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Foreword

The Journal of Regional Economic and Social Development emerged in 2020, jointly published by the Research Institute for Business and Social Processes of Rezekne Academy of Technologies (Latvia) and City Unity College Nicosia (Cyprus). It was previously known as Latgale National Economy Research (Print ISSN 1691-5828 Online ISSN 2256-0955). In its first year, the Journal of Regional Economic and Social Development covered a wide range of internationally important topics. The current issue in 2021 continues to focus on social science topics with international applications.

This issue is being published at very turbulent times – the health, economic and social crises have led scientists to focus their attention on exploring recovery, sustainability, and the complex nature of these issues in several industries. The moment of crisis can be used to rethink the practices and structures that initially led us to a crisis and plan for sustainable recovery and post-crisis growth.

The pandemic has significantly impacted individual behaviours, attitudes, and perceptions. Although the impact was felt in every industry, the tourism industry was impacted dramatically. Accordingly, the authors have explored sustainable and smart tourism topics and the potential development opportunities of amusement parks, nature, and festival tourism in the international context, with case studies from Latvia and Zimbabwe. It has been concluded that safe and sustainable tourism development is a crucial aspect of the recovery, and stakeholders play a significant role in ensuring this development. Moreover, with the perspective that the tourism industry will recover from the crisis, the authors have also explored theoretical aspects of a new tourism product and analysed the opportunities for creating a hostel.

Due to changes in the global environment, also consumer attitudes, behaviour, and preferences change. Modern communities search for functional food products that provide nutrition to consumers with intolerance or an allergy to specific food items. A research paper has analysed the need for extruded field bean flour products and their potential in the market. A research study focusing on consumer behaviours has explored the tendencies for consumers to purchase products via social media. The research study views social media as a tool to provide a stimulus that evokes positive emotions among consumers and leads to impulse purchases.

An Investigation of Residents' Perceptions of Positive Festival Impacts, Community Attachment and Well-being: A Study on the Jameson Festival, Victoria Falls, Zimbabwe

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Abstract. *The Study aims to examine residents' perception of positive festival impacts, social cohesion and cultural benefits on the relationship between community attachment and well-being. An integration of the Social Exchange and Affect Theories are employed to develop and test a conceptual model that test the interrelationships. The quantitative research approach is used to conduct the study on resident attendees of the Jameson Festival in Victoria Falls, Zimbabwe. Via the convenience sampling technique data are collected. Results of the study indicate that festivals foster community cohesiveness and community attachment. They also show that the perceived positive festival impact: community cohesiveness is strongly related to community attachment and well-being; community attachment mediates the relationships. Contrarily, though the relationship between festival cultural preservation and community attachment was partially supported, there was no significant association to well-being. The theoretical implications of the study lay mainly on the introduction of a new theory to the festival body of studies and the study' findings shed light and direction on practical implications and future directions for festival organizers and scholars.*

Keywords: *Community Attachment, Community Cohesion, Cultural Preservation, Festival, Well-being, Victoria Falls, Zimbabwe.*

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Introduction

The past decades have seen growth in festivals become tourist attractions (Luna, 2015), and emerge as exciting sectors of the tourism industry, posing significant economic, socio-cultural, and political impacts within host communities (Arcodia, Whitford, 2006; Song et al., 2015). Notably, there has been a number of destinations globally investing in festivals (Asero, Tomaselli, 2021), similarly, the case with Zimbabwe. Seen as crucial motivators of tourism embodying significant elements towards

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marketing plans and developments of destinations (Asero, Tomaseli, 2021), festivals serve different purposes to host communities.

Previous studies show that festivals positively affect a destination's image (Lee et al., 2005; Luna, 2015), enhance the self- image of the local population (Quinn, 2006). Local festival developments increase cultural tourism and provide the tourist destination with economic and cultural benefits (Luna, 2015). Additionally, festivals enhance community well-being, community cohesion, enhance pride, community identity (Derret, 2003), foster the sense of community (Van Winkle, Woosnam, 2013; Yu, Ke, 2010), improve residents' well-being (Yolal et al., 2016), emotional solidarity and community attachment (Li, Wan, 2014) as well as residents' support to local events (Prayag et al., 2013).

In view of the above arguments and how festivals increase interest and growth in several destinations, a need to understand residents' perceptions of festival impacts and their effects on communities' well-being arise. Most studies make general reports on festival impacts (socio-cultural and economic) with less attention given to other festival benefits: community cohesion and culture preservation. Moreover, suggestions to further investigate the relationship between perceived festival impacts and residents' well-being (Yolal et al., 2016) are called for. Literature suggests that festivals foster community attachment (Li, Wan, 2014) and promote community identity and social cohesion amongst residents (Yolal et al., 2016). Community attachment though not new to festival studies, has mostly been explained from a festival visitor perspective in relation to satisfaction and behavioural intentions (Lee et al., 2014), with little known from a resident's perspective.

Improving residents' well-being has been the main focus of many public policies and governments (Dolan, Metcalfe, 2012). Organ et. al., (2015) indicate that festivals promote social interactions and social relationships that have the ability to improve residents' well-being and enhance a sense of belonging (Cohen, 2004). Although research has confirmed that festivals enhance subjective well-being of local residents, Diener and Diener (2009) denotes that there is still a little understanding regarding residents' participation in festivals and how it influences subjective well-being and quality of life. Suggestions are also made to investigate residents' perceptions of festival social impacts and their relationship to quality of life (Hao et al., 2011; Yolal et al., 2016).

On this milieu, the research objectives implicated investigate the relationships between perceived positive festival impacts (community cohesion and culture preservation), community attachment and residents' well-being. The study also analyses the mediating role of community attachment on the interrelationships. The study contributes to literature by

developing and testing a conceptual model that investigates the effects of festival benefits on the aforementioned interrelationships. It introduces community attachment as a mediator. And it uses theoretical frameworks to investigate residents' perceived festival impacts in a host community (Van Winkle, Woosnam, 2014). Finally, a new theory (Affect theory) is introduced to further explain the interrelationships.

Literature review

Two theories are used in this study to develop hypotheses on the proposed interrelationships. The social exchange theory (SET) analyses social behaviours and observes them as a process (Van Winkle, Woosman, 2014), working on a comparison of relationships. That is, one's ability to weigh and assess the benefit they get from a relationship given their input towards it. SET assumes that people are likely to take part in an exchange, given they benefit something from it, without accruing fees (Prayag et al., 2013). Past studies confirm the assertions, as it was noted that residents assessed events based on perceived positive and negative impacts of costs (Li, Wan, 2017) and individuals positively viewed tourism upon experiencing higher benefits of an event (Van Winkle, Woosman, 2014).

In line with Andriotis and Vaughan's (2003) interpretation of the theory, this study adopts SET, on the assumption that when residents perceive positive festival benefits, communities develop attachment, ultimately leading to improved lifestyles. SET, however, has known limitations (Prayag et al., 2013; Song et al., 2015), thus the use of integrative approaches; use of Affect Theory in the current study.

Affect Theory (AT)

The Affect Theory evaluates the emotions and feelings experienced by individuals given a certain action or encounter. The theory implies that people react in a certain way given that certain emotions within them are aroused. AT tries to understand what brings people together in a community and how people relate to their surroundings (d'Haustere, 2015). The theory has been used to evaluate social relations in tourist destinations (d'Haustere, 2015). Ettinger (2006) viewed affect as a relational force. The theory helps understand human being social links, how they bring individuals together towards a common identity (Ettinger, 2006). d'Haustere's (2015) study notes that tourist destinations provide several prospects for visitors to develop affect. Tourists look for social capital and create collective identity at a destination. Similarly, this research suggests that festivals have the ability to create social capital for residents in a host community, hence the capacity to develop affect which leads to community attachment. The theory,

although new to festival settings, helps understand residents' actions based on how they perceive festival impacts, and how their perceptions influence community attachment and residents' well-being.

Perceived Festival Impacts (Benefits: Community Cohesion & Cultural Preservation) and Community Attachment

Community cohesion concerns bringing people together by developing strong relationships amongst people while collectively gathering to share a common value. It promotes peace, and fosters a sense of belonging by advocating for community networking. Cohesion prompts harmony in communities and improves residents' quality of Life (Britannica, 2013). Festivals motivate social cohesion as they strengthen relationships within communities (Gursoy et al., 2004; Rao, 2001). In light of the arguments above, a conclusion is made that, social networks, a sense of belonging, community identity and pride predict social community cohesion, making community attachment inevitable. Festivals are developed for the purpose of preserving culture (Yolal et al., 2016). They portray the cultural wealth of a destination and give rise to the development of cultural activities in host communities. Accordingly, festivals allow communities to promote and sustain their culture through prolonged displays and participation in traditional activities (Black, 2016).

Festival benefits relate highly to community attachment. Community attachment is noted as a socio-economic factor (Besculides et al., 2002). Thus, when festival impacts are perceived as beneficial to a host community, community pride, community elements, a sense of belonging and social cohesion are developed. The SET and Affect theories are used to further understand the relationships between positive festival impacts and community attachment. SET has proven that the higher the involvement of individuals in tourism developments, the more positive perceptions are viewed (Van Winkle, Woosnam, 2014). Affect connects people or to a place, thus helping us understand the relations between residents and their community. As highlighted in d'Haustere (2015), affect is a strong force for social networks and it creates cohesion. It therefore is asserted that when residents perceive positive festival impacts, cohesion which leads to attachment is created. Once positive benefits such as socio-cultural and economic impacts, cohesion and cultural preservation are experienced, residents are motivated to come together towards a common goal. With the forgoing discussion in mind, two hypotheses are constructed:

H₁: Community cohesiveness is related to community attachment.

H₂: Cultural preservation interrelates with community attachment.

Perceived Festival Impacts (Benefits) and Residents' Wellbeing

The term well-being is the state of comfort experienced by one which entails security and happiness. It comprises two factors; the affective feeling and cognitive assessment of one's life (Diener, Suh, 1997). Well-being is the outcome of one's emotional reactions to events, the cognitive evaluations of satisfaction and fulfilment that events bring to people's lives (Yolal et al., 2016). According to Diener and Suh (1997), satisfaction, pleasant affect and low levels of pleasant affect measure well-being. While, literature suggests that festival new experiences develop satisfaction (Liburd & Derkzen, 2009). Festivals foster community and cultural/educational benefits, socio-cultural festival impacts believed to improve residents' well-being and quality of life (Yolal et al., 2016).

Festivals are considered a positive tourism development with the ability to create economic benefits through government tax revenues, employment, increased business prospects, and generation of extra revenue for the host nations (Derrett, 2003; Yolal et al., 2016). Moreover, it is also noted that festivals strengthen social ties, cohesion and pride in communities (Gursoy et al., 2004; Herrero & Gracia, 2011; Rao, 2001; Yolal et al., 2016). With the above notions in mind, propositions are made that community cohesion contributes to the well-being of festival attendees. Alluded earlier, festivals promote cultural preservation. For example, studies prove that festivals provide an integral amount of cultural and educational benefits which have significant positive effects on residents' well-being (Yolal et al., 2016). Therefore, the following hypotheses are developed:

H₃: Community cohesion positively relates to well-being.

H₄: Cultural preservation associates with well-being.

Community Attachment and Residents' Wellbeing

Community attachment can be referred to as a sense of belonging, common identity and the willingness to take part in social activities. It is an affective bond or an emotional attachment between individuals and their community (Lee, 2013). Literature opines that social bonds (Goudy, 1990), sense of community (Goudy, 1990; Williams et al., 1995), community pride and community elements (Baker, Palmer, 2006) determine community attachment. It is argued that when individual develop a sense of belonging and identify strongly with its community, attachment and commitment thereof on any matter arising in the community become easy (Lee et al., 2014). Some studies noted that positive and negative attitudes on festivals affect community attachment (Li, Wan, 2014), while some noted that CA as a social and economic factor affects residents' attitudes and perceptions towards tourism development (Besculides et al., 2002).

The more residents take part in festivals and realize positive benefits, the more they develop a sense of belonging and feel the need to work together towards a common goal. Thus, when community attachment is developed, community pride is built amongst residents in a host community, and when the social ties are perceived beneficial, residents' well-being is also improved. In agreement, Baker and Palmer (2006) purport that factors such as community pride and community elements are major predictors of quality of life. Additionally, studies indicate that community attachment influences residents' perceptions towards tourism development (Li, Wan, 2017). Given the empirical evidence, the following hypothesis is constructed:

H₅: Community attachment is related to residents' well-being.

Community attachment as a Mediator

SET helps understand residents' attitudes towards development in host communities. It is believed that when residents identify positive festival impacts, inspiration to participate further in events may be drawn, thus increasing community attachment and eventually residents' well-being. When residents highly regard festivals and perceive them beneficial to the community, the more the people desire to work together, thereby developing social bonds and community elements that contribute to social cohesion and community attachment. It is also reasonable to suggest that once positive benefits are highly perceived, communities easily recognize vital resources such as culture preservation and they endeavour to sustain it, a process that brings helps create social cohesion and attachment. A working and peaceful community brings joy and satisfaction which are indicators for well-being. Furthermore, d'Haustere (2015) suggests that affect develops social connections and/or social relations that lead to action. Based on residents' perceived impacts, affect develops cohesions in the same way affect attracts tourists to a destination. Therefore, affect theory helps us understand how residents connect with each other when they perceive benefits, create attachment to a place, thereby adding value to their lives. The following hypotheses are thus constructed:

H₆: Community attachment mediates the relationship between community cohesion and residents' wellbeing.

H₇: Community attachment mediates the relationship between cultural preservation and residents' wellbeing.

Conceptual Model

Based on the notions that festivals greatly contribute to and benefit host communities, the proposed conceptual model of the study is presented below.

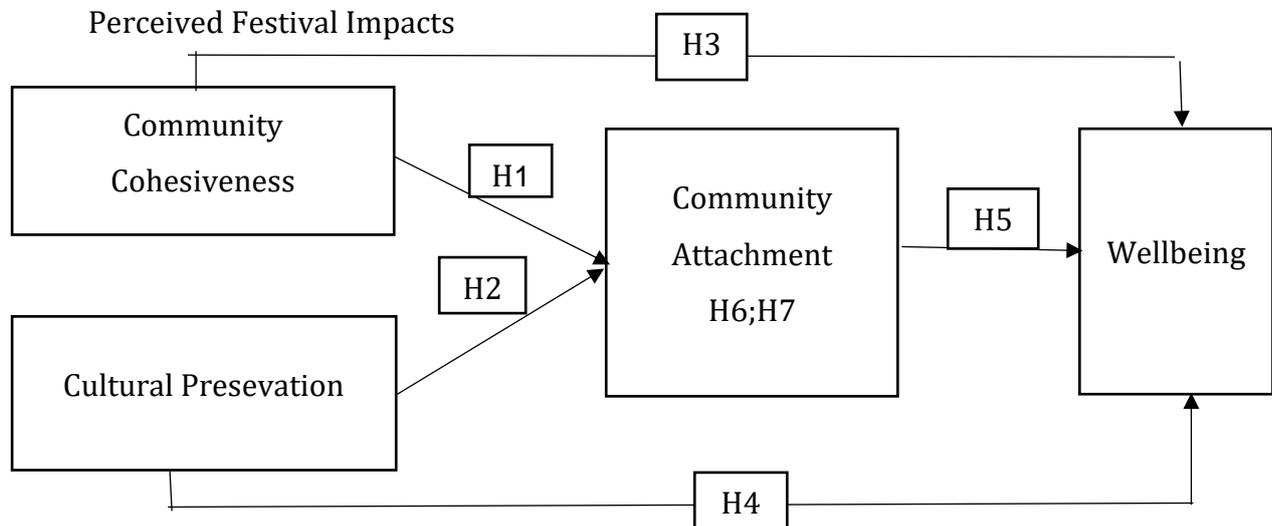


Fig.1. Conceptual Model

Methodology

Data were gathered from residents of Victoria Falls, Zimbabwe, the host destination of the Jameson Festival. Termed “Africa’s largest new year celebrations”, it is a three-day music event running every year from the 29th – 31st of December. Deductive approach research methods were used to develop and test the conceptual model. While convenience sampling which relies on data collection from members conveniently available to take part in the study (Saunders et al., 2012) were engaged for the study. Data were collected through self-administered questionnaires after a pilot study was conducted with 20 residents in Victoria Falls, Zimbabwe. Questionnaires were completed onsite, and of the 500 questionnaires distributed, 346 were returned.

Perceived benefits were measured using seven parameters (Song et al., 2015), consistent with (Gursoy, Kendall, 2006; Jackson, 2008; Liu, 2009; Lorde et al., 2011; Small et al., 2005; Zhou, Ap, 2009). Four items were used to measure community attachment (Li, Wan, 2013) adopted from literature (Sheldon, Var, 1984; Williams et al., 1995), and three items were used to measure residents’ well-being (Yolal et al., 2016).

The research was conducted in March 2017, two months post the Jameson festival consistent with Li and Wan (2017), Pranić, Petrić, and Cetinić (2012), Song et al. (2015), and Van Winkle and Woosnam (2014). For ethical reasons, respondents were briefed on the purpose of the study and

they were assured of anonymity and confidentiality. Eligible respondents had to be eighteen years of age and above, be residing in Victoria falls for at least a year and over since festival inception and should have attended the Jameson festival at least once. Such criteria were considered in previous studies (Li, Wan, 2017; Prayag et al., 2013; Yolal et al., 2016).

Frequencies were used to show the demographic profile of the respondents. Convergent and discriminant validity were assessed through exploratory factor analysis and Pearson correlation. Each variable's Coefficient alpha (Nunnally, 1978) is reported with the significance level of .70. The hypothesized relationships were assessed via hierarchical multiple regression analysis in line with Baron and Kenny's (1986) guidelines in order to gauge the mediating effects. The Sobel test was used to report the significance of the mediating effects.

Results

Respondents' Profile

The study shows that more men participated in the festival (52%) than women (48%), and 63% of the participants were either single or divorced while rest were married (36.7%). Most respondents (57.5%) were between the ages of 28-37; 38-47 (22.6%), 18 – 27 (17.2%) and the rest of the participants at 2.7% were above the age of 48. The majority of the residents were formally educated, 45% of the participants had a university degree, had received vocational training (35.5%) and or a high school qualification (14%) and at least 3.9% held a masters' or PHD qualification, and the rest of the residents had reached as far as primary level education. The participating residents had to be residing in the host destination for over a year and above post festival commencement.

Exploratory Factor Analysis and Correlations

In order to assess convergent and discriminant validity, an exploratory factor analysis (principal component analysis) with Varimax rotation and reliability analysis were performed. The five indicators in the model explained 79 % of the variance. All of the items had factor loadings of 0.70 and above and loaded onto their underlying constructs. All Eigen values were greater than 1.00. All coefficients Alpha were higher than the cut-off level 0.60. Specifically, festival impacts (cultural preservation and community cohesiveness) and community attachment reported a Cronbach Alpha of 0.87, 0.74, and 0.91. Cronbach Alpha for WLB is reported at 0.89, which shows that all the scales were reliable. Therefore, convergent validly and discriminant was established.

Table 1 Scale Items, Exploratory Factor Analysis and Internal Consistency Reliability (compiled by the authors)

Scale items	Factor Loadings	Eigen values	% of the variance	α
IMPCB		3.68	28.37	0.87
Cult Preserve				
1	.95			
2	.92			
3	.76			
4	.75			
COMATT		2.94	22.60	0.91
1	.93			
2	.92			
3	.86			
WLB		1.96	15.04	0.89
1	.93			
2	.90			
3	.87			
MPCB Com coh		1.70	13.00	0.74
1	.85			
2	.82			
3	.79			

Note: Kaiser-Meyer-Olkin of sample Adequacy=.711; Bartlett's Test of Sphericity=2413.979, $p < .001$. α - Coefficient alpha; IMPBC CultPreserv = Impact (benefit) Cultural preservation; COMMATT = Community attachment; WLB = Wellbeing; IMPCB Comcoh = Impact (benefit) community cohesiveness.

Table 1 presents the correlation coefficients among the study variables which are below .70. Means, a standard deviation, and correlations of the variables are also shown in Table 2. The first three conditions for mediation analysis (Baron, Kenny, 1986) are achieved, as the main correlations among the study variables are significant. Firstly, there is a significant correlation between community cohesiveness and cultural preservation ($r = -.151$) and community attachment ($r = -.258$) based on the first condition. Table 4 which presents regression results also supports these direct relationships. There is a significant correlation between community cohesiveness and well-being ($r = .206$) but not between cultural preservation and well-being. The significant relationship between the independent and the criterion variable supports the second condition. The third condition regarding the relationship between the mediator and the criterion variable is also met only for community attachment and well-being ($r = .236$). As there is no significant association between well-being and cultural preservation, cultural preservation is not included in the mediation analysis.

Table 2 Mean and Standard Deviations of and Correlations between the Variables (compiled by the authors)

Variables	1	2	3	4
1 WLB	1000			
2 COMATT	.236**	1000		
3 CULTPRES	-.009	-.151**	1000	
4COMCOH	.206**	.258**	-.022	1000
Mean	2.76	6.47	2.07	4.07
Standard deviation	0.78	0.67	0.64	0.56

*Notes: Each variable's composite scores were obtained by averaging scores across items representing the measure. **Correlation significant at the 0.01 level. WLB = Wellbeing; COMMATT = Community attachment; CULTPRES = Cultural preservation; COMCOH = Community cohesiveness.*

Model Results

Table 3 presents the direct effects of the study's variables. Hypothesis 1 puts forward that community cohesiveness is positively related to community attachment. This hypothesis is supported as shown in Table 3, as community cohesiveness has a significant influence on community attachment ($\beta = .258, p < 0.001$). Hypothesis 2 puts forward that cultural preservation is related to community attachment. Cultural preservation has a significant negative impact on community attachment ($\beta = -.151, p < 0.010$) shown in Table 3; therefore, hypothesis 2 is partially supported. Hypothesis 3 puts forward the effect of community cohesiveness on well-being. Hypothesis 3 is supported ($\beta = .206, p < 0.001$). Hypothesis 4 is not supported because cultural preservation is not related to well-being. Hypothesis 5 which denotes the relationship between community attachment and well-being is also supported. Hypothesis 6 is supported as community attachment plays a mediating role between community cohesiveness and well-being as shown in Table 4. That is, community attachment partially mediates the effect of community cohesiveness on well-being, and the increment in R^2 of the model ($\Delta R^2 = .036, p < 0.001$). The Sobel test also provides support for well-being as a partial mediator of the influence of community attachment on community cohesion ($t = 2.54, p < 0.01$). Hypothesis 7 is not supported, as cultural preservation was not included in the mediation analysis due to its non-significant effect with well-being.

Table3 Hierarchical Multiple Regression Analysis Results: Direct Effects (compiled by the authors)

Variable	Community attachment		Wellbeing		Variable	Community attachment		Wellbeing	
	β	t	β	T		β	t	β	t
COMCOH	.258	4.86**	.206	3.82**	CULTPRES	-.151	-2.77**	-.009	-.158
F	23.59	-	14.58	-		7.66	-	0.25	-
<i>R²at each step</i>	.07	-	.04	-		.03	-	.00	-
ΔR^2	-	-	-	-		-	-	-	-

**p < 0.001, *p < 0.10, figures in parentheses represent the t-values

Table 4 Hierarchical Multiple Regression Analysis Results: Indirect Effects (compiled by the authors)

Dependent variable and standardized regression weights		
Independent variables	WLB	
	Step1	Step2
COMCOH	.21(3.82)**	.16(2.83)*
COMATT		.19(3.57)**
F	14.58	13.93
<i>R²at each step</i>	.042	.078
ΔR^2		.036

Sobel test: COMATT \rightarrow WLB \rightarrow COMCOH 3.04, p < 0.05

Note: The results do not show any problems of multicollinearity, *p < 0.05, **p < 0.001, figures in parentheses represent the t-values; COMCOH = Community cohesiveness; COMATT = Community attachment; WLB = Wellbeing.

Discussion

Of the seven hypotheses constructed, four hypotheses were fully supported, one was partially supported and two were not supported. The results indicate that positive festival impacts (benefits): community cohesiveness and cultural preservation to some extent had effects on community attachment, and community cohesiveness is positively connected to community attachment. The result was consistent with other researchers suggesting that positive festival impacts yields community attachment (Li, Wan, 2013) and community pride (Mill, Morris, 2002), and Getz (1997).

Culture preservation, considered a positive festival impact (Besculides et al., 2002; Black, 2016; Van Winkle, Woosnam, 2014; Yolal et al., 2009; Yolal et al., 2016) in this study had negative effects on community attachment. Reasons to this outcome are not quite known, although assumptions are made that, in the case of the Jameson Festival, negative results may have been

due to the fact that the event is still fairly new to the community. Residents may not have known that cultural practices in events yield benefits to their community. Inconsistent cultural practices, less attention to cultural issues and presentation during festivals lead to negative perception. The above notions are supported in Black's (2016) study which noted the need for festivals to enhance cultural activities.

Consistent with Yolal's et. al. (2016) findings that positive festival impacts positively affected residents well-being, the current study findings also showed that community cohesiveness positively affected residents' well-being. Further findings in the study confirm a significant relationship between community cohesiveness and residents' well-being, with no relationship whatsoever between cultural preservation and residents' well-being. Community harmony as noted earlier is an indicator for a desired high life standard and/or one's well-being. The result also supports the findings of Gursoy et al. (2004) and Dwyer et al. (2000) who suggest that festivals and events are a significant factor for the communities.

Preserving culture was not seen to contribute towards well-being. This finding is contrary to what literature holds, as many studies have noted cultural preservation to contribute to social cohesion (Black, 2016; Highmore, 2016) amongst residents within a host community and wherein social ties are meant to bring harmony that in turn contribute to the residents' well-being (Yolal et al., 2016). Research generally notes that positive and/or negative impacts are inevitable, however, it may also be that some events may or may not foster these effects (Ohmann et al., 2006). The results also suggest that community attachment positively relates to well-being. Supporting the study findings, Goudy (1990) notes, a sense of belonging, social bonds and a sense of community as antecedents of community attachment believed to contribute toward well-being.

Lastly, the study results indicate that community attachment mediates the relationship between festival impact (community cohesiveness) and residents' well-being. As alluded before, festivals foster cohesion and attachment among individuals in a community. Once residents positively perceive impacts of an event or experience benefits from it, courage and confidence to participate more in the event is built. As the people interact during the festivals, social ties are developed contributing to social cohesion eventually leading to an affection and attachment towards the community. When people begin to work together in agreement over the same issues, peace is developed, an antecedent for well-being.

Theoretical Implications

The developed theoretical framework helps assess the effect of residents' perceptions on community attachment and well-being. In the case

of SET, an exchange process takes place among residents. Residents become more attached to their community when and if they perceive more positive festival impacts (community cohesiveness). When more negative festival impacts are viewed, likewise residents become less attached to the community, and do not feel nor think their lives are improved in any way as a result. The current study in line with other researchers further confirms this notion to be valid (Nunkoo, Ramkissoon, 2011; Li, Wan, 2017), as residents of Victoria Falls did not perceive any benefits in cultural preservation, hence the negative results on the relationship between the variable and community attachment and residents' well-being.

Furthermore, the current research study implements the affect theory (d'Haustere, 2015) in the context of festivals. Affect theory, helps understand what makes people come together, what attracts them to festivals and to take part in the event. The results of the study prove that residents become more attached to their community when they perceive positive festival impacts (community cohesiveness) as compared with when the impacts are negative (e.g., cultural preservation). The study introduces community attachment as a mediator between festival impacts and residents' well-being.

Practical Implications of the study

The study offers a number of practical implications for the Jameson Festival organizers and other stakeholders involved in the planning, marketing and promotion of the event. Residents play a vital role in the commencement of festivals and its success, making them important stakeholders (Deery et al., 2012; Song et al., 2015). As such, involving host community residents in festival planning could be beneficial to the success of festivals. The results of the current study indicate that positive festival impacts (benefits: community cohesiveness) are associated with community attachment and residents' well-being. Festival organizers must publicize the anticipated festival benefits through various media and conducting of community meetings with residents to discuss the event and make preparations for it.

The study established community attachment as a mediator on the relationship between festival impacts and residents' well-being. As such, festivals could be built in ways that social ties, a sense of belonging and a sense of community are easily created within communities (e.g., via community involvement and participation). Organizers could increase pride among residents by giving them the honour to participate in the festival. The study's findings show that residents' well-being is mostly enhanced when locals have developed social community cohesion and attachment amongst themselves. Thus, festival organizers should design festivals in such a way

that social ties, bonds, community pride cohesion and community attachment are enhanced.

Limitations and Future Research

This study pays attention to positive festival impacts, nevertheless including the negative perceived festival impacts may also be beneficial to further understanding the tested interrelationships. Two festival impacts (benefits: community cohesiveness and cultural preservation) are included in this study, other perceived impacts such as: community and educational benefits (Yolal et al., 2016), socio, cultural, economic, physical and environmental impacts on community attachment and well-being could be investigated. Furthermore, the study focused on community attachment as a mediator, future studies can implore other mediation mechanisms such as a sense of community (Yolal et al., 2016), social ties, community identity and pride.

Conclusion

The results show that festivals foster community cohesiveness and community attachment. Events as such are quite involving, hence their ability to help develop a sense of belonging and togetherness within host communities. The results also show that the perceived positive festival impact – community cohesiveness – is strongly related to community attachment and well-being and as such community attachment mediates their relationships. There is also a direct positive relation between community attachment and well-being. Although the relationship between festival cultural preservation and community attachment was partially supported, there was no significant association to well-being.

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NEW PRODUCT DEVELOPMENT OPPORTUNITIES IN REZEKNE

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Abstract. *The tourism industry was one of the fastest growing industries in Latvia until the pandemic was declared in 2020, which brought the entire industry to a halt. Before the pandemic, travel trends were already moving towards the type of experience offered by hostels, and consumer demand had grown in the past years. Moreover, the industry data show that the number of travellers who use hostels is growing. There are several lodging opportunities in Rezekne, but there is no economical option, which would be a hostel. The research aim is to study the theoretical aspects of a new product and analyse the opportunities for the creation of a hostel – a new tourism product in Rezekne. The methods used in the research are monographic, synthesis, statistical analysis methods, and a survey. The research allowed making recommendations for the creation of a new tourism product – a hostel – in Rezekne. The results of the research and survey showed that hostel-level accommodation is needed in Rezekne.*

Keywords: *hostel, new product, tourism product development.*

JEL code: *O14, L26, L83.*

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Introduction

The world economy is now developing faster than ever, because the changes in social attitudes, new technologies, as well as the economic and demographic situation promote changes in business. Lodging has primary importance in the travel and hospitality industry because people who travel to different destinations need a place to stay, rest, and sleep. Hostels are one of the lodging options where several guests rent beds in a shared room, usually with a shared bathroom and kitchen appliances. Due to COVID-19, lodging now also needs to adapt to the newly imposed guidelines.

A hostel can be described as budget-friendly accommodation with a shared room. In hostels, travellers usually have dormitory style rooms; however, nowadays private rooms and hotel type options are also available. Hostels primarily focus on creating a social atmosphere and are cheaper than a hotel. The global hostel market is expected to grow from 4.37 billion USD in 2020 to 5.2 billion USD in 2021. Such growth is mainly related to the fact that companies are resuming their activity and adapting to the new normal

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while recovering from the impact of COVID-19, which brought restrictions involving social distancing, remote work, and closure of businesses as a result of operational problems. In 2025, the market is expected to reach 5.99 billion USD. The growth in millennial (18-35 years old) travel expenses is the main factor that promotes the growth of the hostel market. Hostels are preferred due to their low cost, lodging experience, convenient locations, and the opportunity to meet other millennial travellers. More than 70% of hostel travellers are millennials, 15% of whom have used a hostel in the past 12 months. In the past 12 months, 85% millennial hostel travellers in the USA have travelled abroad, compared with just 33% of all USA leisure travellers. The hostel industry has shown rapid growth promoted by millennial travellers (aged 18 to 35), who are willing to spend more money on longer trips and see as much of the world as possible (The Business Research Company, 2021).

The aim of the research is to study the theoretical aspects of a new product and analyse the opportunities for the creation of a hostel – a new tourism product in Rezekne.

To achieve the research aim, the authors have set the following research objectives:

- 1) A theoretical study of the concept of a new product, its development stages;
- 2) A study of the tourism industry development trends in Latvia;
- 3) A study of the new tourism product development opportunities in Rezekne;
- 4) Making conclusions and recommendations.

Research period: 2015-2020.

Hypothesis: A new tourism product in the sphere of lodging can be developed in Rezekne.

Research novelty: New tourism product development opportunities in Rezekne have been studied and analysed.

Research methods: *monographic, synthesis, statistical analysis methods, a survey.*

Research results and discussion

The essence and development of a new product

A product can be defined as anything we can offer for purchase, use, or consumption which can satisfy a client's need or wish. Several authors have studied the notion of a product. Ph. Kotler believes that a product is more than just a physical object. A product is anything that can be offered on the market to view, purchase, or use. It is anything that can satisfy a need or a wish. Thus, a product can be a physical good, a service, a shop, a person, an

organisation, a place, or even an idea. Products are tools for reaching an aim, with the aim being the satisfaction of client needs or wishes (Digitālā biznesa rokasgrāmata, 2011; Kotler et al., 2010). A product is a complex of tangible and immaterial attributes, including packaging, colour, price, prestige, and services that satisfy people's wishes and needs (Stanton, 2012). W.Berkowitz, F.Crane, R.Kerin, S.Hartley, and W. Rudelius define a product as goods or services having tangible or intangible properties, which satisfy consumers in exchange for money or another valuable (Berkowitz et al., 2003). Whereas a new product is a truly novel product, which significantly differs from existing and similar products (Stanton et al., 1994). Several types of new products can be distinguished in relation to the company and the market: new products in the world, new product lines, additions to existing product lines, improvements/revisions of existing products, relocation/positioning, cost reduction (Charles et al., 2012).

According to McKinsey data, only 1 in 7 ideas results in a successful product, and approximately 25-40% of companies suffer failure after just recently started product development stages (McKinsey and Company, 2017). S. Jobs has said: "The people who are crazy enough to think they can change the world are the ones who do" (Ruth, 2015).

New product development can consist of a variable number of stages. Usually these are 5 to 8 development stages, which involve research, observation, business analysis, development, testing, and commercialisation (Kotler et al., 2010; Baker,2007).

Statistics show that more than 30 000 new products are launched on the market every year, and 85% of them fail. Although there are many different reasons for this, one of the most important reasons is that too many products are not carefully prepared for the market. Neglecting one aspect of product development and too much focus on another usually leads to financial loss. Correct management of the product and its development stages allows preventing such consequences and increasing the chance that the product will succeed in the market (Cernivec, 2018).

New products are also introduced in hotels, such as the world's first robotic butler called Botlr was created at Aloft Cupertino, a hotel in the Silicon Valley. The robot moves between hotel floors to serve guests. Robots that integrate voice and face recognition technologies can be placed all around the hotel to provide information about reception services, as well as checking in and checking out. Robots can process many tasks faster than humans (Clements, 2021).

Tourism industry development trends

The COVID-19 pandemic, which took over the world just in a few weeks, has not only significantly affected public health but has also had a great impact on one of the primary elements of the global economy – the tourism industry.

According to the World Tourism Organisation data, the number of international tourists in 2020 decreased by 74%, compared with 2019. This equals to an approximately 1 billion fewer international arrivals, bringing the industry to the level last seen at the end of the 1980s. Due to the new outbreaks and stricter travel restrictions, the arrivals of international tourists (overnight visitors) in January 2021 decreased by 87%, following a 85% drop in the last quarter of 2020. By region, in the Asia-Pacific region, which still has the highest level of travel restrictions, the largest decrease in international arrivals was recorded in January (-96%). Both in Europe and Africa, arrivals decreased by 85%, whereas in the Middle East, an 84% drop was recorded. International arrivals in the Americas decreased by 77% in January, following somewhat better results in the last quarter of the year. Given that at the beginning of February 2021, 32% of global destinations were completely closed and 34% more were partially closed, UNWTO states that the number of international tourists in the first quarter of 2021 decreased by approximately 85%, compared with the same period in 2019 (World Tourism Organization, 2021; Hospitality Net, 2021). Since 1980, the number of international travellers has grown exponentially from 277 million to almost 1.5 billion in 2019. The two biggest crises of the past decades – the SARS epidemic in 2003 and the Great Recession in 2009 – were rather small compared with the COVID-19 pandemic. Looking at the future, the majority of experts do not expect full recovery in 2021. UNWTO estimates that the industry is going to need 2.5 to 4 years to return to the pre-pandemic levels of international travel (Rihters, 2021).

After COVID-19, travellers all over the world feel the need to travel to destinations that provide some relief from social distancing. A USA survey conducted by American Express Travel concludes that the coronavirus has changed people's perception of luxury travel because the luxury amenities most valued by the respondents are personalised experience (82%), high cleanliness standards (81%), and privacy (79%). Consumers have also redirected their wishes from the mass tourism sphere to less crowded tourism, especially rural and nature tourism. New alternative and sustainable forms of tourism, as well as the wider territorial distribution of tourists, can accommodate these wishes and help to prevent some undesirable consequences of mass tourism (in cities and towns, tourist villages, famous natural destinations, etc.) (Travel Market Report, 2021).

Until 2020, tourism was the highest growing industry in Latvia. However, with the introduction of the state of emergency in Latvia in March 2020, the entire industry suffered large losses, which is still happening now. All indicators describing the tourism industry have dropped. The year 2020 was extremely difficult for the travel and tourism industry because the coronavirus breakouts reached all countries and caused the highest level of restrictions ever experienced (fig.1).

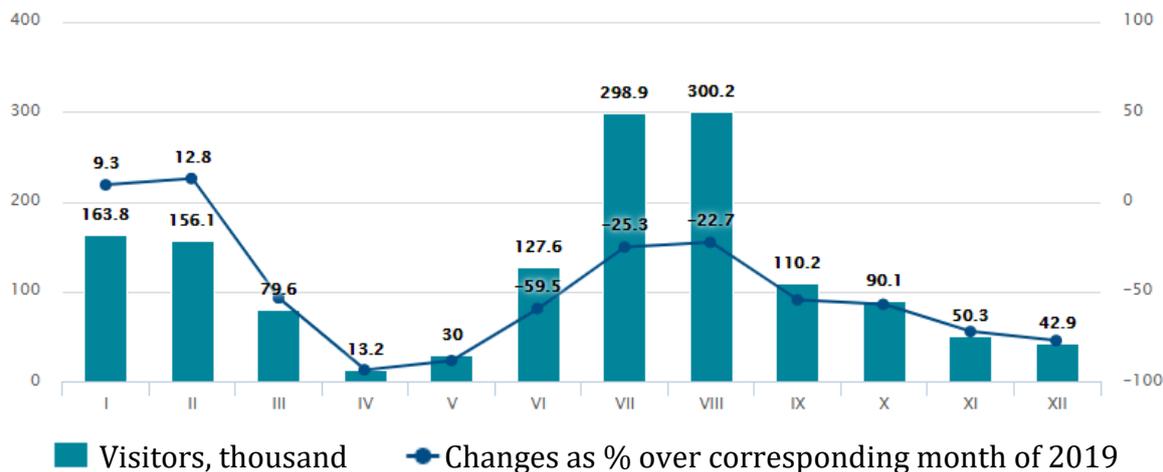


Fig.1 Number of guests served in tourist accommodations in 2020 compared with 2019 (LR Statistikas pārvalde, 2021)

New tourism product development in Rezekne

In tourism development, not only the offer but also lodging is important in order to make guests want to stay for longer. An insufficient number of lodging options has been a pressing issue in Rezekne for several years. Although the situation is gradually improving, organisers of large events have to face the same problem every time. The active tourism season in Rezekne begins at the end of spring and lasts throughout the summer. Different events and festivals not only gather local and international participants but also attract several thousands of guests. GORS, the Embassy of Latgale (*Latgales vēstniecība Gors*) and the local government office Rezekne Culture and Tourism Centre (*Rēzeknes kultūras un tūrisma centrs*) are the biggest event organisers in the city, which attract the biggest tourist crowds. The total capacity of the three hotels and one hostel available in Rezekne is more than 300 beds, however these organisations face regular difficulty finding a place for their guests (Latgales reģionālā televīzija, 2017).

The number of lodging options in Rezekne has not changed in the past three years. There are six lodging options in the city and no hostels. Lodging availability in the *hostel* category in Rezekne Municipality: 1 in Malta (20 km from Rezekne) and *Golden Fox* (12 km from Rezekne in the direction of Ludza).

A survey was conducted in order to determine the new product development opportunities, the necessity, and potential services. The aim of the survey was to explore people’s habits when choosing lodging, the factors that influence the choice, and to determine the services of the potential hostel. 166 respondents randomly selected on social media have been surveyed (02/2021-03/2021). People who travel around Latvia and choose to spend the night in different types of accommodation were invited to participate in the survey, 119 of whom were female and 47 were male. The mean age of the respondents was 31 years.

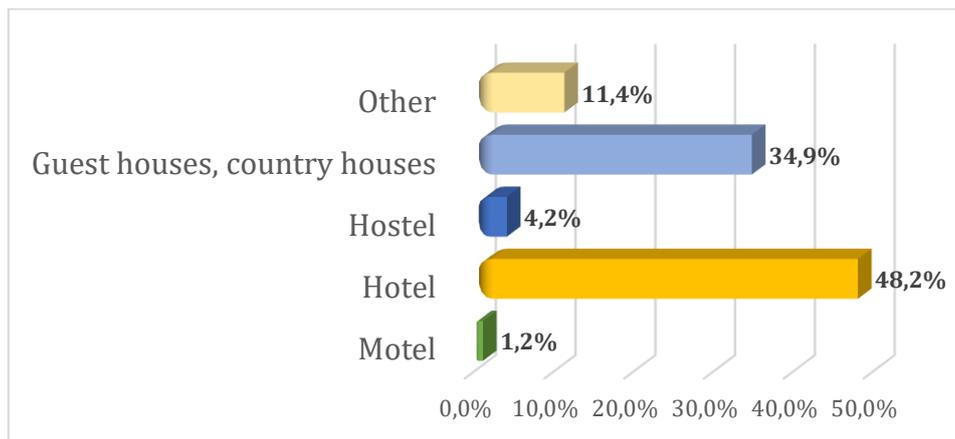


Fig.2. Distribution of the respondents’ answers to the question: “What type of lodging do you prefer?” (Created by authors)

As one can see from Fig.2, hostels are preferred by only 4.4% or 7 respondents. One of the reasons might be their low popularity in Latvia. A very significant difference between a hotel and a hostel is privacy. A hotel room provides a higher level of privacy than a shared room in a hostel.

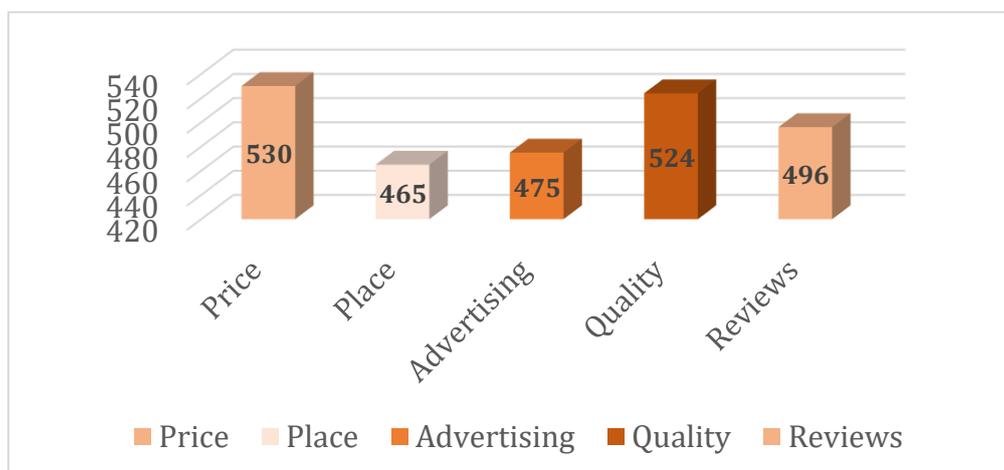


Fig.3. Distribution of the respondents’ answers to the question: “Which factor would influence your choice of tourist accommodation?” (Arranged from 1 to 5: 1 - no influence, 5 - large influence) (Created by authors)

Each of the respondents rated the criterion, assigning it points from 1-5. Points were added together. The survey results show that the most important factor is the price, which received 530 points, and the second important factor is quality with 524 points. Price and quality are virtually at the same level, with a difference in just two points, which allows concluding that these two factors are the most important factors when choosing lodging. Reviews are in the third place with 496 points. The last two places are taken by the location and advertising. Considering that the mean age of the respondents is 31 years, a conclusion can be made that the location and advertising do not influence the choice of lodging in this age group. Generally, the price of lodging is also determined by its location, furnishings, and the level of services provided.

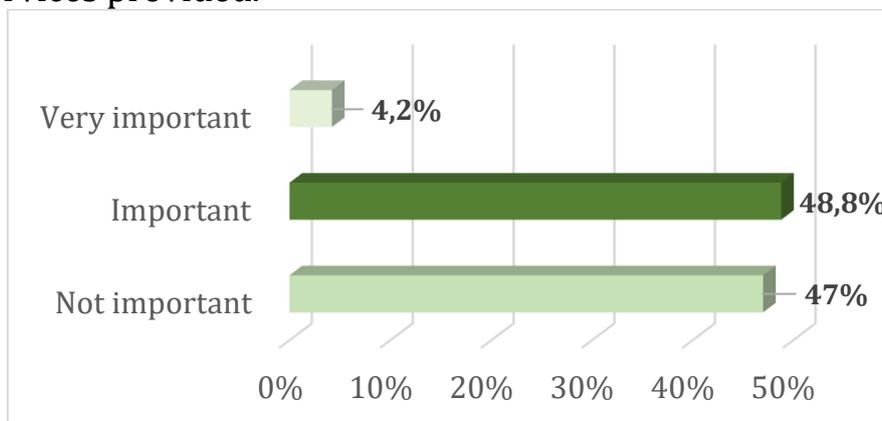


Fig.4 Distribution of the respondents' answers to the question: "How important is it that the lodging is located in the city centre?"
(Created by authors)

As one can see from Fig.4, the percentage distribution between *Important* and *Not important* is very similar. The option *Not important* was chosen by 47% or 78 respondents out of 166; the answer *Important* was given by 48.8% or 81 respondents, whereas for 4.2 % or 7 respondents it is very important that the lodging is located in the city centre. This needs to be taken into account when creating a hostel.

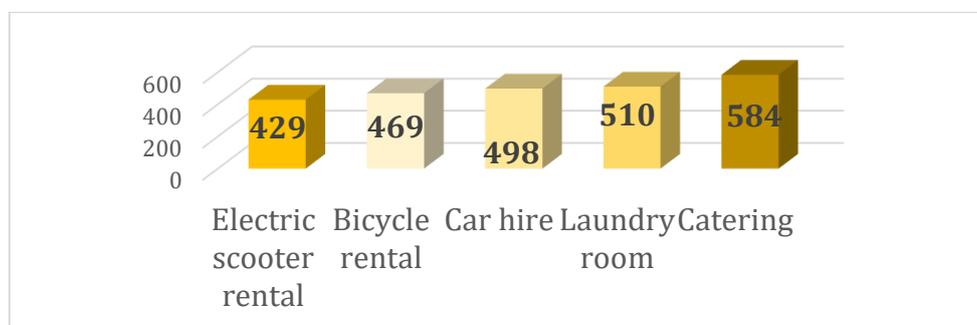


Fig.5 Distribution of the respondents' answers to the question: "What services would you want in a hostel?" (Arranged from 1 to 5: 1 - less important, 5 - very important) (Created by authors)

Each of the respondents rated the criterion, assigning it points from 1-5. Points were added together. The results show that catering has received the largest number of points (584). Self-service is a great option if one does not want to eat outside the hostel or has special dietary requirements. The kitchen usually has sufficient storage space in the cabinets, fridges, and freezers, as well as all the appliances required for cooking, including many pots, pans, tableware and cutlery available for use, which also needs to be provided when creating the new hostel product in Rezekne. The most popular service is followed by the laundry room (510 points). From additional services, car hire has been chosen the most (498 points). Car hire makes it easier for tourists to travel outside the city. There are many tourist destinations outside Rezekne, but getting there is quite difficult.

Conclusions and proposals

Designing a new product can involve a variable number of stages. These are usually five to eight development stages, which help to understand, analyse, and create the new product, thus reducing the chance of failure. Each new product development stage has its own objectives and goals to achieve using different methods that help to better explore the development stages of the new product, thus helping prevent failure when introducing the product into the market. All new product development stages require equal attention because neglecting one product development stage and too much focus on another usually leads to financial losses and failure.

The COVID-19 pandemic, which took over the world just in a few weeks, has not only significantly affected public health but has also had a great impact on one of the primary elements of the global economy – the tourism industry.

In tourism development, not only the offer but also lodging is important in order to make guests want to stay for longer. An insufficient number of lodging options has been a pressing issue in Rezekne for several years. The current number of lodging options in Rezekne is six, which has remained the same in the past three years.

Although the results of the survey show that the majority of the respondents choose to stay in a hotel, 4.2% would also stay in a hostel. This proves that different types of accommodation are needed in the city, and entrepreneurs should develop this type of accommodation.

The survey results allow concluding that the most important factor when choosing lodging is the price, followed by quality, as well as catering and car hire services.

When creating a hostel, the new circumstances also need to be taken into account by the entrepreneurs, and a self-check-in kiosk needs to be

installed for guests, which will ensure contactless registration, reduce reception costs, increase the check-in speed, and provide a room management system.

Entrepreneurs, when creating a hostel, must take into account the balance between price and quality, provide for a larger number of private rooms, offer several additional services, as this was important for the respondents. The location of the hostel does not matter - the city centre or one of the districts of the city.

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Market Analysis of Extruded Field Bean Flour Food Product Potential

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Abstract. *The consumption of functional food is increasing in almost all industrialized countries, not only because of an aging population but also because of a more enthusiastic lifestyle, which makes meeting the nutritional requirements more difficult. In part, the transition to processed, easily packaged and pre-cooked foods is considered to be a response to long working hours. It resulted in an increased demand for ready-to-eat foods in recent years and it is expected to continue growing. The aim of the research is to study and analyse the need for extruded field bean flour food products in the market. Methods used in the research – monographic, synthesis, statistical analysis methods. The research developed proposals for the sale of extruded field bean flour as a food raw material in different markets.*

Keywords: *extruded field beans, market analysis.*

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Introduction

Current trends in the food industry incite scientists to study new food products and raw materials rich in proteins that would be adequate for consumers with intolerance or an allergy to specific food items. Scientists also study food products and raw materials obtained through the process of saving and renewing the resources of the Earth. One of such raw food material species is legumes: peas, beans, including field beans.

Field bean flour is characterized by a high content of fibre, microelements, proteins and some chemical substances, as well as the absence of gluten (wheat gluten). Unlike soybeans, field beans do not have such a high content of phytic acid, which prevents the absorption of minerals such as Zn, Ca, Mg in the body (Šterna et al., 2018). Apart from that, the latest studies have revealed negative influence of the consumption of soybeans on

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men's health. This all leads to the search for alternative sources of raw materials (Messiana, 2016).

Currently, one of the most limiting factors for producers in the use of alternative flours is the specific flavour of non-grain flour products. For producers of specific and functional foods, specific flavour may not be a limiting factor for the market, but for healthy consumer gluten-free flour products, flavour restriction is a significant barrier.

At present, there are no technologies available on the market that can remove the specific flavour of bean flour and ensure the taste properties of grain flour, while maintaining high nutritional value and gluten-free properties, as well as improving rheological and baking properties, thus ensuring the use of flour as a base raw material in food industries. This is evidenced by the fact that there is still no food on the store shelves made exclusively from field bean flour, without the addition of other flours, in order to ensure the structure and desired taste characteristics of the product.

The unique extrusion technology developed by RTA ensures the *improvement of the rheological and baking properties of field bean flour, as well as the removal of the specific taste*. The technology includes the use of various extrusion parameters (temperature, amount of added water, etc.), controlled heat supply to the foodstuff and the outer walls of the extruder, as well as defined parameters for the part of moisture content of raw materials during hot extrusion.

Use of the technology ensures the availability of basic raw material legume (field bean) flour which can be used in the production of food products, with the following advantages:

- the raw material has no specific taste of field beans and has the taste characteristics of grain flour;
- the raw material can be used for consumer healthy gluten-free flour products;
- the raw material does not have an adverse effect on health, including allergies, and has a higher content of fibre, trace elements, protein and certain chemicals than the most commonly used equivalent legume products on the market (soybeans).

The aim of the research is to study and analyse the need for extruded field bean flour food products in the market.

To achieve the research aim, the authors have set the following specific research tasks:

1) Study the sale of extruded field bean flour as a food raw material in the following markets:

- in the meat product market as an additive to meat mixtures;
- in the flour product market as a main ingredient or additive;

- in the sweet and snack market, including chocolate, market as an additive;
- in the dairy product market as an additive.

2) Make conclusions and develop recommendations.

Research period: 2014-2020.

Hypothesis: The most promising application of the technology is to use it as the main raw ingredient or an additive in flour products.

Research novelty: The need for extruded field bean flour as a food raw material in different markets has been studied and analysed.

Research methods: *monographic, synthesis, statistical analysis methods.*

Research results and discussion

Currently a large proportion of biological resources produced in Latvia for the production of food products and animal feed, especially grains and milk, is exported as raw materials. These are products to which no value is added in Latvia. The ability of Latvia to produce biological resources is the main competitive advantage of its food industry (Zemkopības ministrija, 2018). Moreover, the increase in the demand for food and animal feed in other countries of the world can make Latvia's food production development even more attractive. This is why it is important to focus on the use of this potential in Latvia's food production industry. The development opportunities in the food industry which involve adding a higher value to raw materials produced in Latvia are the following:

- 1) production of quality products;
- 2) yield and production of functional food products;
- 3) design and production of innovative products.

The technology designed allows for more rational use of raw materials (field bean flour) by reducing raw material and food waste (Zemkopības ministrija, 2017).

The use of the technology results in raw material with a long shelf life (experimentally proven to be five years), which provides an advantage when creating supplies of food raw materials for the needs of the State in emergencies.

In the technology design process, parameters were obtained and tested, which allow using 100% bean flour, without adding wheat, corn, or other types of flour, thus excluding the possibility of the product containing gluten.

During the last few years, consumption of extruded snacks has rocketed in Europe, the United States, Japan and other countries and regions (Grand View Research, 2019). The local market also presents opportunities both for the existing participants of the market and the newcomers. As evaluated

thoroughly in the technical and economic feasibility study (Rezekne Academy of Technologies, 2020), the target markets for the innovative technology of RTA are producers of meat, flour products, confectionery, and snacks, also including producers of chocolate, dairy products as well as public catering companies. Market trends are different for each of these segments.

Meat industry market trends

The global meat industry has experienced moderate market growth in the time period 2014 - 2020. Moderate growth is also forecasted for the time period until 2024. Market growth until 2020 was mainly driven by good economic growth in the region of Asia, India, and Indonesia. Developing markets are consuming more red meat, and consumers are increasingly seeing the connection between good health and a balanced diet (Marketline database, 2019).

The total revenue of the global meat market in 2018 was 924.75 billion US dollars, which represents a 3.3% increase in the Compound Annual Growth Rate CAGR in the time period 2014 - 2018. In comparison, Asia, Pacific Ocean regions, and American markets grew by a CAGR of 2.8% and 1.8%, respectively reaching revenue of 286.96 billion and 182.23 billion US dollars in 2018 (Marketline database, 2019).

The meat market is rapidly influencing consumer behaviour concerning vegetarian trends. According to global forecasts, approximately a third of global meat production will become a new type of meat product in the next 10 years, leading to a decrease of traditional meat products up to 40% (fig.1) (Gerhard et al., 2020).

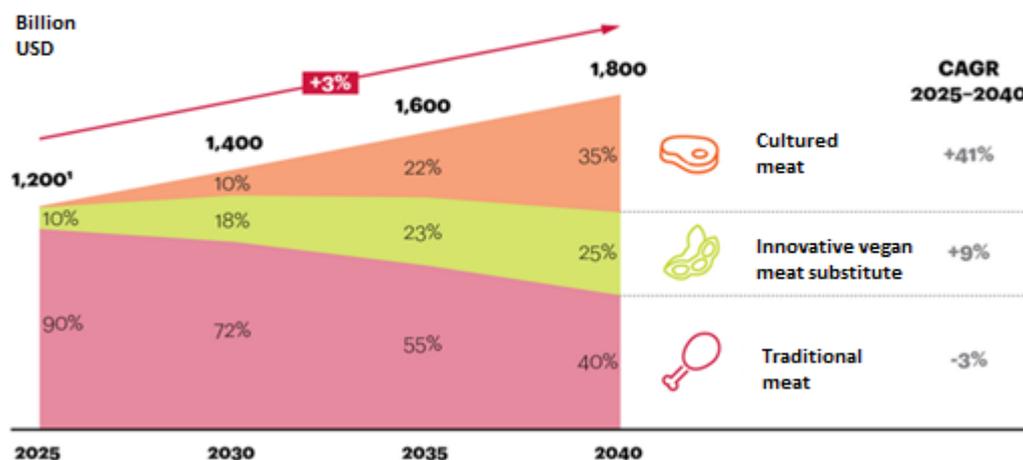


Fig.1 Global meat consumption forecast, CAGR 2025-2040
(Gerhardt et al., 2020)

It is forecasted that the cultivated meat and the new meat substitutes are overall going to change the traditional 1,000 billion US dollars' worth meat industry with all its' suppliers. It is also going to be directly affected by the general shift to such proteins as legumes and nuts (replacing meat proteins), as well as regulatory measures against traditional meat. The successful development of the meat market in 2030 and beyond requires early investments, since supply chains, production and distribution channels need to be set up and adapted to the new market requirements (Gerhardt et al., 2020). The innovative technology of RTA directly applies to this new and rapidly growing demand.

In 2017, the Europe market was the largest market of meat substitutes, due to the growing consumer awareness about diet and meatless dishes, as well as the increasing prevalence of a flexitarian diet in this region. In addition, the growing number of meat counterfeits and spoiled meat cases has encouraged consumers to switch to a vegan diet, which presumably is going to promote the meat substitute market in this region (Markets and Markets, 2020).

The Europe meat market has experienced moderate growth in the time period of 2014 - 2018. It is forecasted that growth is going to stagnate in the coming years. Since the Europe meat market has stabilized, rapid growth is forecasted for certain segments, such as healthy and protein-rich meat snacks and meat products that are entirely or partly made of vegetarian ingredients, but which still retain the appearance and taste of the meat product (Allied Market Research, 2019a).

Chilled packaged whole meat cuts take up the largest volume of the European meat market in 2018, with total revenue of 90.51 billion US dollars, which makes up 27.9% of the total market value. In comparison, revenue from sales of fresh meat reached 77.79 billion US dollars in 2018, representing 24% of the total market value (Allied Market Research, 2019a).

It is forecasted that the Europe meat market is going to grow by a 3.5% CAGR between the years 2018 and 2023, boosting the market value to 385.66 billion US dollars by the end of 2023. In comparison, the German and UK markets will grow by 3.4% and 2.6%, reaching 71.96 billion and 27.25 billion US dollars in 2023 (Allied Market Research, 2019a).

In 2017, the worth of this market was 4.1 billion US dollars. Furthermore, in 2017, Europe dominated the global meat substitute market, making 38.5% of the total revenue (Allied Market Research, 2019a).

In developed markets, the increase of outlets for innovative, low-cholesterol meat products, such as lean meat, is limiting the growth of the meat substitute market. Generally, growing health concerns in developed countries have resulted in an increased number of consumers who prefer vegetarian food. Accordingly, it is forecasted that market operators will be

provided with profitable opportunities to launch innovative meat substitutes in the coming years (Allied Market Research, 2019a).

Allied Market Research states that meat substitutes based on tofu and textured vegetable proteins dominate the global meat substitute market and are expected to maintain the dominant position throughout the forecast period (2019-2026).

Generally, meat consumption is increasing and trends suggest that this increase is going to continue. Demand in huge markets such as China and India are growing, due to population growth and prosperity. Fresh meat makes up almost 90% of the total meat consumption worldwide, with pork and poultry being the most popular. Consumption of poultry is high in several markets, while consumption of pork is mostly fixed in particular largest meat consuming regions - China - where it is most popular, and in Germany and France to a lesser extent (Allied Market Research, 2019b).

The future of meat consumption is divided into two groups: volume consumption in developing countries and the growth of meat hybrids in developed countries, as people in many developed countries are trying to reduce meat consumption. The market trend to reduce meat consumption to a large extent is motivated by consumers' concerns about their health, as well as concerns about the sustainability of the planet since the meat industry for many consumers is associated with a negative impact on the planet's ecosystem (FAIRR Briefing, 2018).

Worldwide, just over a fifth of consumers are trying to limit meat consumption, and Western Europe and the USA are the main markets where this trend is evident (CBINSIGTS, 2021). These markets then also outline the most promising markets for the innovative technology of RTA. In these markets, according to market trends, there is a growing demand for proteins and thus alternatives to the meat made from vegetarian materials.

Flour product industry market trends

As it was concluded in detail in the feasibility study, the flour products market tends to shift from the production of simpler flour-based food to more complex products, including extruded ones. Consumption of conventional flour-based food continues to decline in Western Europe and North America, in contrast to Asia, where sustainable growth is observed. Growth is also observed in the Middle East and Africa, as well as Latin America. In Western Europe, the share of consumers who actively reduce bread consumption is declining. However, in Western Europe the use of specifically processed bakery products is increasing (Euromonitor Passport, 2020).

Market trends show that the Middle East and Africa are the largest drivers of volume growth, while Europe is the largest market for functional

flour products. With scientific progress that have contributed to the understanding of how nutrition affects human health, commercial opportunities have opened up for the development of a new food concept - functional food. This is a relatively new approach focused on achieving the optimal health status, improving human well-being and reducing the risk of disease by choosing functional foods that help improve physical health. Consumers' interest in improving and maintaining their health by choosing functional foods has also promoted the development of the market by offering consumers a variety of functional foods including functional flour products (Bhat et al., 2011).

The Middle East and Africa have overtaken Western Europe to become the world's largest flour-based food market in terms of total volume (MarketWatch, 2021).

The addition of new ingredients or non-grain flour used for flour-based food production is a niche with a significant growth potential, mainly in Western Europe and North America. The aim of the new ingredients on the markets is to offer consumers healthier alternatives, especially with respect to fibres and proteins (Clare, 2002).

According to the TEC-made analysis, the baking of bulk bakery products has allowed retailers to strengthen their customer base and brands. Ready-to-bake pastries produced on a commercial scale have been a fast-growing segment with a high profit margin, especially in markets where packaged baked goods have more sales than bulk. This has allowed retailers to strengthen their bargaining position and make a profit for flour producers. Demand for a variety of freshly baked supermarket products is expected to increase over the next five years, so the products alternative to bean meal could gain good growth prospects in this category as well (Allied Market Research, 2016).

Moreover, the market tendencies show that, despite the existence of a stagnant market for flour products in Europe, still it is the market that consumes the bulk of resources for flour-based food (per capita consumption), and this gives evidence to the existence of a potential demand for innovative, high-value products (Allied Market Research, 2016).

In summary, per capita GDP growth in Asia and global population growth worldwide remain the main drivers providing for the top-line growth of flour-based products. Lifestyle changes in developing countries will force consumers to replace home-made bread with the purchase of baked goods and, on the other hand, the search for new sources of flour will increase since the demand for alternative carbohydrate sources increases. As a result, more and more manufacturers are looking for novelties such as pea and bean protein (USA), insect powder, match tea, or other powders.

Market trends for confectionery and snacks, including the chocolate industry

The global confectionery market has experienced moderate growth in the period from 2015 to 2019. Growth is expected to increase over the forecast period from 2019 to 2024, and the Covid-19 explosion will further increase growth in this market. There are several factors stimulating market growth. The total household income is increased, there is rapid urbanization all around, and a very dynamic lifestyle with little free time prevails; moreover, there is a growing tendency to donate confectionery products – these are main factors promoting the worldwide growth of the confectionery market. However, more and more people become followers of a healthy lifestyle and opt for sugar-free confectionery. That is why manufacturers focus on healthier product innovations in combination with aggressive market strategies in order to increase sales volumes (Allied Market Research, 2020).

The global confectionery market was valued at \$210.3 billion in 2019, and is projected to reach \$270.5 billion by 2027, registering a CAGR of 3.6%. In 2019, the chocolate segment accounted for the highest confectionery market share. Confections refer to food items that are rich in sugar and carbohydrates (Allied Market Research, 2020).

The confectionery market of Europe has experienced moderate growth within the period from 2015 to 2019. According to estimates, the growth will drop a little within the forecast period from 2019 to 2024 because of Covid-19. Economic problems and the existing uncertainty as to about export and import regulations following Brexit will affect market growth, which worries European confectionery manufacturers. The confectionery market of Germany has the largest share of market consumption in 2019, which constitutes 15.6% of the total value of the European market; Great Britain is the second largest with 12.2%. The demand for healthy and sugar-free confectionery is growing rapidly; they proved to be a substitute product in the market (Allied Market Research, 2020).

Covid-19 has also affected the European confectionery market, which is now expected to grow at a CAGR of 4.3% to reach USD 91.081 million in 2024. Covid-19 also affected volume forecasts, the market is now projected to grow at a CAGR of 1.4%, reaching the level of 6,453.2 million kilogram in 2024 (Marketline, 2020).

In Eastern Europe, as in Northern and Western Europe, the growth potential of sweets is associated with new, healthier alternatives, often involving combinations of innovative ingredients (Zhang et al., 2018). Extruded bean meal products are among these and it can therefore be concluded that market tendencies (Martinez-Monzo et al., 2013; Hassam et al., 2020; Malakar et al., 2020) are favourable.

Dairy products market trends

The world market of dairy products experienced sustainable growth within the period from 2014 to 2018. The market growth is projected to increase within the period from 2018 to 2023. Such Asian countries as Indonesia, China and India have experienced rapid growth of the dairy market, which, in turn, contributed to the steady growth of the world dairy market as well. The main factors influencing the growth of the market are the increase of the population's income, rapid urbanization, and busy lifestyle. In turn, the popularity of a healthy lifestyle contributed to the production of healthy dairy products. Manufacturers are particularly focused on product packaging, including smaller and cheaper products (International Magazine..., 2021).

Market consumption increased by a CAGR of 1.4% between 2014 and 2018, reaching 171,520.3 million units in 2018. The market volume is expected to expand up to 183,271.6 million units by the end of 2023, showing a 1.3%-CAGR increase within the timeframe from 2018 to 2023 (International Magazine ..., 2021).

The confectionery market of Europe has experienced moderate growth within the period from 2015 to 2019. The market growth is projected to accelerate within the timeframe from 2018 to 2023 (International Magazine..., 2021).

Market trends indicate that market growth will accelerate to reach a 3% CAGR increase between 2018 and 2023, which in turn will promote the increase in market value to USD 190,846.3 million by the end of 2023. In comparison, the German and British markets will grow at a CAGR constituting 2.6% and 3%, respectively, reaching USD 32.963.4 million and USD 20,071.2 million, respectively (International Magazine..., 2021).

It can be concluded that the market trends show the ever-widening range of functional dairy products entering the markets over the recent years. As already analysed in detail in the feasibility study, the origin of soy products has a poor reputation due to GMO presence therein, with the result that non-soy alternatives have grown rapidly. Peas and beans are one of the newest and fast-growing ingredients of the future – mainly due to their high protein content and sustainability.

Public catering market trends

The world catering industry has experienced modern growth before 2020; however, the industry was shocked by the Covid-19 pandemic, resulting in a substantial decrease. The industry is projected to recover by 2023 and see growth opportunities. Many of the leading chains that have been able to adapt to the new Covid-19 situation are now focusing on digital solutions and modifying the menu in terms of keeping health preservation

principles rather than creating new vacancies. Covid-19 has changed the industry extremely significantly, and its future and market trends depend largely on the course of the pandemic. However, as most leading market analysts agree, the industry will have growth opportunities in the context of digitalisation and healthy eating (Chow,2020).

The global catering industry had total revenues of USD 3,246.8 billion in 2018, showing a 3.5% increase in CAGR between 2014 and 2018. In comparison, industries in Asia-Pacific and the United States grew by 4.3% and 3.2% respectively, reaching USD 1,326.7 billion and USD 689.8 billion in 2018, respectively (Lock, 2021)

The public catering industry of Europe has also experienced moderate growth over the last years before 2020. In Europe, there was an increase in industrial transactions volume by a CAGR of 1.3% within the timeframe from 2014 to 2018, reaching 85.6 billion of transactions in 2018. In Europe, fast food restaurants are the most profitable segment of the industry in 2018, with the total revenues of USD 250.1 -13824, which is equivalent to 29.4% of the total value of the industry. Full-service restaurants accounted for 234.3 billion in 2018, which is equivalent to 27.6% of the total value of the industry (Marketline, 2019).

Despite the current economic situation, which is particularly difficult, the latest data for 2020 show that the catering industry is finding ways to grow and, despite the significant transformations, offering health diet and innovations will be compulsory to the industry in the years to come (Euromonitor, 2020).

Conclusions and proposals

Current trends in the food industry incite scientists to study new food products and raw materials rich in proteins that would be adequate for consumers with intolerance or an allergy to specific food items. Scientists also study food products and raw materials obtained through the process of saving and renewing the resources of the Earth. One of such raw food material species is legumes: peas, beans, including field beans.

During the last few years, consumption of extruded snacks has rocketed in Europe, the United States, Japan and other countries and regions. The local market also presents opportunities both for the existing participants of the market and the newcomers.

Worldwide, just over a fifth of consumers are trying to limit meat consumption, and Western Europe and the USA are the main markets where this trend is evident. These markets then also outline the most promising markets for the innovative technology of RTA. In these markets, according to

market trends, there is a growing demand for proteins and thus alternatives to the meat made from vegetarian materials.

According to the TEC-made analysis, the baking of bulk bakery products has allowed retailers to strengthen their customer base and brands. Ready-to-bake pastries produced on a commercial scale have been a fast-growing segment with a high profit margin, especially in markets where packaged baked goods have more sales than bulk. This has allowed retailers to strengthen their bargaining position and make a profit for flour producers. Demand for a variety of freshly baked supermarket products is expected to increase over the next five years, so the products alternative to bean meal could gain good growth prospects in this category as well.

In Eastern Europe, as in Northern and Western Europe, the growth potential of sweets is associated with new, healthier alternatives, often involving combinations of innovative ingredients. Extruded bean meal products are among these, and it can therefore be concluded that market tendencies are favourable.

It can be concluded that market trends show the ever-widening range of functional dairy products entering the markets over the recent years. As already analysed in detail in the feasibility study, the origin of soy products has a poor reputation due to genetically modified organism (GMO) presence therein, with the result that non-soy alternatives have grown rapidly. Peas and beans are one of the newest and fast-growing ingredients of the future – mainly due to their high protein content and sustainability.

Despite the current economic situation, which is particularly difficult, the latest data for 2020 show that the catering industry is finding ways to grow and, despite the significant transformations, offering health diet and innovations will be compulsory to the industry in the years to come.

Within the framework of the national research programme “Covid-19 Mitigation”, the issue of restructuring and strengthening the resilience of local food chains during the crisis and post-crisis in Latvia is being studied, where the potential food market in Latvia has been assessed. According to the CSB grain and legume balance data, in 2019, 226.1 thousand tons were processed into food for domestic consumption, and they were only 7% of the total amount of grain produced in Latvia this year (LLU, 2021).

The hypothesis has been proved.

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SUSTAINABLE, SMART AND RESPONSIBLE NATURE PARK TOURISM

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Abstract. *The one of the largest nature parks in Latvia is Nature Park “Piejūra”. It is a very complicated area due to its valuable and sensitive coastal habitats. On the one hand, it is a territory with rich biodiversity, and on the other hand it is an area actively used by visitors and tourists due to its location close to the capital of Latvia. Therefore, implementation of sustainable nature protection, conservation and management activities is particularly important. However, as the area is widely visited, there is public resistance to the implementation of management activities.*

The aim of the research is to identify the level of awareness and attitude of Nature Park visitors in respect of the nature conservation, protection and management activities. To achieve the aim of the research, quantitative research methods have been used.

The data allows us to conclude that the understanding of the necessary nature management and protection activities has become deeper in the society. The public understands the established restrictions and considers that there is no necessity to strengthen the restrictions, but only to promote their observance. The study confirms that the attitude towards and understanding of the nature conservation activities changes in the society if there is enough information provided and the necessity for the activities is explained.

Keywords: *attitude, awareness, conservation, management activities, nature, protection.*
JEL code: Z390.

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Introduction

One of the largest nature parks in Latvia is Nature Park “Piejūra” (hereinafter – the Nature Park), which represents the habitats and species of the Boreal region and is one of the most important natural territories in Europe. Conservation of these sensitive coastal habitats is becoming more and more topical in the entire territory of Europe due to the increase of the anthropogenic load on the coastal territories, as well as the increasing severity of storms and subsequent level of coastal erosion.

At the same time the Nature Park is very heavily used area by visitors and tourists due to its location close to the capital of Latvia and beautiful

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nature, including sandy beaches. According to the Central Statistical Bureau of Latvia, approximately 32% of the population live within the territory of the Nature Park or in close proximity to the Nature Park. Besides that, urbanised territories within the park and surrounding the park have the highest human density in the country – 2511.1 inhabitants/sq.km (Central Statistical Bureau, 2011).

Based on the abovementioned, a conflict arises – on the one hand, the Nature Park is an area of a high biological value and one of the most protected areas in Latvia, and on the other hand it is a territory with high anthropogenic pressure, as it is located nearby the most populated area in Latvia.

As the Nature Park is a very vulnerable territory and a highly visited tourism object, it is necessary to find a balance between visitor needs and sustainable nature management activities.

European Union co-funded LIFE+ programme project "Coastal Habitat Conservation in Nature Park "Piejūra" (LIFE15 NAT/LV/000900) (hereinafter – LIFE CoHaBit) has been implemented to plan and carry out scientifically based sustainable territory management activities. The main aim of the LIFE CoHaBit is mitigation of the heavy anthropogenic pressure and restoration of the vulnerable coastal habitats in the Nature Park.

Numerous studies have shown that conflicts may exist between the management of protected areas and the interests of visitors and residents of nearby areas (Guzman, et al., 2020). Therefore, public information campaigns were started already at the beginning of the project. Nevertheless, during the implementation of the Nature Park management activities, the LIFE CoHaBit project encountered significant public resistance to the scientifically based and expertly determined work carried out.

Negative societal perception of protected area management can seriously endanger these vulnerable areas. (Anthony, 2007).

The aim of the research is to identify the awareness and attitude of Nature Park visitors in respect of the nature conservation, protection and management activities. To achieve the aim of the research, quantitative research methods have been used.

Research results and discussion

In recent years, particularly in developed countries, environmental impacts have been purposefully reduced (Venter et al., 2016) and protected areas have been expanded to cope with the degradation of natural ecosystems (Ficko et al., 2019).

At a time when biodiversity is declining rapidly (Tittensor et al., 2014) a large part of the society has understood the necessity for nature protection

activities. Slowly the society is beginning to realise that nature protection does not contradict human progress, and the value of nature does not go above human needs (Pearson, 2016). The sustainability of the environment is closely related to thoughtful use of the nature and its numerous resources, which ensures the source for human existence (Okaba, 2005).

According to the Latvian Sustainable Development Strategy 2030, the Nature Park is defined as a space of national interest importance for its outstanding value for sustainable development of Latvia, preservation of identity, and strategic resources for development of the Latvian state (Sustainable Development Strategy 2030). The Baltic seacoast is one of the most valuable areas where conservation of nature and culture heritage must be in balance with economic development.

The Nature Park is one of the most visited NATURA 2000 territories in Latvia for recreational purposes. The municipalities that lie within the territory of the Nature Park are residing areas for 32 % of the total number of inhabitants of the country, and the territory has a higher population density than any other region of Latvia.

A study conducted in 2015 showed that a significant part of the Nature Park visitors was from Riga (Jeņina, 2015). The most important value that people look for in the natural areas that are located nearby cities, is the opportunity to relax in a peaceful and natural environment (Reķe 2018).

It is assumed that each visitor of the Nature Park crosses the vulnerable habitats at least twice during a single visit, and particularly in these places the stress caused by the anthropogenic load can be identified. Visitors usually do not intentionally destroy habitats, but increase the negative impacts caused by anthropogenic pressure due to lack of appropriate infrastructure and a low level of awareness among the visitors.

Within the framework of the LIFE CoHaBit project, significant public education activities were carried out to explain the implemented management and conservation activities, thus not only increasing the understanding of the performed activities but also changing the public's attitude to nature conservation. Studies show that two-thirds of the case studies recorded some behavioural change in the desired direction after the intervention (Hardeman et al., 2002). Both the theory of reasoned action and the theory of planned behaviour state that people make quite rational decisions on the basis of a systematic evaluation of information available to them (Ajzen et al., 1980).

Methodology

In order to achieve the aim set and to identify the visitor attitude towards the protection of the Nature Park and implemented management activities, a questionnaire was developed.

Both quantitative and qualitative data were obtained and analysed within the research. The questionnaire survey was conducted at two stages – at the beginning (pre-test) of the implementation of the Nature Park management activities and after (post-test) their completion. Within the framework of this study, public information campaigns can be considered as interventions.

Data for the pre-test were obtained in the period from 08/10/2018 to 24/10/2018 by gathering the opinions of 506 respondents. Data for the post-test were obtained in the period from 25/02/2021 to 08/03/2021 by gathering the opinions of 272 respondents. Data obtained electronically were acquired from the pre-test platform *visdati.lv* and the pre-test platform *surveymonkey.com*.

The collected data were analysed using the SPSS data processing tool, performing descriptive and inferential statistics. Pre- and post-test respondents were randomly selected participants who visited the Nature Park and had shown interest in completing the questionnaire.

The profile of the average respondent is as follows – a female with a master's degree, aged 40 to 62, who lives in Riga.

Research results

Comparing the pre- and post-test results, it has been concluded that there are statistically significant differences in the respondents' understanding of the necessary Nature Park management and conservation activities.

The results show that there are statistically significant differences ($p=0.001$) between the pre- and post-test respondents' assessment about restrictions established in the Nature Park.

Figure No.1 shows the respondents' attitude towards the restrictions established in the Nature Park.

As it can be seen, a higher proportion of pre-test respondents supported strengthening the restrictions (36%). At the same time, approximately the same proportion of respondents (31%) thought that the restrictions were appropriate and there was no need to strengthen them.

It is important to note that a significantly higher proportion (45%) of post-test respondents believed that the restrictions should be maintained as they are at present, while the pre-test participants felt that the restrictions should be strengthened.

A proportionally equal group (6%) of both pre- and post-test respondents believed that the restrictions should be reduced.

The results obtained show that society is responsible and believe that in order to preserve the values of nature, there must also be appropriate restrictions.

Statistically significant differences were also observed ($p=0.022$) between the pre- and post-test respondents' opinions on the question about necessity to implement the requirements that correspond to the Blue Flag beaches in the Nature Park.

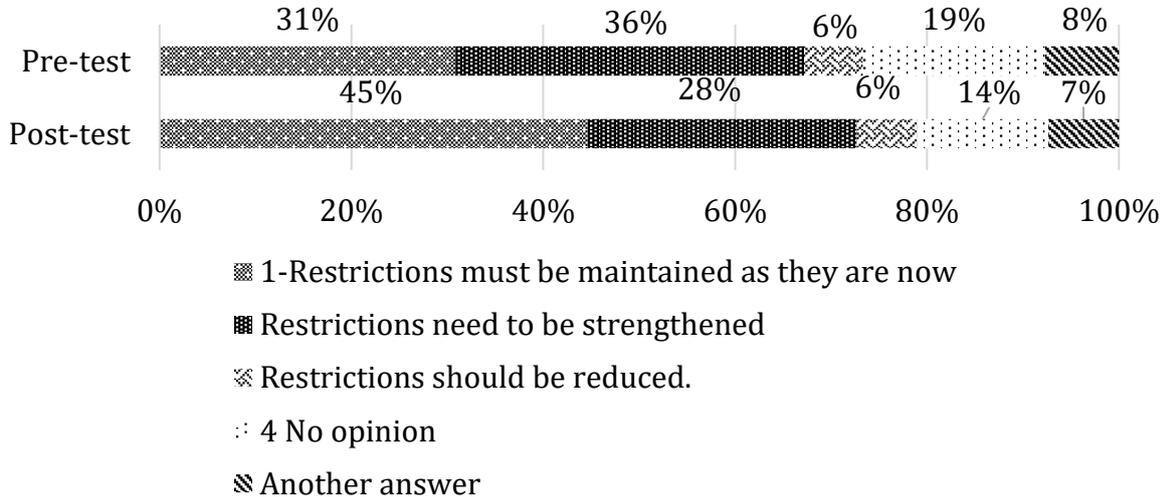


Fig.1 Percentage breakdown of respondent assessments of the restrictions currently established in the Nature Park "Piejūra"
(compiled by the author)

Analysing the respondents' opinions regarding the necessity to implement the requirements that correspond to the Blue Flag beaches in the Nature Park (Fig.2), it was concluded that the majority of pre-test respondents agreed with the necessary beach improvements (53%). Only 16% of pre-test respondents did not agree with the idea to transform beaches according to Blue Flag requirements.

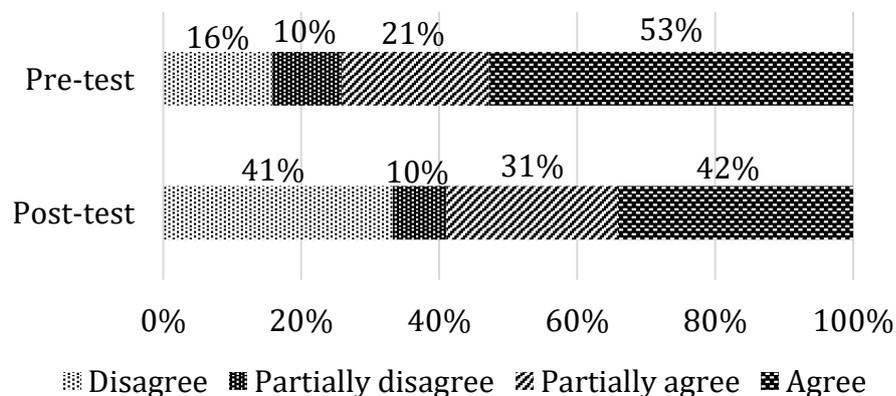


Fig. 2 Percentage breakdown of respondent assessments of the necessity to ensure requirements to create Blue Flag beaches in the Nature Park territory (compiled by the author)

While the opinions of the post-test respondents are divided – an equal number of the respondents’ support (42%) the necessity to ensure appropriate requirements for Blue Flag beaches, and an equal number (41%) of the respondents do not agree with such a need.

The obtained results confirm the conclusion drawn within other studies that people look for natural areas, not for purposefully developed and improved beaches.

Although the obtained results may look like that the respondents' opinion on the nature park management activities has become more tolerant, the position of the post-test respondents on the severity of penalties is stricter (Fig.3). The results show that there are statistically significant differences between pre- and post-test responses ($p=0,014$) in respect of the question about penalties for violations of the rules.

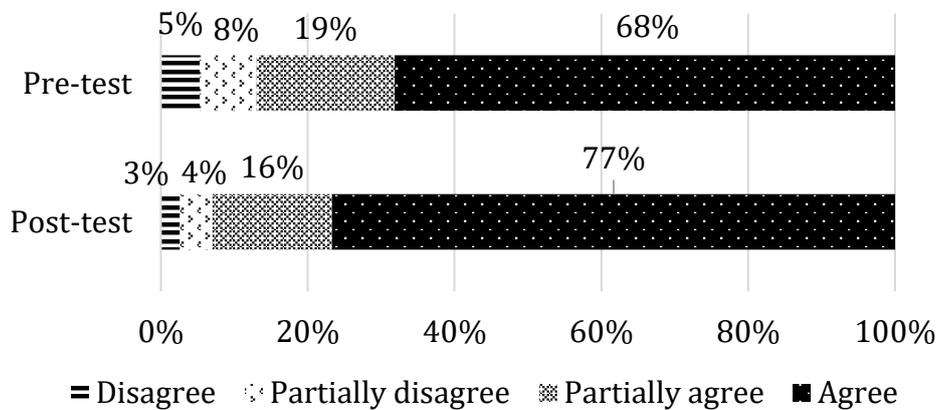


Fig.3 Percentage breakdown of respondent assessments of the necessity for more severe penalties for dune devastation (compiled by the author)

A significant majority of post-test respondents (77%) believe that park visitors should be punished more severely for dune devastation.

The results show that a larger proportion of pre-test respondents believe that violations should not be penalised. 8% partially disagree that offenders should be punished more severely and 5% completely disagree that offenders should be punished more severely. In contrast, the position of post-test participants is less lenient – only 4% partially disagree and 3% completely disagree that offenders should be punished more severely.

Based on the obtained results, it can be hypothetically concluded that Nature Park visitors’ knowledge has become more comprehensive. Visitors understand the need to comply with the restrictions, as well as understand the justification of these restrictions and do not see the necessity to strengthen the restrictions. At the same time, the public is strict about

complying with these restrictions, namely, if the rules are not followed, the action must be clear and firm.

The second part of the research was focused on assessing visitors' attitude to and awareness about the management activities that have been implemented in the Nature Park within the LIFE CoHaBit project.

Based on the obtained data in post-test research, it has been concluded that there is a relatively lower level of visitor awareness about the necessity to control invasive species, as well as the necessity to improve the quality of coastal wooded dunes. It is important to mention that there was a great resistance to the activities that was carried out to naturalise seaside wooded dunes. A higher visitor awareness was about the necessity to implement erosion risk reduction activities as well as the restoration of coastal grasslands.

A Pearson correlation analysis performed showed correlations between the visitors' awareness of the necessity for Nature Park management activities and the implemented conservation and protection activities in the particular territory (Table 1).

Table 1 Correlations between the visitors' awareness of the necessity for Nature Park management activities and the implemented ones
(compiled by the author)

		Visitor awareness about restriction of alien species	Visitor awareness about restoration of coastal grasslands	Visitor awareness about reduction of erosion risk	Visitor awareness about improvement of the quality of wooded dunes
Territories where conservation and protection activities have been implemented	Bullu sala	.088			
	Kalngale dunes	.034			
	The estuary of the Gauja River	.078			
	Vakarbullu grasslands	.074	.244**		
	Daugavrīva grasslands	.021	.260**		
	Carnikava dunes			.216**	.179**
	Garciems dunes			.252**	
	Lilasete dunes			.270**	.222**
	Mangalsala dunes			.234**	.097

** Correlation is significant at the 0.01 level (2-tailed)

As can be seen in Table 1, there are no correlations between the visitors' awareness of and attitudes towards the restriction of alien species in the Nature Park. The reason for the lack of correlations can be explained by the fact that a large number of respondents did not have an opinion on the work performed, which can be largely explained by the fact that the work is less visible compared with other management activities.

Statistically significant, but relatively weaker correlations are between the visitor awareness of the necessary erosion risk reduction activities, coastal grassland restoration activities and forest dune quality improvement activities, and the attitude towards the activities performed in the project areas.

The variables between which the correlations are very weak are the visitors' awareness of the necessity to improve the quality of wooded dunes and the attitude towards the activities performed in the Carnikava and Mangaļsala areas.

It is important to mention that these are the areas where the LIFE CoHaBit project faced the greatest public resistance during activity implementation.

Conclusions and suggestions

The obtained results show that Nature Park visitors are educated and positively oriented towards the currently implemented nature protection restrictions and necessary activities to preserve nature values.

The creation of Blue Flag beaches involves significant improvement and, in a sense, redevelopment of the beaches. Such activities, on the one hand, clean and maintain the territory, but on the other hand transform it and most likely also increase the anthropogenic pressure. The study concludes that society currently does not want all beaches to be well-maintained, but to have access to a natural environment where it is possible to relax and enjoy the nature.

The data allows us to conclude that the understanding of the necessary nature management and protection activities has become deeper in the society. The public understands the established restrictions and considers that there is no necessity to strengthen the restrictions, but only to promote their observance. It is not the strength of the restrictions, but understanding of and compliance with them that will contribute to nature protection. According to the ecosystem services approach, the value of nature is its sustainable use to promote human development. If the territory is not available to society, it will no longer be 'so valuable', because a human will not be able to acquire this value. The only condition is how this value is used – thoughtfully and sustainably or selfishly and irreversibly?

The study confirms that the attitude towards and understanding of the nature conservation activities changes in the society if there is enough information provided and the necessity for the activities is explained.

Before implementing future Nature Park management activities, it is necessary to plan and carry out in-depth public education activities, thus each visitor will not only better understand the validity of and necessity for the activities, but changes in their behaviour and attitude towards the nature area and its values are also expected.

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RESEARCH INTO THE ADMINISTRATIVE AND TERRITORIAL REFORM

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Abstract.

The research aims to examine the theoretical aspects of administrative and territorial reform as well as to identify the attitudes of Latgale region residents to implementing the new administrative and territorial reform.

The following research methods were employed: qualitative content analysis; analysis of legislative enactments and legal documents; a sociological research method – a survey was conducted to identify the opinions and assessments of Latgale residents about the new administrative and territorial reform; descriptive statistics and the graphical method.

The research examined theoretical aspects regarding the division of territory into administrative units as well as the concept and definitions of a municipality as an administrative unit. The research analysed the results of the survey of Latgale region residents and identified the respondents' assessments of implementing the new administrative and territorial reform.

Keywords: Administrative Region, Administrative and Territorial Reform, Municipality, County.

JEL code: H70, R58, O38.

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Introduction

There are still discussions on the administrative and territorial reform completed in 2009 (Ministry of Environmental Protection and Regional Development of the Republic of Latvia, 2019) (hereinafter the ATR) whether it was carried out at sufficient quality, the goals set were achieved, the municipalities amalgamated were able to fully perform the functions prescribed for them by law etc. The new ATR launched 10 years later (Ministry of Environmental Protection and Regional Development of the Republic of Latvia, 2019) raises even more questions regarding whether it is a new reform or a continuation of a previous reform in order to correct past mistakes and remedy the shortcomings that have emerged.

The research aims to examine the theoretical aspects of administrative and territorial reform as well as to identify the attitudes of Latgale region residents to implementing the new administrative and territorial reform.

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The following specific research tasks were set to achieve the aim of the research:

1. To examine theoretical aspects regarding the division of territory into administrative units.
2. To identify the attitudes of Latgale region residents to implementing the new administrative and territorial reform.

The following hypothesis was put forward: the population has a positive attitude to implementing the new administrative and territorial reform.

The research employed the following methods: qualitative content analysis; analysis of legislative enactments and legal documents; a sociological research method – a survey was conducted to identify the opinions and assessments of Latgale residents about the new administrative and territorial reform. The results of the survey were processed using the statistical software Statistical Package for the Social Sciences and in some cases the data visualization software Excel. The survey was anonymous and all the data obtained were used in an aggregate form. The respondents' profiles were analysed by municipality. Descriptive statistics was used, as most of the data could be expressed through nominal or value scales. Quantitative analysis was also performed using cross-tabulation. The graphical method was employed to graphically visualize the results obtained.

The research examined theoretical aspects regarding the division of territory into administrative units as well as the concept and definitions of a municipality as an administrative unit. It analysed the results of the survey of Latgale region residents and identified the respondents' assessments of implementing the new ATR.

1. Theoretical aspects regarding the division of territory into administrative territories

The concept and development of administrative territories have been extensively researched. In Latvia, for example, the above have been researched by I.Vilka (2004) in her doctoral dissertation "Municipal Reforms and Regional Development in Latvia"; E.Vanags (1997) has researched the organization and economies of municipalities, I.Vilka and E.Vanags (2005) have jointly researched the performance and development of municipalities, Z.Rags (2000, 2002) has researched the legal aspects of local government activities, Z.Kalniņa-Lukaševica (2013) has researched regional development and the planning and assessment thereof, while P. Šķiņķis (1999) examined the administrative territories and compiled (2021) information on the administrative and territorial division of Latvia for the National Encyclopaedia.

To make a country easier to administer, it is customary to divide its territory into administrative units. The units are administered by local governments that are elected or appointed (Žubule, 2003). The national Law on Administrative Territories and Populated Areas states that “An administrative territory is a territorial unit of Latvia which is administered by a local government within the scope of its competence” (Law on Administrative Territories..., 2020). The Republic of Latvia is divided into the following administrative territories:

- 1) territories of local governments of State cities;
- 2) territories of municipality governments (Law on Administrative Territories..., 2020).

The key purpose of administration and governance is to implement purposeful or intentional activities. Administration and governance is a means whereby territorial strategies can be and are implemented. Administrative territories and their structures reflect territorial strategies both directly and indirectly (Šķiņķis, 1999). Local self-government is one of the main forms of governance of administrative units of a country. Local self-government administers the residents living in a particular administrative unit of the country, and the activities of its government directly apply to the particular territory of the country – a unit of administrative and territorial division: a city or town, a civil parish, a county, a region, a district, a province etc. (Keišs, Kazinovskis, 2001).

In all countries of the world, local governments function along with the national government and public authorities. They form the basis of any democracy. The better local governments function institutionally, functionally, financially and administratively, the more efficient public administration is implemented in the interests of the population. It is known that daily the population are most closely associated with their local governments (Keišs, Kazinovskis, 2001). Local governments are considered to be the backbone of any democratic state system and the basis of democracy, and it follows that the more developed local governments, the greater democracy exists in the country (Vanags, Vilka, 2005).

In Latvia, the definition of a local government is given by the Law on Local Governments (Law on Local Governments, 1994). In accordance with the provisions of Section 3, Paragraph one of the Law, “A local government is a local administration which, through bodies of representatives elected by citizens - city or municipality council - and authorities and institutions established by them, ensures the performance of the functions prescribed by law, as well as the performance of tasks assigned by Cabinet according to the procedures specified by law, and local government voluntary initiatives, observing the interests of the State and of the residents of the relevant administrative territory” (Law on Local Governments, 1994).

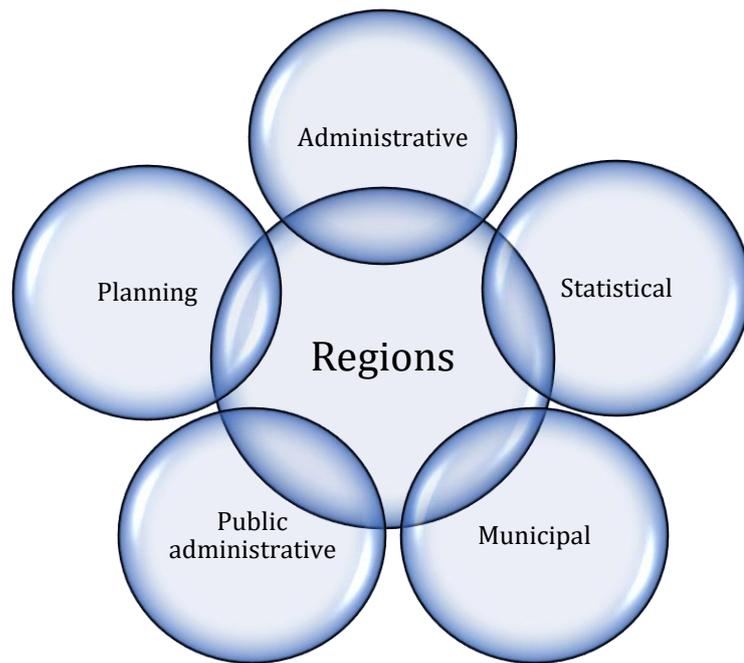


Fig.1 Division of administrative units (authors' construction)

The territory of a country is divided into different administrative and territorial units according to the purpose of use: self-government, statistical measurements at national, regional or local level etc. The territories of the units may also overlap (Keišs, Kazinovskis, 2001). Municipalities could also be divided into urban and rural ones.

Under the public administration system, relations between different levels of state power or legal administrative relations, as well as the implementation of public administration functions are governed by the principles of centralization and decentralization (Jansone, Reinholde, Ulnicāne, 2002). *The principle of centralization* applies to the system of direct public administration. The mutual relations of public administration institutions are determined based on this principle. The mutual relations are based on a hierarchy: lower-level authorities are hierarchically subordinated to higher-level authorities. Accordingly, each authority has different decision-making powers depending on the powers delegated to the authority. The application of this principle makes sense only if performing a public administration function involves more than one administrative and territorial unit, e.g. several municipalities. Accordingly, the function is performed more cost-effectively and efficiently if it could be performed at national level (Stucka, 2012; Jansone, Reinholde, Ulnicāne, 2002; Hirsch, 1981). Theory defines such a process also as administrative rationalization (Hirsch, 1981).

The principle of decentralization allows the transfer of some functions or their parts to non-hierarchical institutions. Such institutions perform specific

functions and manage certain administrative units (Benz, Meincke, 2006). Quite often the principle of decentralization is applied to the transfer of competencies of direct public administration organizations to local government institutions, thereby increasing the conditional independence of local governments and their right to decide on issues important to the residents of their territories (Marcou, Wollman, 2009). Decentralization has several advantages: dealing with administrative matters is entrusted to those who are interested in performing such functions; performing decentralized functions is more efficient and cost-effective than fulfilling centralized functions; in the event that some functions are entrusted to the lowest public administration level, the principle of subsidiarity requiring that public services be provided as close as possible to residents must be respected (Stucka, 2012; Marcou, Wollman, 2009).

The above-mentioned principles depend on the level of autonomy of local governments, as well as on the national understanding of possibilities of influencing the local community. Both the principles of centralization and decentralization are applied as well as the principle of subsidiarity is emphasized with regard to the competence of local governments (Stucka, 2012). The principle of subsidiarity plays an important role in the redistribution of areas of responsibility between national and local authorities (Marcou, Wollman, 2009). *The principle of subsidiarity* is the golden mean between the principles of centralization and decentralization. It is characterized by the distribution of areas of responsibility between different public administration levels (Rodiņa, 2009). The principle of subsidiarity means that the highest-level public administration may intervene only if the lowest level is unable to perform its functions completely. And it also works the other way around – the highest public administration level is forbidden to intervene in cases in which the lowest public administration level is able to fully perform the functions assigned (Delcamp, 1994). Therefore, the principle of subsidiarity is mostly a matter of the attitude of political administrations and aims to bring decision-making closer to residents, as well as emphasizes the fact that decision-making power is assigned rather than delegated to local governments (Par tiesvedības..., 2009; Delcamp, 1994).

A country developed in a balanced way and governing its administrative units, especially at municipal level, is a complex process. Therefore, different approaches to development need to be applied in each region of the country (Khwela, 2013). Several difficulties are seen in relations between the national and local governments. The way governance mechanisms are distributed determines their importance at national or local level. Too much delegation of authority to one level or another can lead to an unbalanced redistribution of power, which can affect the availability and quality of

services provided by the national and local governments. Therefore, regardless of the system of public administration the country has – centralized or decentralized –, there will be cases in which local governments benefit from it, and there will be cases where local governments do not benefit from it, meaning that the most optimal solutions should always be sought (Jansone, Reinholde, Ulnicāne, 2002; Delcamp, 1994).

2. Latgale region residents' ratings of and attitudes to the administrative and territorial reform

A questionnaire was developed to conduct a survey and identify the opinions of Latgale region residents about the new administrative and territorial reform. The survey was conducted from January to March 2021, and 435 respondents were involved in the survey, representing all 21 municipalities of Latgale region. The survey asked closed-ended questions with one-choice and multiple-choice answers to be shown on nominal and interval scales. The survey was conducted online. Invitations to participate in the study were sent to all Latgale region municipalities, educational institutions of all levels and published on social media sites: draugiem.lv and facebook.com. Several municipalities also published the invitation to fill in a questionnaire on their social media pages and thus reached a larger target audience.

The survey included 33 questions on demographics and identified respondent opinions on the current situation and the situation after the ATR, the ATR goals set by the Ministry of Environmental Protection and Regional Development (hereinafter the Ministry), the development of specific areas after the ATR and the impacts of the ATR on the respondents as well as their families and jobs or educational institutions. In the questions in which the respondents expressed their opinions on the value scale, the average rating given by the residents was calculated for each municipality. The survey results were aggregated by municipality in order to identify a connection between the attitudes of residents of a particular municipality to the ATR, its goals and areas of public importance, e.g. education, public transport, health care and safety.

The survey involved 435 respondents, 353 women (81.1%) and 82 men or (18.9%). The most respondents were from the city of Rzekne – 61 or 14% of the total respondents, followed by Dagda municipality with 52 or 12%, whereas the fewest respondents were from Varkava and Zilupe municipalities – three respondents or 0.7% from each municipality.

As regards the ages of the respondents, the most respondents or 101 were aged 31 to 40 years, and slightly fewer respondents or 97 were aged 51 to 60 years. The number of young respondents aged 21 to 30 years was also

quite large, 88, and one less or 87 respondents were aged 41 to 50 years. Low response to the survey was among those aged up to 20 years and above 60 years, which allows us to conclude that the ATR was of most interest to working-age individuals.

An analysis of the respondents' occupations reveals that the most respondents or 263 (60.5%) worked and 92 (21.2%) studied and worked at the same time. Only four respondents (0.9%) were retired and seven (1.6%) were unemployed.

The respondents were asked to give their ratings of several areas of life in which, according to the Ministry (Ministry of Environmental Protection and Regional Development, 2020), improvements are expected. The respondents could give their ratings on a scale of 1 to 5, where 1 was poor and 5 was good. First, they were asked to rate the development of the municipality where they lived, i.e. before the ATR. Overall, the current situation was rated as poor by 3.45% respondents, almost poor by 8.97%, average by 36.78%, almost good by 38.85% and good by 11.95%. The respondents most satisfied with the situation were found in Livani municipality, where the development of the municipality was rated as average by 42.86%, almost good by 28.57% and good by 28.57% respondents. The residents of Ilukste, Cibla and Rugaji municipalities were also satisfied with the situation. However, the current development of their municipalities was rated as poor and almost poor by 60% residents of Varkava municipality and 40% residents of Aglona municipality. This means that overall the population were satisfied with the current situation.

The respondents' ratings of the situation with regard to the question "What is your rating of the development of the region where you work/study now?" were slightly different. Of the respondents, 3.4% rated the region where they lived as poor, and only 1.6% rated the region where they worked/studied as poor. The ratings of the situation as almost poor decreased from 9% to 7.1% and as average also decreased from 36.8% to 32.6%. The ratings of the situation as almost good increased from 36.9% to 45.7%, while the ratings of the situation as good remained almost unchanged, increasing from 12% to 12.9%. Accordingly, it could be concluded that the residents rated the current level of development of the municipalities where they worked/studied higher than the level of development of the municipalities where they lived/studied.

The research compared the respondents' ratings of the development of the municipalities before and after the ATR. The ratings of the municipalities where the respondents live after the ATR revealed that the most respondents expected that the situation would change for the worse, as 11.3% believed that the development of the municipalities would be poor (7.9%-points more than those rating the situation before the ATR as poor) and 19.1 % almost

poor (10.1%-points more). However, 35.9% respondents admitted that the development of the municipalities would be average, 16% almost good (decrease by 22.9%) and 7.8% good (decrease by 4.2%).

The ratings of the municipalities where the respondents work/study before and after the ATR differed. It could be concluded that the respondents' ratings of the situation after the ATR as poor increased from 1.6% to 7.6% and almost poor from 7.1% to 15.9%. The ratings of the situation after the ATR as average changed only slightly, increasing from 32.6% to 38.4%, whereas the ratings of almost good decreased from 45.7% to 28.3%, the ratings of good decreased from 12.9 to 9.9%.

The survey participants had also an opportunity to rate the ATR itself (Fig.2).

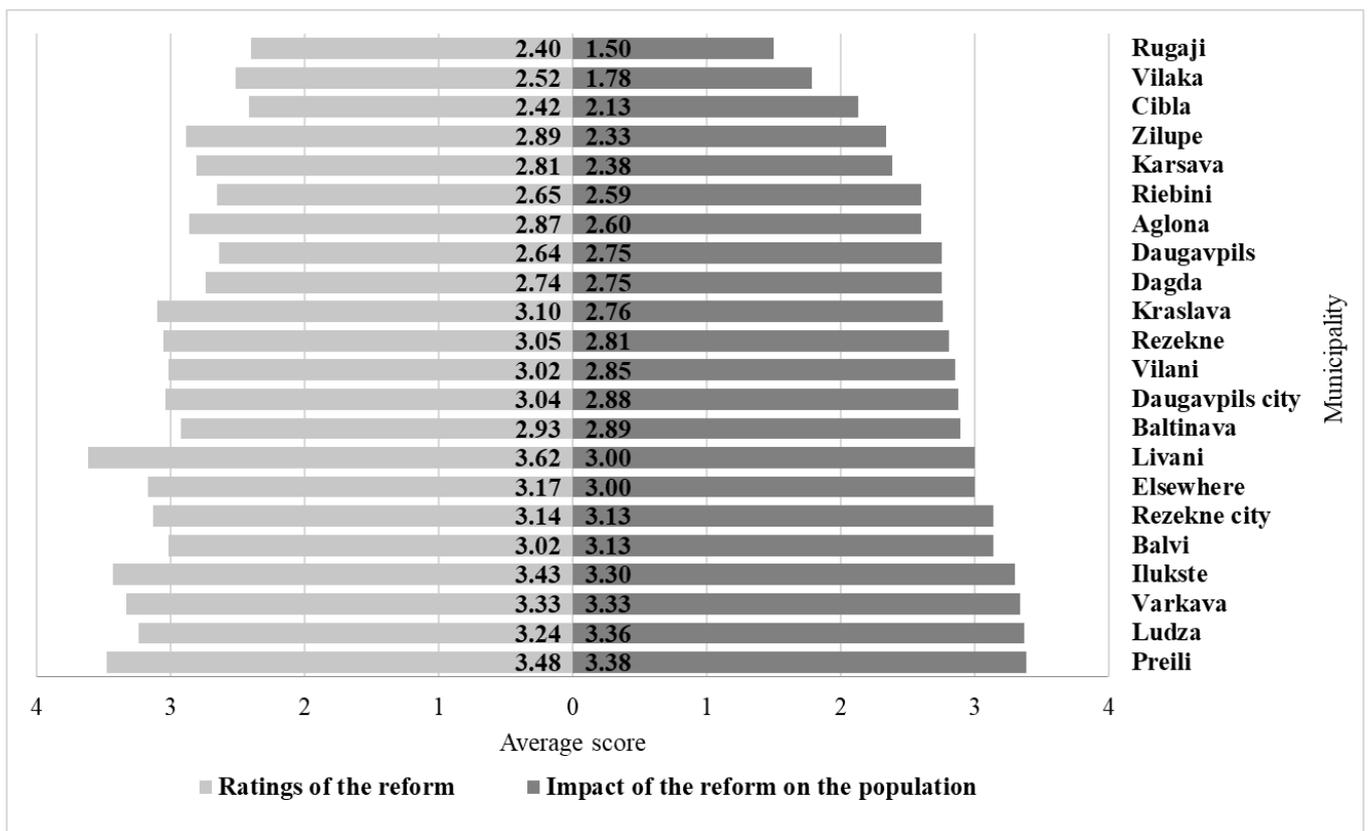


Fig.2 Respondent ratings of the administrative and territorial reform and its impacts on the population (authors' construction)

The residents of Preili, Ludza, Varkava and Ilukste municipalities were the most positive about the ATR, as their average ratings exceeded 3.30 points. The lowest average ratings of the ATR were given by the residents of Rugaji, Vilaka and Cibla municipalities, 1.50, 1.78 and 2.13, respectively. Overall, the residents of Latgale region rated the ATR at 2.85 points, which was slightly below the average.

A comparison of the residents' ratings of the ATR itself and its impacts on themselves as well as their families and jobs or educational institutions revealed that the list of municipalities whose residents gave more positive ratings slightly differed. Overall, the ATR was positively rated by the residents of Preili, Ludza, Varkava and Ilukste municipalities, while the residents of Livani, Ilukste and Varkava municipalities anticipated a more positive impact of the ATR on the population. In both cases, the residents of Varkava municipality viewed the ATR more positively. However, the residents of the same municipalities – Rugaji, Vilaka and Cibla – gave more negative ratings of the ATR itself and its impacts on the population.

An analysis of the results of the survey allows us to conclude that the population were quite neutral towards the ATR, as evidenced by the overall average ratings of the ATR. The analysis also leads to a conclusion that there are some municipalities whose residents are more pessimistic, e.g. the residents of Cibla, Vilaka and Rugaji municipalities. Overall, however, the respondents from Preili and Livani municipalities were more optimistic. This could be explained by the fact that the small municipalities of Cibla, Vilaka and Rugaji will be amalgamated into other municipalities (Law on Administrative Territories..., 2020), lose their independence, and the centre of the municipality will be further away than before. As regards the positive ratings given by the residents of Preili and Livani municipalities, the residents of these municipalities were generally more optimistic because, as a result of the ATR, the surrounding administrative territories will be amalgamated into these municipalities (Law on Administrative Territories..., 2020). The case of Livani municipality is different (Law on Administrative Territories..., 2020) because the ATR will not affect the municipality at all, and the boundaries of this administrative territory will not be changed.

An analysis of the overall ratings given by the respondents allows us to conclude that the ratings were mediocre. Accordingly, the hypothesis put forward by the research that the population have a positive attitude to the implementation of the new administrative and territorial reform did not prove to be true.

Conclusions

1. The territory of any country is usually divided into various administrative units, which are administered by a local government. It is elected or appointed, depending on the level or type of administration of the administrative unit.
2. Local self-government is one of the forms of governance of administrative units. This form of governance applies to persons residing in a particular

administrative unit of the country: a city or town, a civil parish, a county, a region, a district, a province etc.

3. The performance of functions by local governments is very dependent on how the functions are redistributed between the national and local governments or how the areas of responsibility between national and local authorities are distributed.
4. According to the survey, the residents of Latgale region rated the ATR itself and its goals as mediocre. The respondents rated the future impact of the ATR and the availability and quality of services after the ATR as mediocre. This means that, according to the respondents, the availability and quality of services after the ATR is expected to remain at the same level.
5. The residents of small municipalities that will be amalgamated into administrative territories having centres of regional or national significance are generally more pessimistic about the goals of the ATR and its impact on many areas, as well as the reform process itself.
6. The residents of large municipalities, into which the surrounding administrative territories will be amalgamated, rated the ATR, its goals and impacts on the areas of public importance much more positively.

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THEORETICAL BASIS AND SCIENTIFIC VIEWS ON SELF-MANAGEMENT IN THE ORGANIZATION

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Abstract. *The changes that have taken place in the economy, politics, technology and innovation increase the requirements for management personnel, their professionalism, training and retraining. Organizations cannot take on the development of all the skills of all managers, so maintaining their constant growth and development becomes a necessity for managers and, in general, for any other person who wants to use their time efficiently and make it work. This should become a kind of habit, which is achieved by long work on yourself, the development of perseverance, as well as the ability to think rationally. Nowadays, self-management and self-development of personnel are becoming a factor in the survival of the economy in market conditions, strengthening the position of management in various countries. The aim of the paper is to analyse various research studies in regard to self-management and to give recommendations to improve it. The paper discusses the effective concepts and approaches of various scientists, shows the importance of self-government in work and daily life to achieve the desired success and helps to assess the effectiveness of self-government at the global level. The research used the theoretical information of foreign scientists and Internet resources. The scientific research methods that were used in the research are as follows: literature analysis and synthesis, the monographic method, and content analysis.*

Keywords: *career-controlling, global leader, improving yourself, self-management, successful way.*

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Introduction

Many people want to make work more efficient, high quality and with less cost and power. Self-management with all its components helps to get the best result, reduce the load and feel much better, be more successful in all aspects. Today there are many types of management, but you need to start with yourself, namely to understand and know self-management. Self-management and today's attention to teamwork, new opportunities, and self-governing working groups give people the advantage to take care of themselves at work (Meina Zhu et al., 2020).

Self-management, as a new direction in modern management, is created relatively recently, but is developing very intensively. In the United States,

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which is the ancestor of self-management as a science, almost all higher education institutions study "Self-Management" (Eitel et al., 2020).

Managing an organization or having your own business in our changeable times is a complex job that cannot be successfully accomplished by simple, learned formulas. The leader must understand the general truths and their modern variations that make situations different from each other, also understand and take into account critical factors, internal and external variables.

In a broad sense, self-management requires employees to think, feel, and act in a way that promotes the realization and improvement of the individual employee (Costea et al., 2008; Manz, Sims, 1989; Thomas, 2002). The term is ambiguous, and in most discussions self-management refers to a combination of behaviours that focuses on how people govern themselves in their work and their lives. The essence of modern management, on the one hand, is that it comes from the individual, his/her needs and goals, accumulated knowledge, experience and achievements of scientific and technological progress. On the other hand, it is a creative and intensive application of information technology.

The aim of the paper is to identify the importance of self-management in an organization and prospects for the future if implementing this action.

The tasks of this paper is to clarify the theoretical aspects of the understanding of self-management; consider different concepts from the point of view of well-known scientists in the field of management; identify the importance of self-management at work, in everyday life and in achieving success; evaluate the effectiveness of self-management of global leaders.

The novelty of the research stems from the two important points. With increasing competition, the scale of various changes in entrepreneurship, businesses, which require the development of new skills and the coexistence of different types of management, combats the possibility of self-retardation. And self-management is a prerequisite for survival in the labour market. In order to succeed, you need to be able to manage yourself. Also, technology is changing the nature of work so that it is more common to operate in what may be called an «electronic cottage» (DeNisi, Griffin, 2001). Nowadays, this is quite relevant because of the pandemic. Most of the people work, study and just spend a lot of time at home. Under these arrangements, self-control and self-management are needed in this environment.

The scientific research methods that were used in the research are as follows: literature analysis and synthesis, the monographic method, and content analysis. The paper used the theoretical views of foreign scientists and Internet resources.

Self-management conceptual approaches

The concepts of self-management put forward are based on a certain idea, proceeding from the system of techniques and perceptions of work itself for realization of this idea. The most famous are the concepts of the following scientists: L. Seiwert (1989), M. Woodcock and D. Francis (1991), B. and H. Schwalbe (Швальбе, 1993), V. Andreev (Андреев, 1995), O. Khrolenko (Хроленко, 1996) (Table 1).

Table 1 Basic concepts of self-management from the point of view of different scientists (compiled by the authors)

Author of the concept	The main idea	Understanding of self-management
L. Seiwert	Save time	Consistent and purposeful use of proven methods of work in everyday practice in order to optimally and meaningfully use your time.
M. Woodcock and D. Francis	Overcoming your own limitations	A comprehensive way to test your capabilities and limitations and find real ways to develop personal and business qualities.
B. and H. Schwalbe	Achieving personal business success	Achieving a business career through self-knowledge and self-improvement of their business qualities.
V. Andreeva	Self-development of creative personality	Ability to continuous self-development and self-realization in one or more types of professional activity through a psychological mechanism.
O. Khrolenko	Improving the personal culture of business life	Increasing business potential by raising the level of business culture in its various aspects.

Thus, hardly any of the considered concepts of rational organization of time, personal constraints, achieving business success, self-development or culture of business life can be proposed as a sufficiently justified and effective methodology for managing one's own career. But each of them offers many useful methods, techniques, tips and tricks that can be used in self-management of a business career and also in life. All of these concepts focus on success as a result and provide strong motivation and business potential in order to increase chances and career prospects.

System of elements for understanding self-management

Robert Kelly includes a full chapter on self-management in his book *How to Be a STAR at Work* (Kelley, 1998). His research highlights the following key elements of self-government:

- learning to support the goals of the organization and your own goals throughout your life;
- making sure that your projects add value to the organization;
- developing your personal productivity skills to manage your time and responsibilities;
- building extensive personal networks that allow you to use knowledge inside and outside the organization to solve complex problems;
- accepting changes and rethink both organizational structures and definitions of work as new opportunities arise (Suess, 2015).

Successful employees directly manage their work and careers. By placing high value on the organization, stars are given more opportunities to choose which projects to work on and instinctively develop new skills to further their career prospects (Suess, 2015).

Well-known psychologist K. Keenan (2015) offers her view on self-management. She considers the following components of successful self-management: self-assessment, ability to achieve goals, ability to manage stress, ability to find common ground with others, show endurance and self-control, a positive life position. It is these factors that allow you to effectively manage yourself and get good results such as well-being and achievement of goals. T. Bryant (2004) considers self-discipline as a process of mental self-management, which allows a person to mobilize all the resources and opportunities to achieve consciously set goals.

The regular solution of different types of tasks and problems can be interpreted as a series of functions that are interdependent and performed in a specific order. In terms of the sequence of basic functions, the symbol mechanism is divided into six stages (Seiwert, 1989):

1. The goal's aim is to assess and create personal goals;
2. Planning entails the development of plans and alternate solutions for the company's operations;
3. Taking individual cases into consideration;
4. Implementation and organization - compiling the daily schedule and organizing the personal labour process in order to carry out the assigned tasks;
5. Control, self-control and performance tracking (if applicable, target adjustments);
6. Knowledge and communication is a process that is unique to some degree to all functions, as communication and information sharing are required at all stages of self-management.

Performing these functions necessitates the use of specific methods and techniques, which allows you to achieve results that contribute to success and bring you closer to your goals. Examine the most popular ones and see

what self-management functions they help with and what advantages they provide (Figure 1).

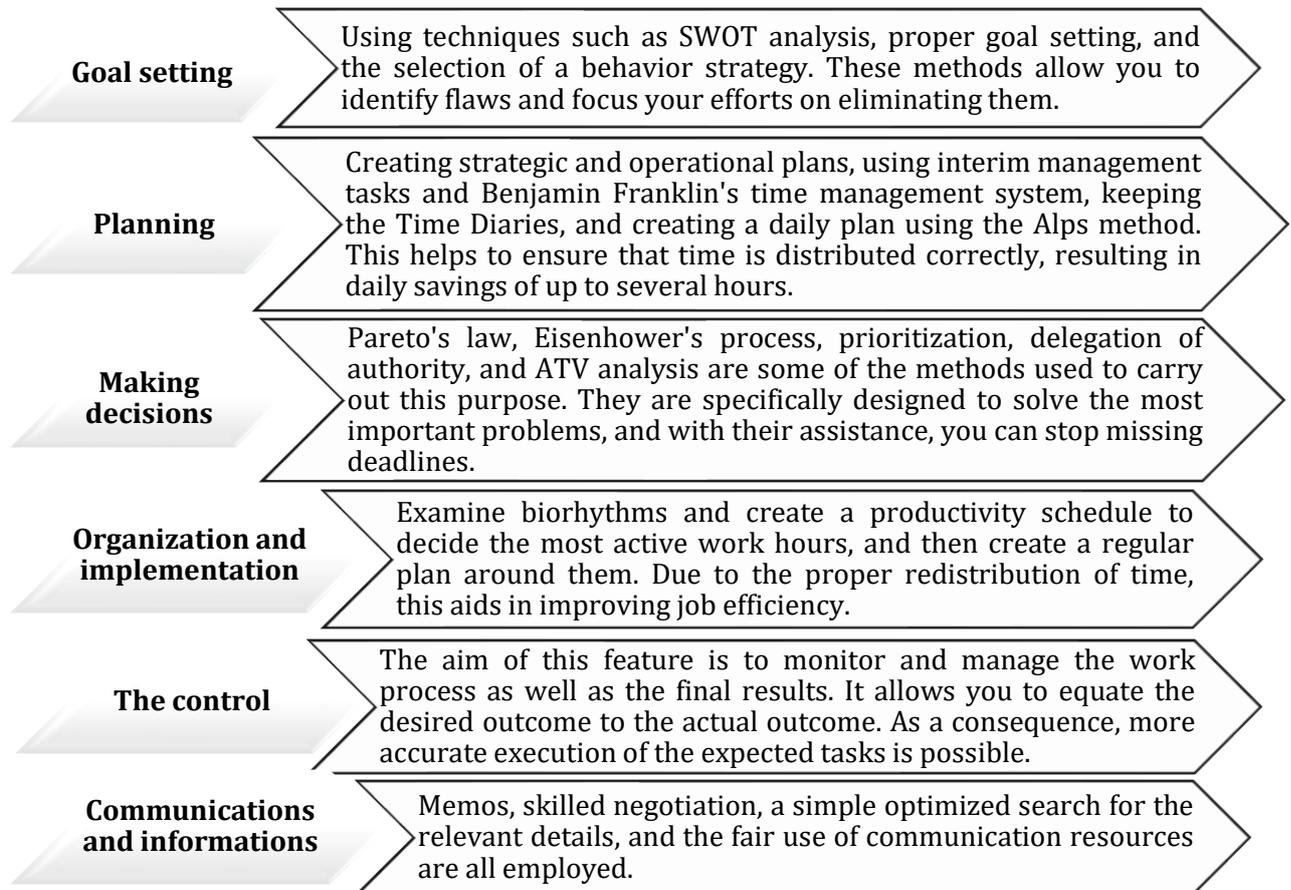


Fig.1 Tools and methods of self-management for the implementation of the functions (compiled by the authors, based on Seiwert, 1989)

Based on the mentioned functions, L. Seiwert (1989) refers to the advantages of self-management: performing work at less cost, better work organization and results, less rush and stress, more job satisfaction, great motivation for work, advanced training, a lower workload, fewer mistakes in performing their functions. L. Seiwert (1989) considers the main advantage to be the rational use and conservation of the most scarce and important personal resource of his own time.

Most authors use the approach to defining the functions of self-management by L. Seiwert (1989), but some scientists offer other classifications. Thus, V. Kolpakov (Колпаков, 2008) proposes to distinguish between the functions of strategic self-government (strategic decision-making, self-government, self-development, self-education, etc.); functions of daily self-government (informational, goal-setting, decision-making, planning, organization, self-motivation, self-regulation, self-control, etc.). Also, S. Shtapauk (Штапайк, 2011) offers functions of self-management such

as goal setting, planning, organization and control and adds a specific function of self-management such as self-awareness. According to the authors, the allocation of the function of self-awareness is to some extent justified because it is the ability of a person to realize him/herself as a person and covers such important elements as self-knowledge, self-esteem, self-attitude and self-understanding.

Assessment of leadership development at the global level through self-management

People who are in touch and can control their emotions create an atmosphere of trust for employees. Therefore, such a leader is realized, they understand that s/he can be counted on and whose behaviour is consistent and s/he has global goals. This has a cascading effect for all employees. Calmness at the top means calmness at all levels, which leads to reduced anxiety and higher productivity. Self-leadership is the first level of leadership and applies to anyone, regardless of the position. This allows a person to realize the potential, building a stable foundation on which to make daily decisions - professionally and personally. Losing a strong sense of self-government or a lack of self-management can make people feel uncontrollable, depressed and out of focus (Ivanonkiv, 2014).

Leaders' self-development is defined as "the process by which leaders take personal responsibility for initiating, supporting, and evaluating the growth of their own leadership capabilities and within their conceptual framework for leadership behaviour" (Boyce et al., 2010). Self-development is a form of continuous self-learning and self-management.

The precondition for the development of world leadership is the global economy. The modern global economy has created a more complex and dynamic environment in which most companies compete effectively for sustainable development. Large and small companies have increased the number of their foreign suppliers, partners, employees, shareholders and customers. Connected with world leaders (or leaders who want to become global leaders), this is a global environment that has not only changed the business but also changed the way we do business to compete successfully (Caligiuri, Sinha, 2010).

It is obvious that globalization and the new business reality also place demands on world business leaders who must be able to successfully perform their work in a cross-border and multicultural environment. A global leader identified by managers working internationally must effectively manage a complex, diverse, and ambiguous global environment (Bartlett, Ghoshal, 2003; Caligiuri, Di Santo, 2001). To reach this level, you need to master self-management extremely well to go to the top of the world.

To become a world leader, good manners and self-management in their strength and organizational aspects are not enough, it is necessary to learn to be an adept at culture, adapting to a multicultural context. Cultural agility is the ability of people or organizations to move quickly, comfortably, and successfully from one cultural context to another (Caligiuri, 2007; Caligiuri, Tarique, 2008). Researchers claim that for a global leader, cultural agility is the ability to succeed in a multicultural environment, allowing them to change their behavioural responses to the needs of the cultural environment. Managers who are culturally receptive can accurately assess differences in behaviour, attitudes, and values between themselves and others, and they know how and when to apply cultural knowledge and behaviour appropriately (Caligiuri, Tarique, 2008).

The growing demand for future global leaders, combined with firms' inability to keep up, presents an opportunity for those who want to take control of their careers and self-develop their global leadership competencies (Hirschi and Koen 2021). From the perspective of organizations, self-initiative development can increase the number of talents without putting additional strain on the organization's resources. Despite the high demand for global leadership, not everyone is suited for it, and not everyone will benefit from global development experience. When the right people with the right knowledge and potential are interested in the right growth opportunities, the outcome is an improvement in global performance tasks and management activities (Caligiuri, Sinha, 2010).

Individuals should initiate cross-cultural preparation and growth opportunities, such as language and cultural training, and self-initiating an international assignment, to be successful global leaders. Those who are inclined and motivated to become global leaders will invest in themselves by initiating and participating in high-contact global leadership development opportunities. Future business leaders will be in high demand, and individuals who want to take charge of their careers and improve their global leadership and self-management skills will have plenty of opportunities (Hirschi, Koen 2021).

Conclusions and suggestions

Currently, for the organization's success, its employees must be able to solve an increasing number of different tasks in a short period of time. One of the ideas of self-management is the use of a set of proven methods and skills in everyday practice to optimize the use of their time and increase efficiency. Self-management may be useful if a few simple principles are followed, regardless of the purposes for which it is used:

- The first step in self-management is to set specific goals. A clear picture of the outcomes is provided by a well-defined objective. At the same time, you must understand that the overall objectives can and should be changed over time, as the external environment changes.
- The second is to plan ahead of time.
- The third is decision-making, which means deciding which of these cases should be made first and which should be made second.
- The fourth is implementation and organization, which entails planning and sticking to a work schedule. The basic organizing principle of the working day is that work must obey me and not the other way around.
- The fifth is control. When a result is received, it is compared with the goal; if the result is as expected, the labour process is on track; if not, adjustments must be made during the labour process or the goals must be reviewed. As a result, having control over the outcomes aids in the optimization of the labour process.

Self-management is the ability to extract, store, develop, and rationally use one's own resources in order to be successful and self-sufficient. The research supports the conclusion that self-management is superior to more conventional types of management because self-managed organizations are more efficient and creative, as well as fairer and have greater degrees of autonomy.

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POSSIBLE FUTURE DEVELOPMENT DIRECTION OF AMUSEMENT PARKS IN LATVIA

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Abstract. *Amusement parks have grown rapidly in Latvia over the last 20 years. The development of Latvian amusement parks is determined by several factors related to the economic, political, geopolitical and international market situation. According to the CSB data, the country has a population of 1.9 million and a total of 14 amusement parks or companies providing attractions and entertainment. Part of the problem that the authors emphasize in the paper is that in Latvia, data on amusement parks are not collected separately, but are included in overall data on the tourism industry. This topic has been little studied in all Baltic countries. The topicality of the research relates to the future directions of sustainable development of Latvian amusement parks, which would add value to the growth of this industry. The aim of the research study is to determine the possible directions of development of amusement parks and their main influencing aspects, which determine the future development of these aspects.*

Keywords: *amusement parks, regional parks, development directions, regional economy, factor analysis, development models.*

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Introduction

Latvian amusement parks develop according to certain factors. Historically, they are located near cities, waters or near major highways. Future factors influence theories of regional development and their adaptation to the specific infrastructure environment.

Long-term regional development and the international economic situation, as well as tourism, will create new development models for the amusement park market.

The aim is to identify possible development opportunities for amusement parks.

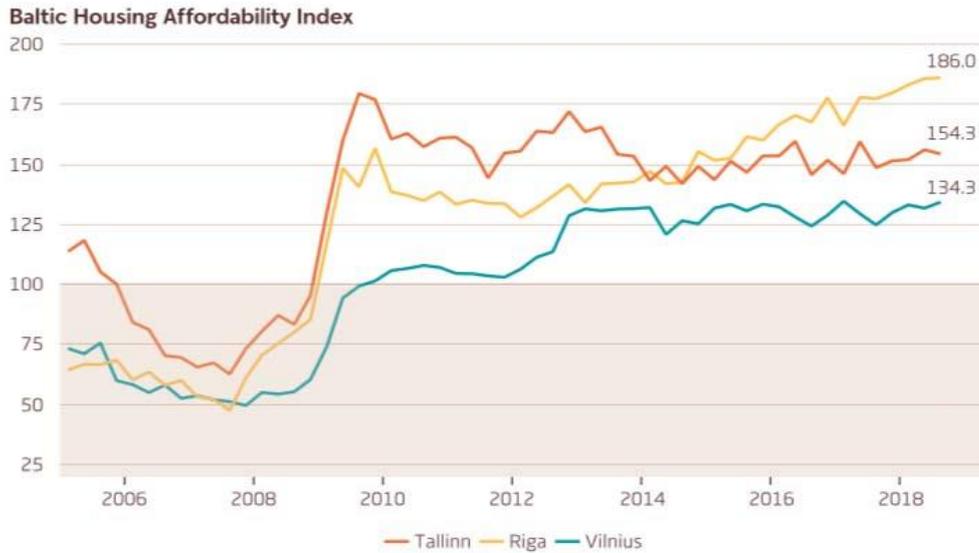
The following tasks have been set - first of all, to identify factors in the development of existing parks and afterwards to determine possible development models for future parks.

Methods. The following research methods are used in this paper: statistical data analysis, the questionnaire and data processing method, SWOT analysis and factor analysis according to SPSS computer matrices. Latvian amusement parks are referred to and analyzed very little. This is because they have remained popular in Latvia and have developed rapidly only over the past 20 years, which have distinguished themselves from those in other European countries.

Research results and discussion

In the Baltic region, which consists of Lithuania, Latvia and Estonia, the amusement park industry has developed very closely, in the past from urban festivals, which have historically transformed into different amusement parks. Their trends have been determined by the historical, geographical and regional economic development of cities. For example, there are Water amusement parks on the coast of the Baltic Sea, both in the Latvian city named Ventspils and in the Estonian city named Pärnu, and also in the Lithuanian city named Palanga. However, Sauland amusement parks are located in the capital cities of the Baltic States. In this paper, the authors examine opportunities and trends that can identify opportunities for the development of amusement parks in the future. Therefore, the authors examine a number of other sectors and their statistics, as these trends reflect the opportunities for future development.

The development of amusement parks is inextricably linked to general economic development. It is closely related to the construction industry, the growth of the tourism industry, population income growth. Therefore, it is necessary to examine the general economic situation in order to be able to predict the development of amusement parks. The data from other sectors presented below are not only representative of economic development but also representative of growth. Estonia, Latvia and Lithuania have received the appellation of 'Baltic Tigers' for good reason. When it comes to Estonia, for example, the country has been flourishing since its independence from the Soviet Union in 1991. Today, Estonia ranks 3rd in the European region when it comes to economic freedom (Plumite, 2019). Estonia's focus on the IT sector and startup world contributed to the high-income economy that is currently among the fastest-growing in the EU.



Sources: Swedbank Research & Macrobond.

Fig.1 Baltic Housing Affordability Index (Swedbank, 2019)

Almost every industry has flourished over the last few years. Salaries and wages have grown, and so do the prices. In Estonia, housing prices keep increasing along with purchasing power. Overall, the Baltic region’s House Affordability Index (HAI) has increased. It means that more and more people can afford to buy a home for themselves. The HAI for each Baltic capital in the third quarter of 2018 was 134.3 for Vilnius, 186.0 for Riga, and 154.3 for Tallinn (a 5.8 point increase compared with 2017) (The World Bank, 2018).

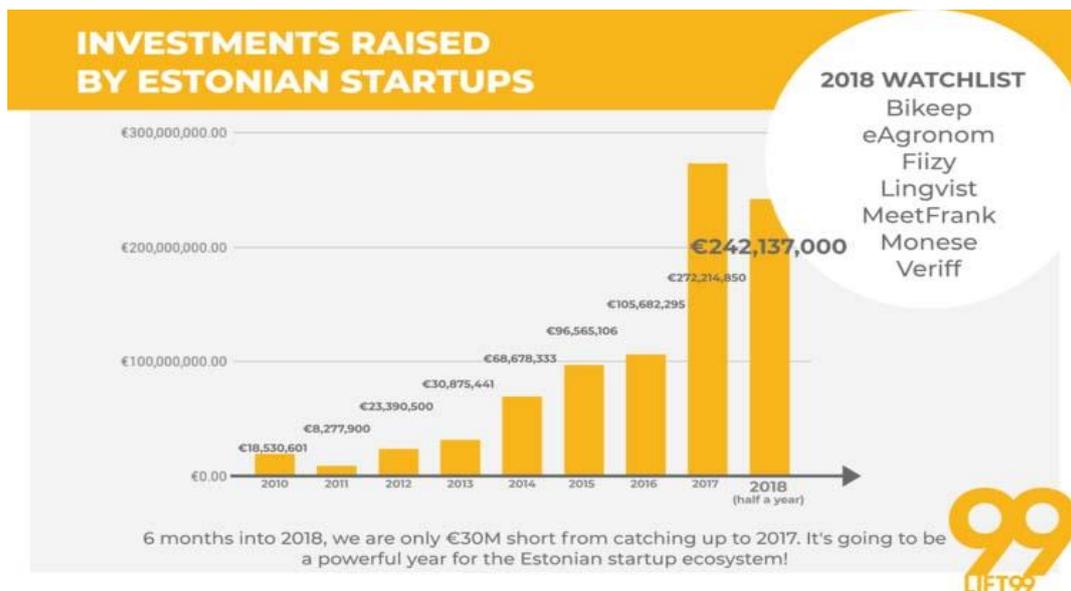


Fig.2 Estonian startups received record investments in 2018 (Swedbank, 2019)

Estonia has been hitting headlines when it comes to startups, especially tech startups. Companies such as *TransferWise* and *Taxify* have been transforming the world for a while, but more innovative companies are on the rise. It was a record-breaking year for Estonian startup investments in 2018 (Swedbank, 2019). Merely six months into the year, the investments were only 30 million euros short from the total investments made in 2017. The increasing international investments into Estonian startups, especially tech startups, has greatly contributed to the growing economy in the Baltic States. International investors keep finding new opportunities in the Baltic Tigers and the recognition received from the media is encouraging more and more people to trust Baltic businesses offering innovative solutions (News.err.ee, 2018).



Fig.3 The Baltic economy has a good balance (Swedbank, 2019)

According to a *Baltic States real-estate market research study* by Swedbank, 'Annual average net wage growth in the Baltic capitals remained rapid in the third quarter of 2018' with salaries increasing close to 10% in Tallinn and Vilnius, and 8-9% in Riga. With the entire Baltic region's increased salaries, it seems logical to conclude that property prices will also keep growing. On the other hand, the growth in salaries has also stimulated consumption, which in turn stimulates inflation (Latvijas Republikas Saeima, 2018). However, 2020 brought about a change in the economies of the whole of Europe and the Baltic States, as a result of the COVID 19 pandemic, which imposed strict assembly rules and many sectors experienced a sharp financial downturn.

Construction production volume rose by 2.6 %, which was promoted by growth in two out of three sub-sectors. The largest contribution to the development of the construction sector was provided by an increase of specialized construction activities of 8 % (other specialized construction activities rose by 25.4 %, building completion – by 5.8 %, electrical, plumbing and other construction installation activities – by 4.7 %, while a decrease of 2.6 % was observed in the demolition and site preparation sector). Over the year, construction of buildings grew by 0.9 %, civil engineering reduced by 1.5 %, of which construction of other civil engineering projects n.e.c. (water projects and other civil engineering n.e.c.) – by 22.9 % and construction of utility projects fell by 0.4 %, but construction of roads and railways increased by 0.4 %. One of the sectors affected the most by COVID-19 crisis in 2020 was the accommodation and food services sector (decrease of 38.1 %). Restrictions imposed on travelling and movement for reduction of consequences of pandemic significantly affected development of the accommodation sector (reduction of 53.0 %), while gradually tightening limits on gathering and epidemiological requirements for provision of services, reduced the output of the catering sector by 32.6 % during a year (Central Statistical Bureau of Latvia, 2019).

Table 1. GDP at current prices comprised EUR 29 334.0 million EUR in 2020 (Central Statistical Bureau of Latvia, 2019)

Production	
•Value added of producing sectors	6 732.8
•Value added of services sectors	18 768.2
•Product taxes and subsidies (net)	3 833.0
Expenditure	
•Final consumption expenditure	22 363.6
•Gross capital formation	6 630.3
•Exports of goods and services	17 681.9
•Imports of goods and services (reduces GDP)	17 341.8
Income	
•Compensation of employees	15 330.1
•Production and imports taxes	4 221.7
•Subsidies (reduce GDP)	776.2
•Gross mixed income, gross	10 558.4

In 2020 compared with 2019, the earnings of employees grew by 1.5 %, of which total wages and salaries – by 1.9 %, but employers' social security contributions remained at the level of 2019. The largest growth in total earnings of employees was in the information and communication services sector – by 10.4 %, but in the group of wholesale trade, retail trade and repair of motor vehicles and motorcycles, transport and storage and accommodation and in the food services sectors, it has reduced by 5.6 %. Gross operating surplus and mixed income decreased by 9.7 %, whereas the balance of taxes on production and imports and subsidies went down by 4.9 % (Central Statistical Bureau of Latvia, 2019).



Fig.4 Total wages and salaries and changes thereof (Central Statistical Bureau of Latvia, 2019)

The statistics show stable growth in a number of sectors, but in 2020 it was affected by the COVID 19 pandemic. The authors of the paper used one of the best known methods that help to describe the strategic position of parks in the market and thus determine their position. *SWOT analysis* is a strategy planning tool that allows identifying *strengths*, *weaknesses*, *opportunities* and *threats* for what is examined. Strengths - the characteristics of the organization that can help it achieve the set goal. Weaknesses - the characteristics of the organization that can hinder the achievement of the set goal. Possibilities - those exogenous factors that can help the organization to achieve the set goal. Threats - those exogenous factors that may hinder the organization from achieving the specified goal (Metodes.lv, 2021).

Table 2 SWOT analysis of the amusement park (created by the authors)

Endogenous factors	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Geographical environment • Abundance of natural resources • Uniqueness • Available infrastructure • Price, value, quality • Accreditation, qualification, certification • Good engineering achievements • Innovative market opportunities 	<ul style="list-style-type: none"> • Unfavourable tax policy • Weak support from the banking sector • Weak competitiveness • Lack of professional experience • Unsettled legislation • Weather dependent • Lack of intergenerational experience • Dependence on international markets
Exogenous factors	
Options	Threats
<ul style="list-style-type: none"> • Vulnerability of competitors • Global exposure • New markets, opportunities • Defined niche - the goal of the market • Search for innovative solutions. • Development of a long-term strategy • Attracting the EU market • New technologies 	<ul style="list-style-type: none"> • Policy impact • Economic threats • Environmental impact • Global environment • International market • New technologies • Economy - domestic, foreign • World market trends

When examining opportunities and threats, there is a tendency to consider the future, i.e. to draw attention to the consequences that could result from the weaknesses and strengths identified. SWOT analysis should only examine the present and attribute strengths and weaknesses and the inside of the organization, but the opportunities and threats relate to the outside world. SWOT analysis shows us that a number of endogenous factors in business management and business development opportunities, but we cannot influence exogenous ones. The authors of the paper surveyed more than 100 respondents (Bethea, 2019).

Following the SWOT analysis matrix, the main factors were identified and the respondents, who related to this sector, both entrepreneurs and municipal employees, as well as ordinary park visitors indicated in the questionnaires the factors that, in their opinion, affected the future development of parks.

These factors were also summarized using the American scientist Thomas Sati (Saaty, 1990) methods, and theories of factor analysis are arranged and according to the principle of numerical hierarchy, which gives an opportunity to put forward the most important factors. The authors summarized this in a table, defining the criteria for the 3-factor group of parks.

Table 3 Factor analysis method (created by the authors)

Rotated Component Matrix		Component of 3 facto		
		1	2	3
Company size		1	2	3
Type of park		1	2	3
Seasonality effects		1	2	3
New attraction offer		1	2	3
New services offer		1	2	3
Expert general assessment of the object		1	2	3
Expert assessment about the development of the object		1	2	3

In the light of these factors, we can also highlight the development of future parks. (1) park type; (2) seasonality-related entertainment; (3) supply of service services 4) access and good logistics; (5) availability of the facility for export and external operators. The development of Latvian parks is thus possible towards a number of geographic and related markets, mostly the Baltic market, which could be followed by the external markets of Europe and the Scandinavian countries. Given the impact of the Covid-19 pandemic, cooperation with the Commonwealth of Independent States will be difficult in the coming years.

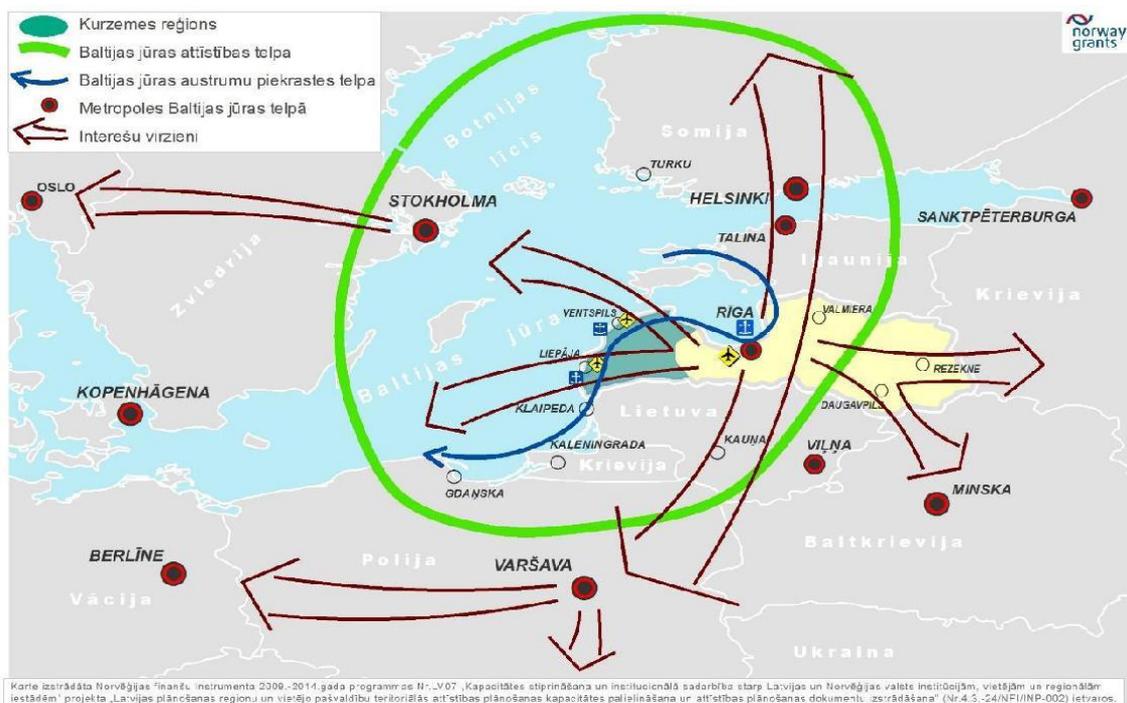


Fig.5 Sustainable Development Strategy of Kurzeme Planning Region for 2015-2030 (Kurzemes reģions, 2015)

The authors analysed the survey data employing the research method of these scientists and came to the following results after processing the data;

- 1) Regional development is determined by several factors simultaneously, the inducers of which influence it in the long run.
- 2) Small and medium-sized enterprises (SMEs) are the largest group of companies in the European Union and are creating new economic trends in the counties.
- 3) When the authors analysed the data, indicators emerged that indicate the need to provide tools and processes that allow them to implement the sustainable development model.
- 4) It is important to indicate the processes and events in these processes that form these company's development indicators.
- 5) The company's internal processes provide the concept of sustainable development in the territory and region.

Based on the literature review and the results of the research study, the authors of the paper have made some important conclusions and offer a practical solution to the identification of various processes. The most important conclusion was that entrepreneurs need to raise their awareness that innovation is also a process in itself, which often forms a set of other support processes that take place in the company. Small and medium-sized enterprises are indicators of regional development, which also help with the development of amusement parks and related industries.

Acknowledgments

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Conclusions

1. Latvian and Baltic amusement parks closely relate to other sectors of the national economy, and their economic changes affect the development of parks.
2. The Baltic amusement parks have lost a lot of visitors in the last 2 years due to COVID -19 and their development has stopped.
3. It must be concluded that rapid growth in Estonia, Lithuania and Latvia covers the construction sector, which contributes to GDP in the regional economy.
4. The main development factors affecting amusement parks are tourism and national and municipal funding for the entertainment industry, which has not increased in these circumstances.

5. Amusement parks in the future, if COVID- 19 continues, are under threat, as they largely depend on seasonality and the number of tourists, but it has declined rapidly in recent years.
6. Amusement parks should develop support programmes at national level in the near future; if this is not done, then the sector will suffer greatly.

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COMPARISON OF VEHICLE REGISTRATION SERVICES IN THE BALTIC STATES

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Abstract. *The problem of the study is that Latvian citizens often express dissatisfaction with vehicle registration prices, speculating that these services are available at lower prices in the neighbouring countries – Lithuania and Estonia.*

The aim of the research: to compare and analyse vehicle registration services in the Baltic States in order to provide suggestions for the improvement of the services. The research uses general scientific research methods: the monographic and descriptive methods, the document analysis method, the comparative analysis method, the horizontal analysis, the ranking method, the logical construction method and the graphical method.

Based on the cases analysed, the authors conclude that vehicle registration costs are the lowest in Lithuania, yet these costs may depend on factors such as vehicle age and technical parameters, so not always the cheapest price is reported in Lithuania. Vehicle registration costs in Estonia, regardless of any parameters, for all light vehicles are the same at 192,00 euro.

The authors compared and analysed vehicle registration services in the Baltic States, evaluated the price of services and the elements included in them. The study shows that when receiving vehicle registration services in the Baltic States, the conditions and price for receiving them differ. It is mainly influenced by the tax policies and pricing strategies of each country.

Keywords: *service price, vehicles, vehicle registration services, vehicle taxes.*

JEL code: *G18, H27, R48.*

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Introduction

The role of the tax consulting industry in promoting tax evasion products is increasingly being examined in the Western world. Various members of society, such as governments and non-governmental organizations, academics and the media, have expressed their dissatisfaction with the negative impact of tax evasion on the state budget (Apostol, Pop, 2019). In many countries, tax reforms have been followed by rapid changes in the purchase of new vehicles, with more diesel and fuel-efficient vehicles being chosen (Mabit, 2014). Electronic vehicle registration allows dealers to immediately register vehicles sold with their national motor vehicle department on a secure, high-speed network. It is convenient for vehicle

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buyers to leave the car shop with a fully registered vehicle with permanent number plates and stickers (Kiesel, 2005). About one third of transport costs are fuel, another third is depreciation, and the rest are mainly fixed costs (insurance, taxes, repairs and maintenance), but the distribution of costs is different, with most motorists paying less than average for private vehicles, while few pay more and apparently some pay much more (Eisenmann, Kuhnimhof, 2018). One of the main problems in the vehicle registration industry is that Latvian citizens are often dissatisfied with the high prices of vehicle registration, suggesting that the costs of vehicle registration in the neighbouring countries – Lithuania and Estonia – are lower.

The aim of the research: to compare and analyse vehicle registration services in the Baltic States in order to provide suggestions for improvements in the services.

The tasks of the research are:

- 1) to describe vehicle registration services in the Baltic States;
- 2) to compare vehicle registration services and costs in the Baltic States;
- 3) to make conclusions and suggestions for improvements in vehicle registration services.

The novelty of the research – the authors compared and analysed vehicle registration services in the Baltic States, the prices of the services and the elements included in them, as well as did a basic analysis for improvements in vehicle registration services.

Research methods: using the monographic and descriptive methods and the document analysis method, the laws of the Baltic States, from which the regulations on vehicle registration are derived, were analysed. The graphical method was used to illustrate the development of vehicle registration and the differences in the prices of vehicle registration services in the Baltic States. The comparative method was used to compare vehicle registration costs in the Baltic States. The horizontal analysis was used to compare the prices of vehicle registration services in Latvia with the those in Lithuania and Estonia. The ranking method was used to clearly arrange the registration services according to their prices. The logical construction method was used to draw conclusions.

Research period: 2019-2020.

Results and discussion

Private vehicle travel entails costs to society. However, in a world designed around the automobile, adults who lack access to a vehicle for economic reasons may experience a significant handicap due to constrained mobility and accessibility. Moreover, the activities most likely to be foregone are generally associated with high subjective well-being, suggesting that

constrained mobility comes with significant emotional costs. Overall, the findings suggest that the lack of a private vehicle is deleterious for quality of life, raising troubling questions about inequity possibly arising when people are denied access to vehicles for economic reasons (Morris, Blumenberg, Guerra, 2020).

Today, there are also global problems with transport, as F. Alrawi mentioned in his publication: the growth of vehicles and their proper management are topical. Proper management is based on modern transport and technical development, a lack of efficient and convenient public transportation services and dependence on private cars. This leads to increased traffic density, and changes in the speed of traffic flow which causes an increase in energy consumption and gas emissions such as carbon monoxide, lead, nitrogen dioxide, soot, and particulate pollutants (Alrawi, 2017).

Studying the situation in the transport sector in Latvia, the authors conclude that there is still an increase in the number of vehicles. The increase in the number of vehicles is an important reason for in-depth research in this area. The field of vehicle registration services is the one under study, as it is essential for ensuring law and order, helping to prevent criminal activity and enforcing compliance, thus helping to maintain public order and improve safety for human health and life.

Vehicle registration services are available in all Baltic countries. In Latvia, these services are provided by the SJSC "Road Traffic Safety Directorate" (CSDD) (Road Traffic Law, 1997), which in the 29 years of its operation has become a stable, responsible and well-respected company providing quality services. In Lithuania, vehicle registration services are provided by the state company Regitra, which has been registering vehicles in Lithuania for 20 years. The company has an extensive network of customer service centres with 39 branches where services are available, but the emphasis is also on the use of e-services (Renkuosilietuva, 2019). In Estonia, vehicle registration services are provided by the state-owned Estonian Road Administration, which also manages other nationally important areas, such as road planning and maintenance and transport safety and mobility. In Estonia, the e-service system is also being promoted, where using e-services provides them with a lower price than in person (Maanteeamet, 2020).

Vehicle registration certificates are signed by the head of regional offices and regional transport officers. This is mainly due to the lack of availability of printing and laminating equipment in the regions, as well as the serious opinion on illegal duplication of licenses, which often serve as identity cards. Electronic vehicle registration allows dealers to immediately register vehicles sold with their national motor vehicle department on a secure, high-speed network. It is convenient for vehicle buyers to leave the

car shop with a fully registered vehicle with permanent number plates and stickers (Miyata, 2011).

The accuracy of motor vehicle registration data thus becomes an important contribution to environmental impact assessment if we are to identify the effectiveness of a specific environmental policy in changing the composition of the car fleet in a way that reduces emissions (Apelbaum, Li, Hensher, 2011).

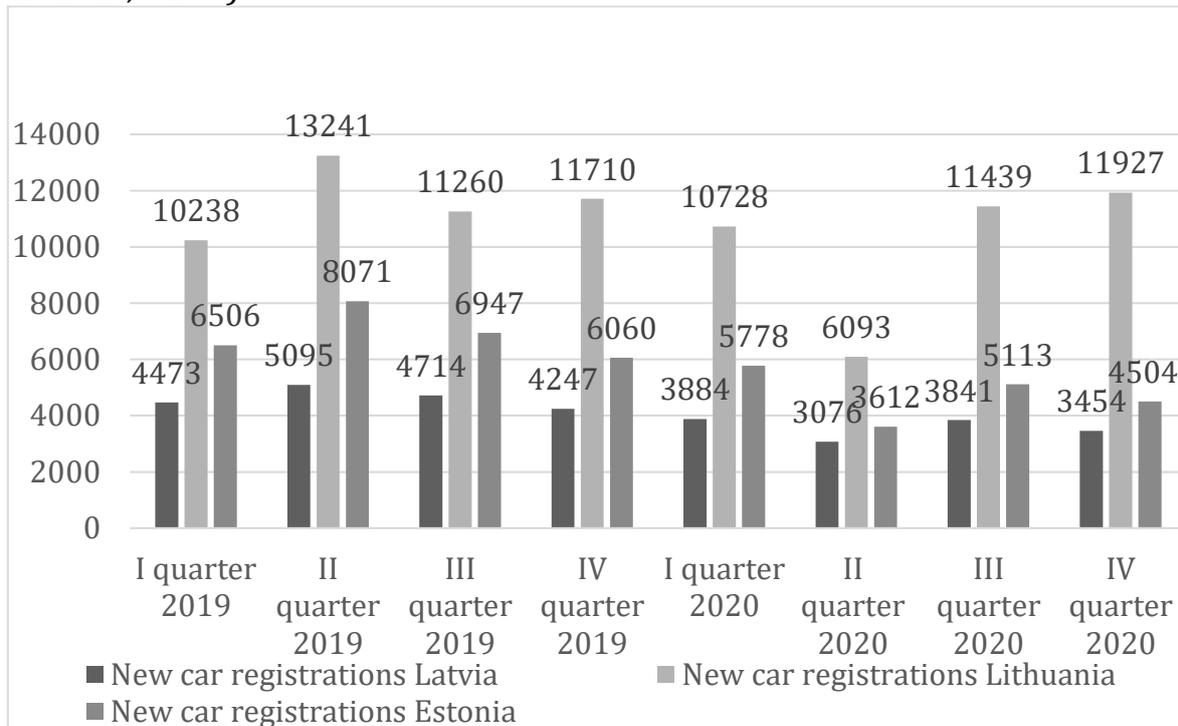


Figure 1 Number of new car registrations in 2019 and 2020
(compiled by the authors, source: ACEA, 2021)

Analysing the new car registration services in the Baltic States in 2019 and 2020 up to and including the second quarter, the authors conclude that the largest number of new car registrations was reported in Lithuania, influenced by several factors, one of them is a larger population than the other Baltic States have and the location closer to European countries – Germany, the Netherlands, France, Belgium and others –, which the most imported and registered cars come from. Estonia is in second place in terms of new car registrations. This number is 58.44 lower than in Lithuania, but is 31.06% higher than in Latvia (Figure 1).

Latvian residents who live closer to the Estonian border also tend to choose to register their vehicles in Estonia because in some cases, it is cheaper in terms of costs, because there are no additional taxes such as operating tax and natural resources tax.

Lithuania is the leader in terms of population in the Baltic States. Lithuania is also in first place in terms of the number of newly registered cars,

however, if this number is measured per 1000 inhabitants, then Lithuania is in second place with 16.5% of cars per 1000 inhabitants (Table 1).

Table 1 Numbers of new registered cars and in absolute and relative terms in the Baltic States in 2019 (compiled by the authors, source: ACEA, 2021)

Indicators	Latvia	Lithuania	Estonia
Population	1930 000	2810000	1320000
Number of new registered cars	18529	46449	27584
Number of new registered cars per 1000 inhabitants	9.6	16.5	20.9

In Latvia, 9.6 cars per 1,000 inhabitants were registered in 2019, which was the lowest indicator among all the Baltic States. The authors conclude that the number of new registered cars does not reveal in which country more new cars are registered, but it is needed to determine the number of new registered cars per 1000 inhabitants, as it gives an idea of the use of this service in each country. Lithuania and Estonia outperform Latvia in this respect, which has the lowest figure.

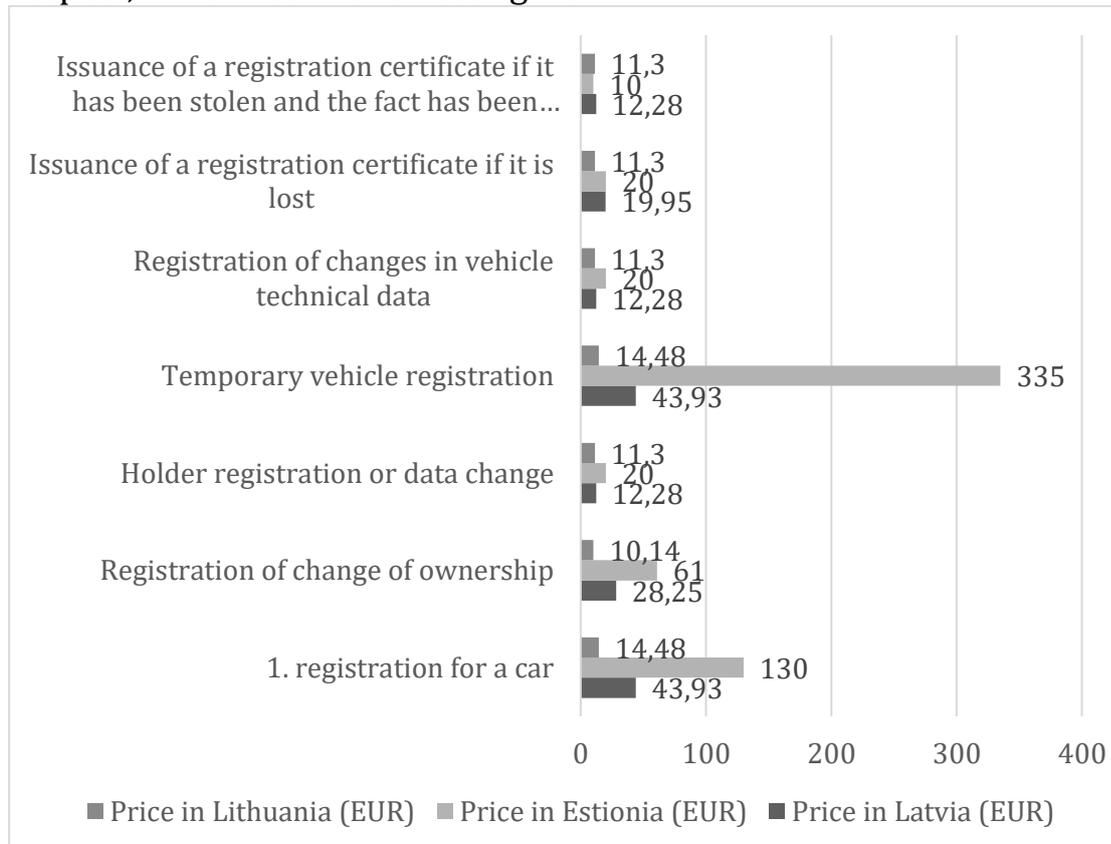


Figure 2 Prices of vehicle registration services in the Baltic States in 2020 (compiled by the authors, sources: Maanteemet, 2020; Regitra, 2020; CSDD, 2020)

Figure 2 shows that the highest price for the 1st registration service is in Estonia - 130 euros, respectively in Latvia the price of this service is 3 times lower, in Lithuania even 9 times lower 14 and 48 euros, respectively. In Estonia, this price is the highest, because in Estonia there is no need to pay additional transport taxes as in Latvia and Lithuania. The highest price for registration of change of ownership is also 61 euros in Estonia, in Latvia the price of this service is 2 times lower than in Estonia, and in Lithuania the price of this service is 6 times lower, respectively 10.14 euros. Even when changing the owners of a vehicle, no taxes have to be paid in Estonia, but in Latvia and Lithuania the payment of transport taxes is controlled or paid for the current period, which in Latvia is the operating tax and in Lithuania the registration tax. The registration of the holder or the change of the data is also at the highest price in Estonia - 20 euros, but in Latvia and Lithuania the price of this service is almost 2 times lower. Latvia is the only one of the Baltic States where the registration of the holder or the change of the data is also controlled or the vehicle operation tax has been paid if the tax has not been paid; it is collected for the current period. The highest price considered in this price comparison is on the temporary vehicle registration service. The highest price of this service is in Estonia - 335 euros, in Latvia the price of this service is 7.6 times lower and in Lithuania it is the 3 times lower price compared with Latvia. The registration of changes in vehicle technical data is also at the highest price in Estonia - 20 euros, while in Lithuania and Latvia, the price of this service is almost 2 times lower. For the issuance of a registration certificate, if it is lost, the most similar prices on the service are in Latvia and Estonia, the prices of this service differ by only 0.05 cents, whereas in Lithuania the price of this service is 2 times lower. The issuance of a registration certificate if it has been stolen and the fact has been reported to the police – the prices are similar in all the Baltic States. The lowest price on this service this time is in Estonia - 10 euros, in Lithuania the price of this service is 1.30 euros higher than in Estonia, and in Latvia this service has the highest price, which is 2.28 euros higher than in Estonia.

In this case, Estonia is also the only one of the Baltic States where no tax is applied, in Latvia the tax set has to be paid, but in Lithuania no tax is paid if the vehicle is registered for up to 1 month.

However, all the registration services analysed above only reflect the price of the registration service. In fact, these costs are higher when registering a car, as there is also a charge for national taxes or fees when registering a vehicle. In order to successfully register a passenger car for the first time in Latvia, it is necessary to pay the vehicle operation tax and the natural resources tax. If the vehicle is registered in the ownership of a legal person, then the payment is also applied to the company car tax.

Authors such as C. Eisenmann, T. Kuhnimhof (2018) and E.A. Morris et al. (2020) mainly focus on current monthly costs, or annual costs of insurance, repairs, taxes, technical inspections, rather than on one-off service charges.

In order to make the existing real costs of vehicle registration services in the Baltic States more visible, in Table 2 the authors compare 4 different vehicles according to their registration costs in each of the countries. As the first cost is calculated for a 2010 Volvo xc70, the second car is a 2005 Audi A3, the third is a new electric car VW Golf produced in 2019 and the fourth is a BMW produced in 2018. The table compares the total cost of registering a vehicle in each country, including taxes, if any (Table 2).

Table 2 Comparison of vehicle registration costs in the Baltic States in 2020, Euros (compiled by the authors, source: CSDD, 2020)

Vehicle	Technical data	Registration costs in Latvia	Registration costs in Lithuania	Registration costs in Estonia
Volvo XC70 produced in 2010	Engine max power – 136 kw Engine volume – 2400 cm ³ CO ² per 1km – 219 g	370.23	289.68	192
Audi A3 produced in 2005	Engine max power – 85 kw Engine volume – 1598 cm ³ Gross weight – 1970 kg CO ² per 1 km – 158 g	207.23	109.68	192
VW Golf produced in 2019	Engine max power 100 kw Electricity consumption (W /km) - 159	105.03	19.68	192
BMW 320D produced in 2018	Engine max power – 140 kw Engine volume – 1995 cm ³ CO ² per 1km – 118 g	190.23	19.68	192

The authors conclude that for the first vehicle analysed, 2010 Volvo XC 70, the most expensive registration fee is 370.23 euros when registering in Latvia, in Lithuania the registration fee with taxes is 80.55 euros lower and in Estonia the registration fee is 178.23 euros lower than in Latvia. For the second vehicle analysed, 2005 Audi A3, the most expensive registration costs are also in Latvia at 207.23 euros, in Lithuania the registration costs for this vehicle are 97.55 euros lower, and in Estonia the registration costs for this vehicle are 15.23 euros lower than in Latvia. The third vehicle analysed is the 2019 electric car VW Golf. In Latvia, the registration cost for this vehicle is 105.03 euros, but in Lithuania the registration cost for this vehicle is only 19.68 euros. The most expensive registration costs for this electric car are in Estonia, where they are 86.77 euros higher than in Latvia. The fourth car analysed is the 2018 BMW 320D. The registration costs for a similar vehicle

are lower in Latvia and Estonia, in Latvia only by 1.77 euros lower, but the lowest costs are in Lithuania at only 19.68 euros.

In Latvia, all vehicles are taxed by the operating tax, except for electric cars. There are no exceptions to the natural resources tax in these cases, and all such vehicles also pay the natural resources tax. In Lithuania, the registration tax is paid by all vehicles whose CO2 emissions per 1 km exceed 130 g. As VW golf and BMW 320D cars do not produce such emissions or they are less than 130g per 1km, no registration fee has to be paid. In Estonia, there are no national vehicle taxes and there are no derogations or exceptions to the registration tax, which is paid in the same amount for all vehicles.

Despite the analysis of vehicle registration costs performed in Table 2, the actual costs may change depending on the price of a compulsory motor third party liability insurance (MTPL) policy for a specific vehicle. Unfortunately, it is not possible to make an exact calculation of what the policy prices would be in each country. In Latvia, data that are not publicly available include the vehicle registration certificate number. This number is available on the vehicle registration certificate and is only available to the vehicle owner. In Estonia, vehicle registration plate data are required. The only country where it is possible to provisionally determine the MTPL policy price is Lithuania, because in this country the MTPL policy must be drawn up before the vehicle is registered in the country and the policy price is calculated based on vehicle technical data, the vehicle owner's data and the vehicle owner's place of residence.

Conclusions and suggestions

1. Vehicle registration costs are a set of payments that differs in each of the Baltic States, but the recipients of the service, each have the opportunity to assess whether the costs are reasonable.
2. Vehicle registration costs are one-off and not as significant in the long run as fuel or repair costs.
3. In order to correctly determine in which country the vehicle registration costs are lower, it is necessary to perform an analysis of the registration costs of each particular vehicle, because each vehicle has different costs.
4. As a general trend, the authors have determined that the registration costs for newer vehicles are lower; this is due to the fact that more and more environmentally friendly vehicles are produced, for which, for example, the tax costs for registration are much lower than for older vehicles.
5. A significant part of the cost of registering a vehicle is also the cost of MTPL, which also depends on many factors, but mostly on the Bonus-

malus class of the driver. In this case, drivers with more experience and those who have not been involved in accidents are the winners.

Proposals have been developed to improve the availability of current registration services to customers, which would save both money for the customers and time spent on vehicle registration. Main suggestions:

1. The Road Traffic Safety Directorate, emphasising the importance of e-services in the provision of registration services, needs to adopt the Estonian experience by setting a lower price for the services received in the e-environment than for the services received in person. This will save customers time and money.
2. The Ministry of Finance of the Republic of Latvia should exclude vehicle maintenance tax payments for vehicles, but instead introduce a registration tax payment, which stipulates that the tax must be paid for vehicles with CO₂ per 130 km exceeding 130 g, taking over the idea from Lithuania, thus encouraging people to switch to more environmentally friendly vehicles.
3. Due to the current restrictions in the country, the Road Traffic Safety Directorate should develop the possibility for the 1st registration service to receive it remotely, which would allow customers to save time and avoid contact with other people during the pandemic.
4. The Saeima of the Republic of Latvia needs to make amendments to the Insurance Law so that it would be possible to identify the potential amount of MTPL insurance for a vehicle before the vehicle is registered in the country.

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ASSESSMENT OF THE QUALITY MANAGEMENT SYSTEM IN WOODWORKING COMPANIES

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Abstract. *The woodworking industry, with its universal and wide use of products and the level of employment of people, has existed for centuries and will continue to do so, as forest management and the processing of harvested timber is a long process. Customizing consumer orders ranging from cheap everyday things to exclusive, individual projects is about quality. And for quality assurance, companies in various industries have developed and use a general quality management system standard – ISO 9001. The topicality of the research relates to the companies' doubts about the implementation and maintenance of the quality management system (ISO 9001) as a valuable long-term investment in the company's development and market expansion. The aim of the research is to study the quality management system of three wood processing companies and to evaluate them.*

In the research, the authors gave insight into the development of the concept of quality and the formation of the quality management system, the ISO 9001 quality standard. The assessment of the quality management system of three wood processing companies is based on the main financial performance indicators of the companies.

Keywords: *quality management system, wood processing, ISO 9001 standard.*

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Introduction

Quality is a relative concept that is associated with different explanations for different people. The word 'quality' is most often understood to mean each material product, software, material and service that can be assessed using characteristics that are often quite different for each type of product. *Quality is a set of characteristics of an object that determines its compliance with certain or imagined requirements* (Kvalitātes vadišana, 1999, pp. 5). Over time, a common quality management system standard, ISO 9001 has developed and is being used to enable consumers to rely on a manufacturer or service provider. It is known all over the world and confirms the company's compliance with its requirements. A quality management system - organizational, financial and technical management, concerted action, activities, processes and means for the implementation of

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quality, safety, security and environmental compatibility, efficient and effective quality management (Kvalitātes vadīšana, 1999, pp. 5).

There are many researches and scientific research papers about quality management systems, the systems' impacts on different organizations, companies – local and international: D. Handke and D. Edelhoff (2016), B. Başaran (2016), T. Kravchenko and I. Saienko (2020) etc.

The present research used the quality management system ISO 9001 “Quality Management Systems. Requirements (ISO 9001: 2015)”. The standard defines a quality management system model (Kvalitātes pārvaldības sistēmas. Prasības (ISO 9001:2015), 2017) applicable to both organizations and companies. The quality management system is based on the ISO 9000 standard set.

A set of quality can be expressed in terms of quality levels: product quality, operational quality, company quality and overall quality (Байда, 2016, pp. 2).

The ISO 9001 quality management standard is by far the most common quality management system framework used by organizations in more than 170 countries around the world. It sets the standard not only for quality management systems but also for management systems in general (ISO 9001, s.a.). More than a million organizations around the world have underwent ISO 9001 certification, one of the world's most widely used management tools.

The first quality management system in Latvia was certified at the end of 1995. With Latvia's involvement in the European Union (EU) competition area, the popularity of the quality management system and the development of the conformity of production system and its accreditation in accordance with the requirements of the ISO standard increased (Driņķe, 2019, pp. 245). Only in the last ten years in Latvia, the quality management system has started to become more relevant and in demand; in 2008 there were 500 certified companies, but in 2018 – 962 certified companies in Latvia (ISO Survey of certifications to management system standards, 2020).

In 2018 in Latvia, forests totalled 3.4 million hectares and covered 52% of the country's area (Meža nozare skaitļos un faktos: 2018, 2019); therefore, the forest is called Latvia's “green gold”. Today, the forest sector is one of the main cornerstones of the national economy. The share of forestry, wood processing and furniture production in the gross domestic product in 2019 was 5.1%, while the volume of exports reached EUR 2.6 billion - 20% of the country's total exports. There is no parish in Latvia where one could not find a smaller or larger wood processing company. They are often the most important employers in rural areas, and therefore the mainstay of the local economy and population (Meža nozare skaitļos un faktos: 2021, 2020; Meža nozare cilvēkam, s.a.).

The quality management system means continuous development and improvement of the company, therefore more and more companies choose to integrate the basic principles of the quality management system into the company's operations. Some of these companies also undergo certification to provide their customers and partners with a certificate of compliance with this system.

The research aim relates to a company's doubts about the quality management system – ISO 9001, its implementation and maintenance as a valuable long-term investment in the company's development and market expansion.

The research examines quality management systems in real companies operating in the field of wood processing. The companies are limited liability companies and correspond to medium-sized companies in Latvia.

Object of research: quality management system.

Research subject: quality management system costs.

The aim of the research is to analyse and evaluate the quality management systems in wood processing companies and to develop proposals for their improvement.

To achieve the aim of the research, the authors set the following *research tasks*:

1. Analyse quality management systems or their absence in the wood processing companies involved in the research study.
2. Evaluate the impact of the quality management system on the financial performance of the companies researched.
3. Develop conclusions and make proposals.

Hypothesis of the research: the implementation of the quality management system in the company promotes the increase of the company's quality by streamlining the company's processes, and has a positive effect on the company's financial performance.

The research uses general scientific *research methods*: the monographic and descriptive methods and the comparative analysis method, data grouping, and the graphical method.

Research period – the years 2017-2019 for analysing the financial performance indicators of companies related to the quality management system.

Quality management system review in companies

The quality management system requires investment from the company and at the same time helps the company to increase profit (revenue). In business, it is important to identify not only the criteria for determining quality but also the potential maintenance costs. A number of proposals have

been made in the industry, notably the recommendation by P.B. Crosby (*Philip Bayard "Phil" Crosby*) that the cost of a quality management project should not exceed 2.5% of total expenditure. Other authors believe that up to 15% of the funds obtained from sales should be used for quality assurance and should include such expenses as repair of defects, production material stocks, re-maintenance, quality control, provision of guarantees (Forands, 2009, pp. 215).

"Company 1" - a limited liability company, founded in 1993. "Company 1" Ltd. has three main areas of activity - production of wooden windows and doors, production of wood pellets, production of sawn timber and glued material. "Company 1" Ltd. introduced the quality management system in 2009 (Intervija ar SIA "Uzņēmums 1" izpilddirektoru S. K., 2020). The initial team that maintained the quality management system consisted of three specialists - a quality manager, a technician and a laboratory technician (SIA "Uzņēmums 1" iekšējie dokumenti (nepublicētie materiāli)).

In relation to the maintenance costs of the quality management system of "Company 1" Ltd., the company has set stricter limits, as indicated in the recommendations of P.B. Crosby (Forands, 2009, pp. 215). For "Company 1" Ltd., the costs of the quality management system do not exceed 1% of the total expenses. The company's internal quality goals also state that defective products (for which complaints are received from the customer) do not exceed on average 1% of the sold products, which have been successfully maintained so far. (SIA "Uzņēmums 1" iekšējie dokumenti (nepublicētie materiāli)).

Quality management system maintenance costs 2017–2019. In 2017, quality management system costs which directly relate only to the maintenance of the ISO 9001 certificate, which includes staff wages, certification costs, training, departmental support and measuring instruments have decreased for "Company 1" Ltd. from EUR 77,500 (in 2017) to EUR 57.900 (in 2019). These are costs that are directly attributable to maintaining the ISO 9001 certificate and the corresponding quality management system, which are not small. During the research period, most of them – 93% – were the remuneration of the employees of the quality department (see Table 1).

A comparison of the ratio of total cost of "Company 1" Ltd. to its costs attributable to ISO 9001 as a certificate not related to direct production control reveals that employee wages represent the highest percentage of total cost; in terms of total cost of the quality management system, the wages make up only 47%, instead of 93% earlier. In terms of total cost, employee wages are followed by production sample costs and testing costs; if "Company 1" Ltd. works on the development of new products, additional product testing is also required, which increases its costs.

An analysis of the experience of “Company 1” Ltd. and the distribution of its costs allows the authors to draw a conclusion that is consistent with the statement of other specialists mentioned above that the ISO 9001 certificate does not represent to the product quality, but to the overall quality of the company. ISO 9001 indicates the company's prestige and that the company has sufficient resources and a desire to maintain this certificate to attest to the high level of the company's quality management system.

Table 1. Total costs of the quality management system, euro, 2017-2019 (authors’ construction based on the company's unpublished financial data)

	“Company 1” Ltd.			“Company 2” Ltd.			“Company 3” Ltd.		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Wages	6000	5000	54000	2500	5000	30000	4500	4500	54000
Certification	1800	2300	1800	1800	1800	1800	0	0	2300
Training	1500	900	600	1500	600	800	0	0	0
Departmental supplies	700	500	500	2000	2300	2000	500	1000	450
Measuring instruments	1500	1000	1000	2000	2050	2000	1500	700	800
Production samples	23000	60000	30000	75000	30000	35000	15000	10000	20000
Testing costs	15000	40000	20000	55000	18000	20000	0	0	0
Other certificates	10000	8000	6500	9000	7500	7000	7000	7000	7000
Total costs	59500	117700	114400	148800	67250	98600	28500	23200	84550

“Company 2” - a limited liability company, founded in 2011. “Company 2” Ltd. is a young and fast-growing company, which, combining the experience of industry professionals and creating a strong team, has become one of the leading manufacturers of windows and doors in the Baltics. The factory is in modern premises, especially suitable for the production of wooden windows and doors.

Analysing the experience of “Company 2” Ltd. in implementing the quality management system and its maintenance, it should be taken into account that the company started operating relatively recently – in 2011 and developed rapidly; therefore, a full-fledged quality management system was introduced immediately with the establishment of the company. According to P.B. Crosby’s recommendation, expenditure on the implementation of a quality management system should not exceed 2.5% of total expenditure (Forands, 2009, pp.215); however, “Company 2” Ltd. does not limit its financial resources for the provision of a quality management system. It is important for the company that everyone in the company produces the highest quality product in Europe, as well as eliminates all customer

problems that have arisen not only through the company's fault, because the company's priority is a satisfied customer.

The total maintenance cost of the quality management system (see Table 1) related to the maintenance of the ISO 9001 certificate has decreased during the reporting period from EUR 37,300 (2017) to EUR 36,600 (2019). Wage costs accounted for 80-90% of total cost.

An analysis of the highest costs and the costs attributable to ISO 9001 as a certificate not related to direct production control for "Company 2" Ltd. reveals that the wages of the employees represent the highest cost. Taking into account other costs, the employees' wages are in 2nd place, accounting for 30% of the total cost of the quality management system of Company 2 in 2019.

"Company 3" – a limited liability company, founded in 2012. "Company 3" Ltd. was established as a specialized large-scale, cost-effective contract manufacturer supplying branded residential and commercial playground equipment primarily for the European market (SIA "Uzņēmums 3" pamatdati, 2020; SIA "Uzņēmums 3" mājaslapa, 2020).

The economic activity of "Company 3" Ltd. is seasonal, and the highest level of production is reported from May to August. The products of "Company 3" Ltd. are mainly sold to one main customer (70% of the production), which sells these products in the British market. A small part - 30% - of the production is distributed among two other customers. The company does not offer to buy its products to local residents - neither individuals nor legal entities.

The quality management system of "Company 3" Ltd. started at the same time as the company was founded in 2012. Initially, one employee was responsible for the quality of the company's products and the maintenance of related certificates and documentation, who also performed other work duties. As the company develops, quality management measures have been performed by two employees since 2016 (SIA "Uzņēmums 3" iekšējie dokumenti (nepublicētie materiāli)). For financial and strategic reasons, the company has not chosen to be certified for the ISO 9001 quality management system.

Identifying and evaluating the company's quality management systems in accordance with P.B. Crosby's recommendation reveals that expenditure on the implementation of a quality management system should not exceed 2.5% of total expenditure (Forands, 2009, p. 215). The costs directly attributable to the maintenance of the ISO 9001 certificate and the corresponding quality management system are not low. The majority - 94% - is made up of the remuneration of the quality department employees (see Table 1).

Analysing the company's full quality management system and its costs for 2019, additional costs related to production samples and maintenance costs of other certificates should be taken into account. Production samples for quality control cost from EUR 15 000 to EUR 20 000 per year, maintenance costs for other certificates (including ISO 9001) per year - EUR 7 000 (SIA "Uzņēmums 3" iekšējie dokumenti (nepublicētie materiāli)).

Although "Company 1" Ltd. and "Company 2" Ltd. adhere to different principles of quality management system development in terms of the number of employees and the technology of the manufactured products - many employees and manual work are involved in the production of "Company 1" Ltd. products, while the main production of "Company 2" Ltd. involves the use of modern production equipment. The total costs of the quality management systems of both companies are relatively similar, the average costs of the quality management system and certifications, i.e. testing costs is EUR 137,533 for "Company 1" Ltd. and EUR 132,383 for "Company 2" Ltd. The costs are equal to the production sample and the amount of testing costs. The average quality management system cost of "Company 2" Ltd. was EUR 28,917 per year.

According to the authors, a calculation of the costs of a quality management system should take into account the amount of products and services complained of or the cost of remedying them, the cost of production incurred and the cost of reproduction. "Company 1" Ltd., unlike the other two companies, started listing and calculating the costs at the end of 2018, but it requires a lot of work in setting up and maintaining the system, so most often the companies calculate these costs approximately, calculating only the most significant costs for defects and complaints.

Analysing the costs of the quality management systems of all the companies examined, which directly relate to the maintenance of ISO 9001 certificates, the authors concluded that the situation was the same for all the companies - specialist wages made up 80-97%, while the other related costs, such as certification costs, training, departmental support, measuring instruments accounted for only 1-5% of the total cost. In total, the costs were similar, on average EUR 66,700 for "Company 1" Ltd., EUR 46,883 for "Company 2" Ltd., EUR 56,333 for "Company 3" Ltd. The costs appear to be high, but compared with the total cost of a company's quality management system, where the costs of production samples, testing and other certificates have to be added, staff costs fall from 24% to 74%. For "Company 1" Ltd., ISO 9001 certificate maintenance costs in the reporting period accounted for 48% of the total quality management system cost, for "Company 2" Ltd. the costs were only 35%, while the highest cost were reported for "Company 3" Ltd. at 72% of the total cost, because the company had no testing costs and very low production sample costs. In total in the reporting period, the highest

quality management system costs were reported for “Company 1” Ltd., on average EUR 137.533, similar costs were reported for “Company 2” Ltd. at EUR 132.383, whereas the lowest costs were reported for “Company 3” Ltd. at EUR 78.416.

Impact of the quality management system on the companies' financial performance

The impact of a quality management system on a company's financial performance can be determined by analysing the company's key financial performance and the changes. The research analysed financial performance indicators for the companies (see Table 2), and the criteria of each company are highlighted in grey in the table, which were assessed as good and excellent.

Table 2. Financial performance indicators for “Company 1” Ltd., “Company 2” Ltd. and “Company 3” Ltd., 2017-2019 (authors' construction based on the company's financial data, authors calculations)

	Reporting year	Financial independence ratio	Assets profitability, ROA, %	Return on equity, ROE, %	Turnover of receivables, in days	Turnover of payables, in days	Inventory turnover period, in days
“Company 1” Ltd.	2017	0.46	1.56	3.39	18.85	140.21	85.01
	2018	0.45	1.40	3.11	37.21	164.95	110.53
	2019	0.53	5.94	11.28	35.90	133.19	109.23
“Company 3” Ltd.	2017	-0.10	-2.91	-28.35	17.17	2085.02	0.00
	2018	0.10	1.30	12.59	5.40	1062.12	0.00
	2019	0.71	0.65	0.91	17.17	422.77	0.00
“Company 3” Ltd.”	2017	0.37	17.81	48.66	4.20	37.00	31.67
	2018	0.47	15.24	32.45	10.02	36.02	26.76
	2019	0.41	29.35	71.51	12.71	54.39	44.71

Summarizing the financial performance indicators shown in Table 2, the authors conclude that the most stable situation is for “Company 1” Ltd., for which the financial independence ratio reaches the recommended limit - 0.5, as well as the other indicators improved in the analysis period, for example, the turnover of payables decreased to 133 days in 2019 and the return on assets (ROA) reached 5.9% and the return on equity increased to 11.28% in

2019. For “Company 2” Ltd., changes in the financial independence ratio ranged from negative (-0.10) to positive - 0.71 in 2019. During the analysis period, the best year for this company was 2018.

The total balance sheet of “Company 3” Ltd. doubled in the reporting period, reaching the amount of EUR 746,137, which related to the increase in current assets and short-term liabilities. The company's financial system was stable and attractive to external creditors.

According to the authors, in order to assess the impact of quality management system costs and the extent of this impact on the financial performance of the companies, it is necessary to compare the ratio of the total annual cost of the quality management system to the balance sheet total (see Table 3).

Table 3. Ratios of the annual costs of the quality management system to the total balance sheet of the company for “Company 1” Ltd., “Company 2” Ltd. and “Company 3” Ltd., 2017-2019 (authors’ construction based on the company’s financial data (published and unpublished))

	Reporting year	Total certification costs, EUR	Balance sheet total, EUR	Relation
“Company 1” Ltd.	2017	125500	11187876	1%
	2018	172700	11784128	1%
	2019	114400	11330996	1%
“Company 2” Ltd.	2017	176300	1271110	14%
	2018	122250	1555892	8%
	2019	98600	2094034	5%
“Company 3” Ltd.	2017	78000	345829	23%
	2018	72700	398965	18%
	2019	84550	746137	11%

From Table 3, the authors concluded that the costs of the quality management system as a percentage of the balance sheet total are low, for example, in 2019 for “Company 1” Ltd., the costs of the quality management system accounted for 1% of the balance sheet total, 5% for “Company 2” Ltd. and 11% for "Company 3" Ltd. This confirms that the quality management system has many advantages, but it does not bring any financial benefits to the company, nor does it incur disproportionate costs.

The advantages of the quality management system of the companies and their interaction with the financial performance of the companies are shown in Table 4.

Table 4. Impacts* of the quality management system standard ISO 9001 on the financial performance of companies (authors' construction based on the authors' experience and financial analysis)

	"Company 1" Ltd.	"Company 2" Ltd.	"Company 3" Ltd.
ISO 9001 standard maintenance costs	negative	negative	negative
Quality department maintenance costs	negative	negative	negative
The possession of the ISO 9001 certificate helps to streamline the company's processes	neutral	positive	negative
The existence of the ISO 9001 standard helps to gain customers	positive	positive	positive
The possession of the ISO 9001 certificate serves as a criterion in procurement	positive	positive	not applicable
Improves business performance, manages company risks	neutral	neutral	neutral
Increases customer satisfaction	positive	positive	positive
Investment attraction	positive	positive	positive

** Impact assessment:*

Positive - the criterion promotes turnover growth or profit;

Neutral - the criterion does not affect / generate neither revenue nor expenditure;

Negative - indicates a situation where the criterion creates costs for the company;

Not applicable - the criterion is not applicable to the specific company.

Based on Table 4, it can be concluded that although several criteria have a positive impact on the financial performance of companies, for example, customer attraction and satisfaction increase turnover. However, the financial benefits it provides cannot be unequivocally determined. Improving and streamlining processes can also make a positive financial contribution if the work is done more efficiently and consumes less resources, but it can also make a negative contribution if these processes are carried out in a hurry.

The research confirms that changes in the financial performance of the companies are not affected by the presence or absence of a quality management system. According to the research data, all the three companies are improving their financial situations for higher profits and business development. In 2020, two companies attracted additional financing, which is also necessary for "Company 3" Ltd.

In order to better assess the impacts of the quality management system on the financial performance of the companies, further independent research is needed to take into account the interaction of the quality management system with the financial performance of the companies in the future

development of the companies - what financial benefits / losses provide particular process improvements.

Conclusions and Proposals

Conclusions

The concept of quality has become much broader in the 21st century, so it is increasingly important to base the quality management system of a company on a combination of the latest theories and practices of the industry. The current ISO 9001 quality standard does not provide specific guidelines for setting up a quality management system, its requirements are very general and vague to be adaptable to all types of companies, both in terms of their size and the type of product or service sold.

Evaluating the ISO 9001 standard, it can be concluded that the advantages outweigh the disadvantages, as a company that is willing to invest time and resources in setting up an ISO 9001 quality management system benefits from three reasons: streamlined and established transparent business processes; optimized company processes and increased company profit; the company's operating principles for customers and cooperation partners are approved by an accredited certification body, which regularly conducts audits of the company, checking its compliance and directing the company's customer-oriented process management.

Based on the analysis of the costs of the companies' quality management systems directly related to the maintenance of the ISO 9001 certificate, it can be concluded that the situation is similar in all the three companies: 80-97% are specialist wages, the other related costs (certification costs, training, department, measuring instruments) make up only 1-5%. In total, the highest quality system costs were found for "Company 1" Ltd., on average in the research period it was EUR 137 533, similar costs were also found for "Company 2" Ltd. at EUR 132 383, while "Company 3" Ltd had the lowest costs at EUR 78 416.

Comparing the ratio of the total annual cost of the quality management system to the balance sheet total reveals that the costs of the quality management system as a percentage of the balance sheet total are low, for example, in 2019 for "Company 1" Ltd., the costs of the quality management system accounted for 1% of the balance sheet total, 5% for "Company 2" Ltd. and 11% for "Company 3" Ltd. This confirms that the quality management system has many advantages, but it does not bring any financial benefits to the company, nor does it incur disproportionate costs.

All the three companies surveyed are taking steps to improve their financial situation in order to make more profits and develop their businesses. The financial position of the companies is not affected by the existence of a quality management system in the companies, i.e. not having a

quality management system, the financial performance would be almost constant, as a quality management system is a way of managing a company and organizing processes that is developed and maintained throughout the company. Consequently, a quality management system has many advantages, but it does not provide a specific financial benefit to the company, nor does it entail disproportionate costs.

Based on the analysis of the research data, the hypothesis put forward was partially confirmed. The costs and financial benefits of the quality management system are too small to affect the company's financial situation; however, the quality management system helps to streamline the company's internal processes and indicates the high level of the company's quality to customers.

Proposals

The costs of the quality management system should include the amounts of products and services for which complaints or complaints have been received and the costs of remedying them, as well as the costs of production and reproduction incurred during the production process.

To increase the quality, "Company 1" Ltd. would need to:

- improve the equipment of the Laboratory, to arrange the reference instruments for verification and calibration of measuring instruments;
- increase interdepartmental cooperation in improving processes; especially between the warehousing and accounting departments;
- review and rethink the system of employee wages and motivations, because the company has a high turnover of employees;
- involve more employees in the development of new products;
- create and use customer satisfaction questionnaires on a daily basis.

The authors propose to increase the quality of "Company 2" Ltd. through:

- improving descriptions of internal processes, changing the format of descriptions;
- defining more precisely job responsibilities for employees, as well as introducing the employees to the positions of other employees and their responsibilities.

"Company 3" Ltd. needs to increase quality through:

- finding the necessary resources and certifying the company in accordance with the ISO 9001 standard;
- involving employees working on new product development;
- creating and using customer satisfaction questionnaires on a daily basis.

In order to better assess the impacts of the quality management system on the company's financial performance, further independent research would be needed, which would take into account the interaction of the quality management system with the company's financial performance.

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TRENDS OF CONSUMER PURCHASES VIA SOCIAL MEDIA ACCORDING TO THE STIMULUS-ORGANISM-RESPONSE (SOR) MODEL

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Abstract. *The theme of this paper is „Trends of Consumer Purchases via Social Media according to the Stimulus-Organism-Response (SOR) Model”. Social media are an important platform for entrepreneurship development, and a lot of entrepreneurs are using social media for marketing and selling activities in order to increase sales and attract potential customers. The topicality of the research is based on economic development requirements. The aim of the research – to identify the situation and to develop proposals for entrepreneurs and managers in Latvia. The tasks of the research are the following: to develop a survey, to carry out theoretical research; to develop proposals. The research period was from March until June 2021. General scientific research methods were used in the research: the monographic and descriptive methods, the survey method, the comparative analysis method for studying the concept of SOR at social networking and future development possibilities. The survey conducted in the study showed the tendencies of Latvian consumers' purchases via social media. The study hypothesis confirmed that according to the Stimulus-Organism-Response Model, advertising, opinion leaders, and user-generated content act as the stimulus (S) to evoke positive emotions (O), which later leads to impulse purchases (R) for consumers.*

Keywords: Company, Entrepreneurship, Management, Organism, Response, Social media, Stimulus.

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Introduction

Digital, mobile, and social media have become an indispensable part of everyday life for people all over the world. More than 4.5 billion people now use the Internet, while social media users have passed the 3.8 billion mark (Kemp, 2020). The growth of social media has completely revamped the way people interact, communicate and engage. These platforms play a key role in facilitating greater outreach and influence (Anuja et al., 2019).

Social media are used not only for everyday communication but also for creating a business environment. Companies use social media to carry out marketing campaigns, find potential customers. Consumers can easily find the necessary shops, tourist sites, etc. via social media. Social platforms have become a vital driver of business.

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The role of Internet sources has steadily increased in recent years, and it is one reason that differentiates COVID-19 from previous pandemics (Abd-Alrazaq et al., 2020; Farooq et al., 2020). *Exposure to online information sources* refers to the number of online sources through which people receive information. Making sense of the vast amount of information from multiple sources is not straightforward, as conflicting, unclear, and even fake news circulate constantly on the Internet (Laato et al., 2020; Talwar et al., 2019, 2020). During unprecedented and unusual events, such as the COVID-19 pandemic, the novelty of the situation does not allow relying extensively on existing cognitive knowledge structures, which can increase the amount of circulating fake news (Ahmed et al., 2020; Laato et al., 2020).

The research hypothesis – according to the Stimulus-Organism-Response Model, advertising, opinion leaders, and user-generated content act as the stimulus (S) to evoke positive emotions (O), which later leads to impulse purchases (R) for consumers.

The aim of the research - to identify the situation and to develop proposals for entrepreneurs and managers in Latvia. The tasks of the research are the following: to develop a survey, to carry out theoretical research; to develop proposals.

General scientific research methods were used in the research: the monographic and descriptive methods, the survey method, the comparative analysis method for studying the concept of SOR at social networking and future development possibilities.

Social networks

Borgatti and Halgin (Borgatti, Halgin., 2011) observed that the term ‘social network’ has developed to mean anything from a private club to a website and can therefore lead to some confusion. They describe a network as “a set of actors or nodes along with a set of ties of a specified type...that link them.” These ties connect via shared points to link nodes that are not directly linked themselves, the nodes being individuals, or actors in the network. Unlike groups, networks do not have natural boundaries, and they do not need to be connected internally. These disconnected parts of the network can become connected over time, meaning networks are fluid and ever changing (Stone, 2018).

Social media use has become an indispensable part of knowledge work. Employees posting work-related content on social media are considered credible sources of information and have significant importance for how stakeholders, such as potential customers and future employees, perceive the organization. Therefore, employees’ ability to communicate about their work on social media has become a competitive advantage both for

individual employees and for their organizations, especially in the professional service sector. Hence, understanding the role of employees' ability to use these social media professionally is crucial for understanding the communicative behaviours of contemporary knowledge workers (Pekkala et al., 2021). Social media is used professionally by employees to develop the external image of their company, promote sales and overall growth. The role of social media is very important in today's business. The most popular social media in Latvia at the moment are Facebook, Instagram, Draugiem.lv, Twitter, TikTok and others.

At its most basic, Instagram is a social networking app which allows its users to share pictures and videos with their friends. The app can be downloaded for free from the usual app stores and takes pride of place on many young person smartphones. The company was founded by Kevin Systrom and Mike Krieger, both Stanford University graduates, in 2010 and now has around 200 million users. Facebook, the social networking giant, acquired the company in 2012. While its basic premise is the sharing of pictures, the site's popularity comes from its picture-editing functionality. Once a user snaps a picture, Instagram filters – of which there are dozens – can transform images in a manner reminiscent of old-fashioned Polaroid prints. The app not only allows for the creation of personal profiles but also can be connected to existing social networking profiles such as Facebook and Twitter, meaning users can share their pictures across platforms (Webwise.ie, 2020). By publishing images on the video site Instagram, the company promotes and shows its product to a potential buyer in detail, as well as emotionally impresses the potential buyer by offering advantageous offers - promotions, discounts, coupons, etc.

90% of Instagram users follow a business. People are not just interacting with their friends and family on Instagram. Almost everyone who uses the app follows at least one brand. 36.2% of B2B decision makers use Instagram to research new products or services. That ranks it ahead of LinkedIn but behind YouTube, Facebook, and WhatsApp. It's a clear indication that Instagram is an important business tool, whether you're marketing to consumers or other organizations (Newberry, 2021).

Facebook is a social networking site that makes it easy for you to connect and share with family and friends online. Originally designed for college students, Facebook was created in 2004 by Mark Zuckerberg while he was enrolled at Harvard University. By 2006, anyone over the age of 13 with a valid email address could join Facebook. Today, Facebook is the world's largest social network, with more than 1 billion users worldwide (GCFGlobal.org, 2021). Facebook is the largest social networking platform in the world, which is why most businesses can be found on it. Nowadays, if a consumer wants to buy a particular product or service, they first look for

information on the Facebook social networking platform, because if the company is not registered on that platform, it is likely to be inactive or closed.

Influencer marketing

Influencer marketing is on the rise, which is made apparent by the recently released figures indicating that the value of this specific market more than doubled between 2019 and 2021, growing from 6.5 billion to 13.8 billion U.S. dollars in the three years alone (Statista.com, 2021).

Influencer marketing is a fast-growing trend that is influencing business development on social networking platforms.

The survey found that Facebook (86 percent) and Instagram (84 percent) were the overall top social media channels for influencer marketing, with Instagram ranking as the single most important channel (36 percent) followed by Facebook at 20 percent. "It's clear that the popularity of influencer marketing has increased among marketers in recent years, largely due to the growth and evolution of social media," said ANA CEO Bob Liodice. "We've found that a growing number of marketers are turning to influencers to help them combat ad blocking, leverage creative content in an authentic way, drive engagement, and reach millennial and gen Z audiences who avidly follow and genuinely trust social media celebrities." The study pointed out that brands hire influencers with audience followings ranging from as few as 50 followers to over 100,000. For the purposes of the report, influencers were defined as micro (50 to 25,000 followers), mid-level (25,001 to 100,000), and macro (over 100,000). Influencer Marketing Objectives: the great majority of respondents (86 percent) stated that general brand awareness was an objective for engaging in influencer marketing. More than two-thirds (69 percent) said they utilize influencer marketing for content creation and distribution, and over half conduct influencer marketing to improve brand perception and drive purchase (56 percent and 51 percent, respectively) (Wolfe, 2018).

A number of studies have been conducted on the professional activities of influencer leaders on social networking platforms, which have found that influencer leaders' advertising services are used to improve brand awareness and encourage the purchase of goods or services.

Influencers, or opinion leaders known in the society or in a group of society, are a novelty of Latvian marketing in the last couple of years, which is used by not only one brand, and they have been known in the world for a long time. Influencer marketing is a type of marketing that focuses on specific opinion leaders, using their visibility as a marketing tool. Most often, influencer marketing works directly in the environment of social media, where they are followed by different target groups. Social media influencers

are people known in an industry or niche who are active in various social media platforms and have gathered a significant number of followers. Given the size of the global audience, they can be divided into 3 categories: micro (5 - 100 thousand followers), mid or medium (100 thousand - 1 million followers) and macro influencers (more than 1 million followers). Anyone can become an opinion leader, the main rule is to find your industry and attract an audience. One of the most grateful platforms is Instagram (also YouTube, if the video format is close) where you can quickly gather a large number of followers. The next step is to create content that is original, interesting and engaging to the audience. It is often the case that the brand itself addresses the influencers so that they include information about the product or service in their social network entries in return for either remuneration or the product itself. It all depends on the purpose of the cooperation and the agreement. It is clear that it is useful to use the views of recognizable people in your marketing strategy. Is it a short-term or long-term investment? 60-70% of brands in the world use influencers to promote sales results, but only 5% of them incorporate them into a long-term marketing strategy. Of course, building a long-term relationship with a particular person is not easy, but research shows that it promotes the loyalty of the target audience and strengthens the basic customer base. One of the ways to attract well-known people is to create a brand newsletter programme - to choose a person or people as brand newsletters who participate in marketing activities or become the face of advertising (Topmedia.lv, 2021).

There are many opinion leaders on Latvian social media platforms, who also provide their advertising services to promote specific goods or services.

Social media influencers have become important opinion leaders in certain audiences, so the question of the reliability, competence and openness of the information they offer and the number of followers about sponsored content is becoming more and more important. Following the international Golin global data-based approach, Accelerators of Relevance together with cooperation partners HypeAuditor and Norstat, GOLIN Riga has already created the third Latvian Golin Accelerators of Relevance Influencer Index 2021 (GolinRiga, 2021).

Stimulus-organism-response (S-O-R) model

The Stimulus-organism-response (S-O-R) model was proposed by (Woodworth, 1929) as an extension to the classic theory of the stimulus-response model suggested by (Pavlov, 1927). The S-O-R model is comprised of three constructs i.e. stimulus, organism, and response, which decide the behavioural outcome of an event. (Skinner, 1935) described the notion of stimulus and response as “parts of behaviour and environment” and sudden

changes in the environment can influence the psychological and emotional stability of an individual which further drives the behavioural changes (Donovan, Rossiter, 1982). The stimulus is the outside forces that affect the psychological state of an individual (Jacoby, 2002; Peng, Kim, 2014; Young, 2016) and (Eroglu et al., 2001) defined the stimulus as “the influence that arouses the individual”.

The intervening processes and structures consist of perceptual, physiological, feeling, and thinking activities”. (Fu et al., 2020) defined the organism as “internal processes and outcomes of the stimulus, usually mediating the relationship between a stimulus and a response”.

The response in the model refers to the final behavioural outcome of an individual that may be positive or negative (Donovan, Rossiter, 1982; Spence, 1950).

There is a significant difference in the stimulus, organism and response between these elements. The greater the stimulus, the greater the organism response to these stimuli.

The framework is based on work by Mehrabian and Russell (Mehrabian, Russell, 1974) who conceptualized behaviour as occurring in an environment, which consists of stimuli. The stimuli affect the organism, more specifically, consumers’ cognitive and affective processes, which then leads to a behavioural response. An individual’s previous knowledge, thinking skills, and self-efficacy have moderating effects on the behavioural response (Attiq et al., 2017). Although the environment ultimately pushes organisms toward certain reactions, individual and group characteristics may act as an opposing or amplifying force (Laato et al., 2020).

Research and results

This paper investigates which types of social networking tools are most effective in relation to consumer impulse buying behaviour in the field of trade in the Latvian context. The study was conducted according to the Stimulus-Organism-Response model in the context of social media. Social media are very influential in encouraging the purchase of impulses among consumers, but this is not the case for all respondents.

A questionnaire is a method of gathering initial information, which envisages asking the research group oral or written questions that contain the research problem on an empirical level, as well as statistical processing of the obtained answers. The quality of the information obtained during the survey largely depends on the quality of the development and application of the survey as a method of collecting information. Nowadays, survey methods are used to study issues where the medium is a person (Kristapsons, 2008).

The survey contained 12 questions about consumer shopping trends on social media. The aim of the survey was to investigate a correlation between the elements – the Stimulus, Organism and Response. 84 respondents from various Latvian cities participated in the survey. By gender, 80% were women and 20% men. The average age was 34 years. The survey was divided into three categories of questions according to the SOR model.

The first question of the survey found out via which social media customers commonly made the purchases. The majority - 42.9% answered that Facebook, 32.1% Instagram, 25% answered that they use others - regular stores, online stores- Asos, Member, Zara, AliExpress, Sinsay, Crop, 220, Coconut, Amazon. The study author concludes that the most influential social networking platform was Facebook.

Stimulus

After creating the portrait of the respondent, questions were asked based on the Stimulus concept, why the buyer made purchases.

When you are shopping in online stores, do you pay attention to the appearance of the company's profile - logo, colour scheme, style? Yes, it is important to me (42.9%). No, I will not pay attention (10.7%). The majority answered that it was neutral (46.4%). From this it can be concluded that the majority of customers do not notice and are neutral towards the appearance of the profile of a company posted on social media – the logo, colour scheme, style, but this does not mean that customers are not affected.

The second question - When you are shopping in online stores, do you pay attention to the layout of the company's profile, website? Yes, it is important to me (71.4%). No, I do not pay attention (17.9%). Neutral (10.7%). The vast majority of the respondents answered that layout was important for comfortable and convenient shopping.

To the next question - What motivates you to make a purchase? - various answers were given: discounts 28%; promotions 26.7%; added value 10.7%; high quality photos 14.7%; good description 8%; professional salespeople 10.7%; social campaigns 1.3%. From the answers provided, the author concludes that the biggest incentive to make purchases was promotions and discounts, both marketing tools are the most effective.

When you are shopping in online stores, do you pay attention to the company's staff - employees who sell, advertise goods? Yes, for me it is a significant (32.1%); No, for me it is not significant (25%); Neutral (42.9%). The author of the paper concludes that customers are neutral and do not pay attention to the company's staff - employees who sell, advertise goods.

To the question - Has the choice of your purchases been influenced by the content creators or opinion leaders (influencers) - advertisements,

reviews? Various answers were given - Yes, I trust to the opinion leaders (52.1%); No, I am not affected (30%); Neutral (17.9%). The author concludes that the content created by opinion leaders (influencers) - advertisements, feedback - has influenced the purchase made by customers.

Organism

The second group of questions in the survey concerns the Organism response to a Stimulus.

To the question - Can you fully evaluate the product when you are shopping in online stores? Is there enough information on the Internet site? The following answers were given: Yes, I can always evaluate it (21.4%). No, I cannot evaluate it (64.3%). Neutral (14.3%). The author of the paper concludes that customers cannot evaluate the completeness of the product, often there is not enough information and pictures about the product in online stores.

The next question was about experience - What is your experience when shopping in online stores that are available on social media? Positive (64.3%). Negative (0%). I have bought products rarely (35.7%). Overall, the attitude and experience were very positive towards online shopping, which is available on social networking platforms.

The respondents answered the following questions about emotions: Have you made purchases based on emotions, mood? Yes, always (21.4%). No, never (21.4%). I have not thought about it (50%). Sometimes (7.1%). The author of the paper concludes that most of the customers did not think or made purchases based on their emotions and mood.

What are your emotions when receiving a purchase? Always positive (67.9%). Miscellaneous (32.1%). More often negative (0%). A large majority of the respondents answered that emotions were positive when they were receiving a product purchased in online stores.

Response

The third group of questions studied the Response impact to the Organism.

To the question - When receiving the purchase, does the product correspond to what you had imagined or was completely different? The following answers were given: Yes, it always corresponds (25%). Sometimes (64.3%). No, not always (10.7%). The author concludes that the expectations of the respondents and the reality were different, the purchased product corresponded only sometimes, there were situations where the product was received completely different.

To the question - Did the new purchases improve your behaviour and self-confidence? The following answers were given - Yes, definitely (60.7%); 39.3% have not thought about it. The majority of the respondents answered that new purchases improved their self-confidence and behaviour, and the author concludes that purchases in social media online stores have a positive tendency to respond.

The study used the Stimulus-Organism-Response Model and, summarizing the research data, has concluded that advertising, opinion leaders and user-generated content act as the stimulus (S) to evoke the organism emotions (O), which later leads to impulse purchases (R) for consumers. The hypothesis of the present research was confirmed by the research results.

Conclusions and Proposals

The author of the paper has concluded - the most influential social networking platform in Latvia is Facebook, and with the help of this platform consumers most often make choices and purchases. The most customers do not notice and are neutral towards the appearance of a company profile posted on social media – the logo, colour scheme, style, but this does not mean that customers are not affected. The layout of the store is important for customers to make comfortable and convenient shopping. The major incentive to make purchases is promotions and discounts, both marketing tools make the most effective impact to the organism and elicits a response. The customers are neutral and do not pay attention to the company's staff - employees who sell, advertise goods. The content created by opinion leaders (influencers) - advertisements, reviews have influenced customers to make purchases. When customers are making purchases in social media online stores, they cannot fully evaluate the product, often the online store websites do not have enough information, a description and an image about the particular product.

In general, the attitude and experience are very positive towards online shopping, which is available on social networking platforms. Most of the customers have not thought about whether they have made purchases based on their emotion and mood. For a large majority of the respondents, emotions were positive when receiving a product purchased in online stores. The respondents' expectations about the product and reality were different, the product purchased corresponded only sometimes, there were often situations where the product was received completely different. New purchases improve customers' self-confidence and behaviour, from which the author concludes that purchases in social media online stores have a

positive response trend. Social platforms have become a vital driver of business.

Entrepreneurs should register social network user accounts and actively use them, because it is an effective platform for attracting customers. Entrepreneurs should use influencer services, because it directly reaches and influences the consumers - the potential customers.

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