a multinational population, can ignore ethnic problems and contradictions in the context of ensuring its national security.

Fourth, the contradiction between the norms of international law that define the framework of state sovereignty and the processes of globalization that create the basis for the intervention of international and regional organizations in internal affairs, including in connection with interethnic

conflicts, is deepening. This, in turn, leads to the emergence of leading world powers and international supranational actors of neo-imperialism, the struggle for the redivision of the world, “double standards”, etc.

Thus, in political science and in the political practice of the late 20th and early 21st centuries, one can trace a certain transformation of existing ideas regarding the context of democratic transition – from simple to more complex and multi-factorial. In the era of globalization, when the cause-and-effect foundations of conflicts shaking the world are transformed, there is a need, in essence, to change the theoretical and methodological paradigm in understanding democratic processes, and on this basis to form a multidimensional and multi-level functional system, in which the transfer of real national interests is a necessary condition for optimizing the modern process of democratization of society.

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