

# FoU-RAPPORT

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## Business practice in Ukraine Management control in Ukrainian business environment

Veronika Vakulenko (ed.)

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Nord universitet  
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Bodø 2017

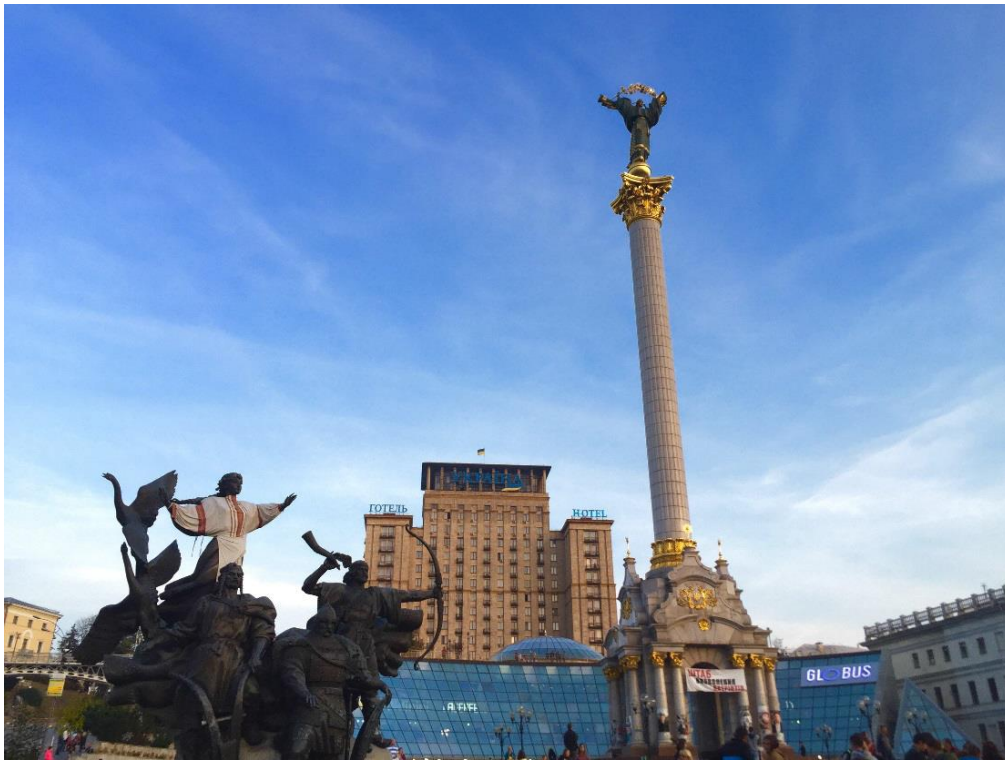
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# Business practice in Ukraine

## Management control in Ukrainian business environment

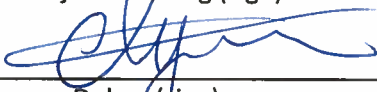
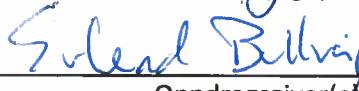
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Summary:  Written in the manner of a scientific diary, this report summarizes the trip to the capital of Ukraine, the city of Kyiv, made by the Master of Science students (Management Control specialization) from Nord University Business School, Bodø, Norway. The visit took place between 26 September and 4 October 2016. The main aim of this visit was to develop students' understanding of the features of management and administration in alternative business environments.	Keywords:  Ukraine, business, management, administration, field visit, student report	



# Report 2016

## Business Practice in Ukraine: MANAGEMENT CONTROL IN UKRAINIAN BUSINESS ENVIRONMENT



**Veronika Vakulenko (ed.)**

Nord University Business School

## **Executive summary**

Written in the manner of a scientific diary, this report summarizes the trip to the capital of Ukraine, the city of Kyiv, made by the Master of Science students (Management Control specialization) from Nord University Business School, Bodø, Norway. The visit took place between 26 September and 4 October 2016.

The main aim of this visit was to develop students' understanding of the features of management and administration in alternative business environments. The goals of the course were:

- Connect theoretical knowledge with practical comprehension of Ukrainian business realities;
- Establish a cross-cultural vision on management control practices;
- Strengthen Norwegian-Ukrainian cooperation in the spheres of education and business;
- Increase student mobility from Norway to Ukraine;
- Form a positive image of Ukraine.

Taras Shevchenko National University of Kyiv was a partner university in Ukraine. They kindly agreed to host the lectures and provided assistance during the course.

Overall, the goals of the trip were achieved: students formed a positive attitude to the welcoming country and received valuable experience from different perspectives: educational, practical and cultural.



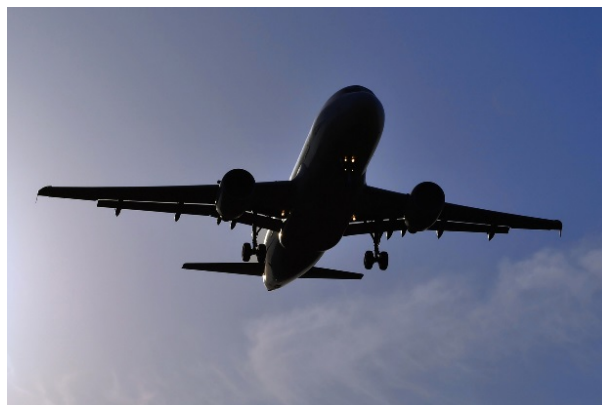
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## **Monday, 26.09 Arrival of the participants**

The trip eventually started on Sunday, 25 September, 2016. It took three flight changes to get from Bodø to Kyiv, so the group had to stay overnight in Oslo. In 2016, a total of 13 students participated in the Business Practice in Ukraine course, most of whom were in their second year of the Master of Management Control specialization:

- 1) Rune Hasnes Eriksen
- 2) Henrik Høyland
- 3) Susanne Skyrud Jensen
- 4) Regine Lagesen
- 5) Silje Katrine Eivik Lorentzen
- 6) Per Steffen Naurstad
- 7) Randi Vidvei
- 8) Viktoriia Yanishevskia
- 9) Tor Erichsen Øverland
- 10) Iaroslav Klochkovskii
- 11) Manuela Wygnanska
- 12) Martin Fremo Lefdal
- 13) Alina Zorinova



Students were accommodated in the students' dormitory close to the Faculty of Economics at Taras Shevchenko National University of Kyiv.

## **Tuesday, 27.09 Opening of the programme**

*Brief introduction to the Ukrainian business environment*

In the morning, students began their 'journey' into the Ukrainian business

environment, business culture and tradition. The programme (see Attachment 1) started with welcoming speeches from the faculty, followed by general presentations about Ukraine

Ukraine is the largest country in Europe by area, and its population of over 44.5 million represents the seventh largest consumer market in Europe. Ukraine has a favourable geographical position, with closeness to both European and Asian markets. Moreover, its access to the Black and Azov Seas is also vital for trade. The country has many different natural resources, including coal, sulphur, nickel, uranium, oil and gas, but the most important one is very fertile ground. This is the reason that Ukraine is known as *the bread basket of Europe*, possessing about one quarter of the world's black soil. Being an agricultural land, Ukraine is an important exporter of grains, sunflower oil, pork meat and eggs.

A crucial role in Ukraine is played by the highly educated labour force: more than 93% and 73% of the population is educated to secondary and higher levels, respectively. Companies investing in Ukraine can benefit from cost arbitrage as wage levels are low. While doing business in Ukraine, it is important to have local language skills, as not everyone speaks English. However, there are some ongoing projects aimed at improving the English language skills of employees and leaders in many different sectors.

In different ways, Ukraine provides many opportunities for investing in a number of sectors such as agriculture, energy, education, tourism, the IT sector, and fish and seafood. However, many international companies are sceptical about investing in Ukraine because of the difficulty of doing business there. Currently, ongoing reforms are trying to improve the business environment and the ease of doing business. Moreover, some effort has been made to fight corruption, by such means as conferences and educational alliances.

Significant cultural difference can be observed when comparing Norway and Ukraine. For example, the difference in distance between boss and subordinate might be problematic; Norwegian bosses treat their employees as equal partners that expect to be consulted, whereas in Ukraine subordinates expect to be told what to do and to be obedient to the higher in rank. Another example is the work–life balance. In Norway, people work because they like it and treasure their family life. On the contrary, in Ukraine long hours seem to be important so there is little free time left; in addition, people work in order to live. These differences might create some friction between Norwegian and Ukrainian employees. Gender roles also differ in these two countries. In Ukraine, the man takes care of the family financially and the woman takes care of the home. In Norway, more women are professionally active, although it has not always been this way. In the 1970s, half of Norwegian women were employed and since then the number has been increasing. Working women have contributed to the growth of the Norwegian economy. This might be a good example for Ukrainian women and their contribution to the country's prosperity.

*Getting acquainted with Taras Shevchenko National University of Kyiv (visiting university's museums)*

In order to get to better know the host university, after the opening of the programme, students were accompanied on a tour of Taras Shevchenko National University of Kyiv. Being a classic university with a distinct research profile, and the leading contemporary academic and educational hub of Ukraine, Taras Shevchenko National University of Kyiv has a very long and rich history. The university is named after Taras Shevchenko, a major figure in Ukrainian literature and art. Founded in 1834, Taras Shevchenko National University of Kyiv may boast generation after generation of academics, lecturers and students, who have made invaluable contributions to science, education, culture and society, to improve the lives of the people of Ukraine. Among the most famous alumni of the university are Mikhail

Saakashvili (twice President of Georgia) and Petro Poroshenko (current President of Ukraine). It is considered the most prestigious university in Ukraine: it was one of the top three universities in the USSR, along with Moscow State University and Leningrad State University, and is nowadays rated as the best university in Ukraine.

*“The acquaintance with the university and the faculty began at the Faculty of Economics with the opening speech of the Head of the Finance Department, Professor I. Lyutyy. He welcomed us heartily and introduced the staff and Master’s students, who accompanied us during our whole stay in Ukraine, showing us different places of interest and helping us with everything we needed.” (Alina Zorinova, MSc student)*

There are 14 faculties within the university: Geography, Economics, History, Cybernetics, Mathematics and Mechanics, Sociology, Information Technology, Radio Physics, Electronics and Computer Systems, Psychology, Physics, Philosophy, Chemistry, and Law. There are eight institutes: the Military Academy, the High Technology Centre, the Institute of Journalism, the Institute of Geology, the Institute of International Relations, the Postgraduate Education Centre, the Institute of Linguistics, and the State Security Department. In addition, Kyiv University has a number of other facilities, including the Geological and Zoological Museum and the Museum of the University’s History, which we visited during our excursion around the main ‘Red’ building: the main building of Taras Shevchenko National University of Kyiv, situated in the city centre.



*The Red building (main campus) Taras Shevchenko National University of Kyiv.  
(Photo: Ростислав Маленков, Wikipedia Commons.)*

*“The first thing that surprised us was the red colour of the main building, which catches attention and makes it visible even from a distance. Later, we were told that, originally, the facade was white and when one day they decided to repaint it in dark brown, the Italian paint came in the wrong colour and the main building has been red since then. Afterwards, they wanted to change the colour to yellow, but everyone had got used to the red colour and it seemed to them more majestic and noble so they decided to let it be red.” (Alina Zorinova, MSc student)*

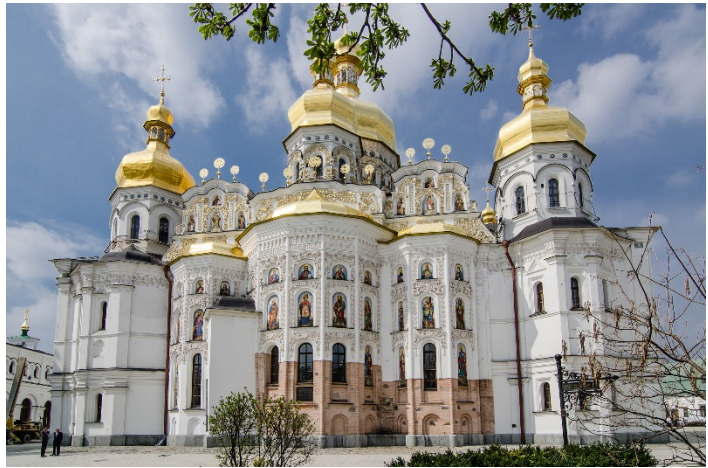
On their visit to the Historical Museum of the University, students were guided through the university’s history from the very beginning (when the first brick was laid) to the present day (describing the new challenges and responsibilities, which the university is facing). The university has a very rich history that cannot fail to impress; having survived hard times, it is nowadays included in the ranking of the world’s best universities. After the Historical Museum, students visited the Zoological Museum, with a rich collection of many different species (from the simplest unicellular organism to a whale’s skeleton). Students were introduced to various types of bacteria, unicellular, multicellular, insects, butterflies, shells, birds, fish, mammals, monkeys and others.

Taras Shevchenko National University of Kyiv takes an active role in different social events and conferences, establishing connections with foreign universities and setting up new educational programmes in order to provide its students with opportunities to discover the world and gain experience in order to be competitive and meet the demands of the labour market.

#### *Excursion to the holy places and a traditional welcoming dinner*

After the visit to the university, students had a short excursion to Kyiv Pechersk Lavra (an orthodox Christian monastery). There students could see the golden domes and listen to a brief history of the monastery. It was founded as a cave monastery in 1051 and, since that time, the Lavra has developed into the centre of Eastern Orthodox Christianity in Eastern Europe. The monastery is also inscribed as a UNESCO World Heritage Site.

The welcoming dinner was organized in an authentic Ukrainian restaurant. Students had an opportunity to taste delicious Ukrainian food and enjoy traditional singing. Among the variety of dishes served, the most remarkable were: borscht (vegetable soup made out of beets, cabbage, potatoes, tomatoes, carrots, onions, and garlic); varenyky (dumplings stuffed with meat, served with fried onions and sour cream); deruny (potato pancakes, usually served with sour cream); and kotleta po-kyivsky (a dish made from chicken fillet stuffed with cold butter, coated with eggs and breadcrumbs, and then fried or baked). It was a very welcoming day with lots of new information and emotions in a hospitable atmosphere.



*The Dormition Cathedral, Kyiv Pechersk Lavra (Photo: Michele Ursino)*



*Traditional Ukrainian beetroot soup (borscht) served in an edible bowl made from dark bread*



*Traditional Ukrainian kozak singing during the welcome dinner in a Ukrainian authentic restaurant*

## Wednesday, 28.09 Ukrainian aircraft and Norwegian seafood

*Antonov – a cargo full of ingenious designs and Guinness World Records*

The next morning started with a long trip to the other part of the city, to the Antonov State Company.

*“As we were driving through security into the Antonov industrial grounds, an atmosphere of excitement spread through the group. As you would expect, usually, people from outside are not actually allowed entry to the site. Needless to say, we felt very privileged and honoured to have the opportunity to take a look behind the curtains of a company with such a proud history.” (Henrik Høyland, MSc student)*

During the visit, students were invited to the museum, where they received an informative dip into the history of the company. It all started with Oleg Antonov in 1946. From an early age, he developed a passion for aviation and the design of different aircraft. Having worked with the military, Antonov started his independent research after the war; this developed into the Antonov State Company. They achieved immediate success with the introduction of the An-2. Although, by today's standards, it appears to be a modest transport aircraft, it was an extraordinary achievement at the time. However, this was only the start of a long line of achievements for Antonov, as they continued to develop one impressive design after another. Focusing on the transport of cargo, the carrying capacity was of the utmost importance. When the An-225 aircraft was showcased during the Paris Air Show in 1989, people could not believe its colossal size. Determined that something of such magnitude could not possibly be able to fly, several spectators proceeded to knock on the construction with their fists – convinced that it must have been built out of wood. The aircraft still holds the Guinness World Record for the largest aircraft – among many on a long list of records held by Antonov.

One of them was awarded to the already mentioned An-2 for the longest production run of an aircraft – 45 years. How is Antonov able to produce aircraft that continue in



production for almost half a century? How can the constructions possibly handle the sheer size and enormous forces in play during takeoff, flight and landing? As part of our visit, students had a chance to take a tour around the test laboratory, where the quality and durability of the aircraft is assessed. Accompanied by Vladimir Masyrik, students saw several testing stations.

*“On the main floor, which measured 10 000 m<sup>2</sup>, we felt quite small among all the equipment – some of which was nearly touching the roof 36 metres above us. It was interesting to see how they tested landing gear and the wings through the use of different mechanical forces. Off to the side of the building, we were led into the computer room, where everything is measured down to the tiniest of details – nothing is left to chance at Antonov.” (Tor Erichsen Øverland, MSc student)*

One of the things that make Antonov special is that they conduct all the activities related to aircraft production themselves – from research and development to after-sales maintenance. In a highly globalized world, where a finished product usually consists of work done by a series of manufacturers often situated in widespread geographical areas, this is quite unusual. At the end of the tour, students were guided through one of the last stages in the manufacturing process.

They saw the massive aircraft hangar, surrounded on both sides for hundreds of metres by aircraft – each of them at a different stage of completion. At the end of the hangar was the largest aircraft in the world – Mriya (meaning “the dream”). As we were approaching the Mriya, some students were discussing among themselves how incredible it would be to get a chance to take a look inside. Only seconds later, the chief of the hangar was waving us up the steps. Standing inside Mriya and its enormous cargo area, it is possible to start thinking – as the people in Paris did – how is something as big as this able to fly?

Overall, the visit to Antonov gave students an opportunity to learn about Antonov’s history of great achievements, as well as to develop a better understanding of Ukrainian industrial capacities.

*“Just like Antonov, Ukraine is a mix of traditional and modern aspects. They are moving forward without losing touch with what makes them unique. Both of them have gone through some periods of instability, but, because the people stood together, the two of them have always prevailed. In the streets of Kyiv and in the hangars of Antonov, people were always friendly, willing to help and eager to tell you about their history. Perhaps the lesson is then that we should become better at listening. We should not only think about what Ukraine can learn from Norway but also what Norway can learn from Ukraine. We should seek a deeper understanding of how they do things and how they think. In order to do so we must get to know each other. That is the first and perhaps the most important step to successful cooperation. Because then, as illustrated by Antonov: not even the sky provides a limit to the things that can be achieved.” (Henrik Høyland, MSc student)*



Aircraft hangar, Antonov State Company



Outside the hangar, Antonov State Company

### *Egersund Seafood office and Egersund Seafood retail store*

Established in 2009, Egersund Ukraine is a fish import company, which sells Pelagia products on the Ukrainian market. Pelagia AS, a leading producer and seller of pelagic fish products, is owned by Austevoll Seafood and Kvefi AS, who have equal shares in the company. Egersund Kyiv consists of a storage facility and a fish shop for the consumer market. Pavel Soloviev, who is the General Director of Egersund Ukraine, showed the students their offices and warehouse. The storage facility distributes fish to wholesale customers because it is convenient for the business to sell in large quantities. They do not sell to food chains or supermarkets because of the over-complication in dealing with large-scale customers. Before selling a batch, Egersund performs an analysis of the market; when the market is low they withhold sales and sell when the market has reached a higher price level. The majority of the market is in western and central Ukraine.

When doing business in Ukraine, you have to assume that there might be some form of corruption. Egersund had some problems when establishing their business in Ukraine. Their fish was stopped at the borders by customs officers, who demanded a fee for letting Egersund's fish into the country. Their problem was solved by assistance from the Norwegian embassy. Problems like these can make companies go bankrupt, losing large amounts of their product or capital. Corruption is so common in Ukraine that many businesses pay the fee and just consider it an additional cost. Egersund has a healthy business plan, with a strong focus on taking a stand against corruption. In this way, they show that there is a market in Ukraine for Western companies and that it is possible to operate without participating in the corrupt society. The market in Ukraine has become more attractive for pelagic fish export, since they signed trade agreements with the EU and joined the WTO. From a geographical point of view, Ukraine is located close to Norway, which makes the transportation and cooperation easier.

When visiting the Egersund fish store, students met Sergey Lysyuk, a Director of Mahazyn Egersund, who showed us how they operate on a day-to-day basis. My first impression of the store was good; it is evident that they have put a lot of effort into the design and concept: the store could be placed anywhere in the world and work well. The store provides a wide variety of fish, caviar, seafood, oysters, octopus, smoked and salted fish, and more. The fish Egersund receive from Norway is of very high quality. One reason for this is the fast transportation from the Norwegian seas to Ukraine. If the fish is taken up from the sea on a Monday, Egersund will receive the same fish seven days later. During transportation, the fish is cooled down so when it arrives it will be as fresh as possible. They also have a seafood bar where they sell sandwiches, sushi, grills and soups. With an open solution kitchen, the customer can observe the process of food being prepared.

*“I’ve read an online review of Egersund, where Egersund’s shop was compared with ‘a cold Apple™ store’ a comment, which I find appropriate.” (Per Steffen Naurstad, MSc student)*



*In the Egersund store (in the middle of the map, the signature of Erna Solberg, the Prime Minister of Norway may be seen)*

## Thursday, 29.09 Governmental issues, IT services and hypermarket retail

### *Visit to the Norwegian Embassy in Kyiv*

The Royal Norwegian Embassy in Ukraine is situated in the city centre of Kyiv. The current Norwegian Ambassador of Ukraine (and Belarus) is Mr Ole T. Horpestad, who took up his post on 1 September 2016. The main purpose of the embassy is to represent Norway and Norwegian interests in Ukraine, as well as promoting friendly relations between Norway and Ukraine. Furthermore, it has a responsibility to assist and, if necessary, protect Norwegians situated in Ukraine. The embassy also helps Norwegian firms to establish their subsidiaries or joint ventures in Ukraine, as they have access to both knowledge and networks, which might simplify this process for most firms.

*“The embassy visit was a great opportunity for us to gain valuable insight into the Norwegian official perspective on Ukrainian culture, environment and business prosperity.” (Tor Erichsen Øverland, MSc student)*

Together with his political advisor, the ambassador received the group and walked students through normal diplomatic life as a Norwegian in Kyiv. The embassy's priorities (on behalf of the Norwegian government) were also explained along with the view on the dynamics and opportunities in the Ukrainian business environment. The embassy at that time was preoccupied with planning the Ukrainian president's visit to Norway in October. The Ukrainian president, together with the prime minister of Norway, were (among other things) intending to visit a business conference in Oslo, where together they would promote business and investment opportunities in Ukraine. The IT industry, in particular, is flourishing, with Itera as an example of a success story from the Norwegian perspective. The fish market is also growing, and local Ukrainians are very fond of Norwegian fish. Egersund Seafood is the prime example of a Norwegian company, which has gained a significant position in this



market.

The ambassador was asked whether it was more difficult to establish an enterprise in Ukraine compared to other countries in Europe. The political advisor explained that an exhausting bureaucracy, complex business culture and strict rules and regulations made it a bit more challenging to move a business from Norway to Ukraine. He iterated that one has to understand the business culture in order to succeed. He also confirmed that corruption was a big problem, despite not having personally experienced corrupt approaches.

The ambassador also described how wonderful it is to live in Kyiv. He described very friendly inhabitants, a lively atmosphere and a rich cultural life. Furthermore, he invited all the students to spend a semester in Kyiv, if possible, as exchange students. Professor Bourmistrov explained how Nord University is working to establish a joint Master's programme, in which the Norwegian



*Ambassador Ole T. Horpestad together with his political advisor*

students will have the possibility to spend one or two semesters in Kyiv. The programme will generate substantial benefits for both Nord University and their Ukrainian counterparts.

The political advisor also took the opportunity to tell the students about the foreign affairs recruitment programme and described the life and possibilities when working at foreign locations for the Kingdom of Norway.

In the end, both Professor Anatoli Bourmistrov and Professor Igor Liutuy thanked the ambassador for his interest and participation in educational affairs, as well as for welcoming us to the embassy. The ambassador also expressed gratitude for our visit and welcomed us back at any possible occasion.

*“The visit to the Embassy taught us a great deal about diplomatic life in Ukraine and in general terms about life in Kyiv. It was interesting to watch how closely the embassy is actually following some of the Norwegian firms, which have chosen to establish themselves in Ukraine, and how they can assist them. We found it especially interesting that the President of Ukraine is personally attending the business conference in Oslo, in order to invite Norwegian companies to invest in his country. In addition, we were a bit staggered by the amount of resources the embassy in Kyiv seemed to be spending on preparing this visit; it is obviously very important for Norway. In general we were not surprised with their approach towards fighting corruption and their view of a complex Ukrainian business culture. We had heard a lot about this issue beforehand but were given some helpful information by the ambassador on the topic prior to our attendance at the corruption conference the next day. To conclude, the visit to the embassy was an exciting and different way of exploring ‘Norway in Ukraine’ and was highly appreciated by the students.” (Tor Erichsen Øverland, MSc student)*



*The Management Control class (with others) in front of the Norwegian Embassy in Kyiv*

### *Visit to Itera – a Scandinavian based consultancy group in Internet based services and digital solutions*

In 2008, Itera established a nearshoring development centre in Ukraine in order to meet high market demands in a generally tight labour force and to ensure flexibility and delivery capacity for customers. Later on, Itera also established a centre in Slovakia in 2014, because there is a good level of availability of highly qualified resources in both countries. From 2000 to 2010, Itera operated as a group of

independent subsidiaries based on local entrepreneurship, and in 2011 Itera began the transformation to become a unified group and brand.

During the visit to Itera, students saw the open-space office. The landscape, which possibly had been adopted from the Norwegian business style, was similar to working places in Norway. Students were given three different presentations, which comprised three different topics.

The first presentation was delivered by CEO Igor Mendzebrovski. He spoke about Itera in general terms and described how the working culture differs from its Norwegian counterpart. The working culture and the cheap labour in Ukraine make the use of IT outsourcing extremely cost-efficient for Itera. He also talked about the differences in computer protection in Ukraine compared to the EU, and stated that computer safety is comparable to the standards set by ITNorge. He then proceeded to discuss the key exports of the firm, stating that outsourcing R&D constituted 59%, products 28.5%, start-ups 4.5% and that other exports comprise the last 8%. The subject of industrial growth was also touched on during Igor's presentation; he explained that it is as high as 30%, and that there is a strict demand that the management of the company is able to keep up with the growth of the industry: a growth of 20% is not good enough. Before his presentation ended, he also touched on macroeconomic problems, which comprised: overheated labour markets, political instability and also an "overall negative business climate".

The second presenter was Marketing Manager, Anastasia Pozinich. Students were introduced to the key aspects of IT marketing. Anastasia began her presentation by discussing three positive economic changes: "The Brain Basket Foundation", "Cloud-Source to Ukraine" and "Bionic University". The "Brain Basket Foundation" ensures the training of IT specialists. The "Cloud-Source to Ukraine" project seeks to help the Ukrainian nation, not with donations, but rather with a programme in which companies outsource their IT jobs ([cloudsourcetoukrain.com](http://cloudsourcetoukrain.com)). The last of the positive



changes she presented was the “Bionic University”, an educational project, which gives people the opportunity to learn the most popular programming languages with help from experienced trainers and experts that strive to achieve success and high quality (schoolbionic- university.com). All of these projects are making sure that there is a positive economic change in IT business. After the positive economic changes, she also expressed the advantages of using Ukraine or Slovakia as nearshore projects and stated that Ukraine or Slovakia should be growing to act as 60% of the company, with the top management, sales and consultants being located in Norway and the rest of the company sited in Ukraine or Slovakia in order to be cost-efficient.

Lilia Pogorila, human resources Director at Itera, gave the last presentation, which asked whether HR and sourcing are in turbulence. The presentation focused on recruitment and retention with regard to HR. Lilia began with the company’s mission, which was established to make Itera “The best place to work”, and its values: innovation, passion and skills. The evaluation of recruits is based upon technological skills, software skill, motivation and references from previous workplaces. However, HR has also faced challenges in two different markets: recruitment and retention. The challenges regarding recruitment are based on finding the right employees to work at the firm, while retention is concerned with whether you are able to keep the employees in your firm and whether they have loyalty to their employer. She also described how many employees leave their jobs because they receive better offers from competitors.

During the visit to Itera, students had the opportunity to see how a Norwegian company is outsourcing its services to a different country and, especially, how well-educated Ukraine is in the field of IT. Students were also pleased to see that the company is designed according to Norwegian standards, both regarding the office planning and the working environment.

*“It was curious to see the extent to which primary Norwegian business activities were transferred to a foreign country. Yet the business strategy was set and developed by the top managers based in Norway, and the rest of the work and support is located in Ukraine, which really piqued our curiosity.” (Martin Lefdal and Randi Vidvei, MSc students)*

We would like to conclude by saying that we really enjoyed the trip to Itera; it was a great pleasure to actually see close up how the outsourcing is working.



*Students at Itera head office, Kyiv, Ukraine*

### *Visit to EpiCentre K – a Ukrainian hypermarket chain*

EpiCentre K is a leader in the national retail DIY market. The company was established in December 2003 by Oleksandr Gerega, with the first store built in Kyiv. EpiCentre K is a wholesale store pioneer in Ukraine and currently the largest retail company with 43 hypermarkets in Ukraine. The store that the students visited has entered the *Guinness Book of Records* as the largest hypermarket in the world with its area of 105,000 m<sup>2</sup> and 1,200 employees.

A two-hour tour with the HR manager was a minimum due to the enormous size of the store, which was built in 2014. On the first floor there are many departments, organized according to the nature of the products, such as wood materials,

wallpapers, bathroom, kitchen, sport and equipment, and even an animal department. The second floor is a bit different. It is also divided into smaller departments for e.g. decorations, instruments, textiles, furniture and children's toys. Here each department functions as its own store, whereas on the first floor the various departments are part of one store.

EpiCentre K has a centralized structure, with each supermarket having its own manager. The company has 25,000 employees across the whole country and offers friendly working conditions. Employees can benefit from gym



cards, work uniforms, transportation to the workplace and discounts. For hard workers, the company offers extra recognition such as bonuses, ranking as one of the top 100 sellers, cinema or aqua park tickets.

*"It was interesting to learn that each hypermarket orders products via the central office and follows the inventory status by means of a special software program. Regarding the inventory, it is shared with other stores if they run out of any product." (Manuela Wygnanska and Silje Lorentzen, MSc students)*

In addition to selling products, EpiCentre K offers a broad range of services such as cutting wood, stone and glass, interior design or the installation of air conditioning. Moreover, it holds masterclasses in cooking, playing the piano, guitar, singing and makeup. The hypermarket contains two soundproof rooms available to rent if someone wants to play instruments, take singing classes or record music. The hypermarket aims to meet the needs of every customer by offering products in different price segments. It also stocks its own products.

## Friday, 30.09 Participation at the Anti-Corruption Conference

### *Section 1 Universities of Ukraine as subjects of the state's anti-corruption activities*

A welcoming speech was given by Vladimir Rubtstov, President of the International Foundation For Social Adaptation (IFSA). His focus was on the cooperation between all the universities and how they could work together in the battle against corruption. Ole Saxegaard, the initiator, thanked people for participating in the conference and talked briefly about its purpose and intentions. His aim was that the government should see how important and resourceful the universities can be in the challenges of corruption, and that it could be a start of systematic change.

The first part of the conference can be explained as a 'status update' on the reforms that were initiated after Euromaidan 2013/2014: an update in respect of what had been done at both high and low levels. The first speaker was the representative from The National Agency for the Prevention of Corruption.



*During the anti-corruption conference*

Her topic was the use and implementation of E-declaration as a tool for preventing corruption. The aim of E-declaration is financial control of government employees, especially politicians but also judges and prosecutors, who are now obligated to register all income and assets. If violations occur, the culprits can be given fines and jailed for up to two years. People will audit this and can use what are known as a complete check and lifestyle monitoring as tools to control whether the information is legitimate.

Andrew Yaychuck, Deputy Head of the Anti-Corruption Policy Department of the National Agency for Preventing Corruption, was the second speaker. He talked about

the anti-corruption strategy and the implementation of new policies. The agency's main function is to organize, monitor and control in order to prevent corruption. Formed after 2013/2014, the strategy had transparency as a main focus. Reports have been written and things have been done, but he pointed to big challenges during realization phase and uneven results of the work.

Victor Soloviov, Professor of the Public Administration Department of Taras Shevchenko National University of Kyiv, came to the stage with an enthusiasm and commitment to the topic. He started off by apologizing for his criticism of and pessimism towards the Ukrainian anti-corruption activities. His focus was on socially sensitive areas, and he highlighted and exemplified poverty challenges as a huge problem for the anti-corruption mentality of the people.

Petro Pavlichenko, National Expert (on preventing and fighting corruption), gave a very interesting speech. As a status update, he showed how Ukraine is ranked in different ratings on corruption. He mentioned better planning, more political will and the selection of the right people as important factors for the government's anti-corruption work. He was very enthusiastic about the conference's purpose in respect of the universities' role in anti-corruption. He concluded that there were many challenges but also a positive change in the Ukrainian citizen's attitude to the importance of anti-corruption work.

Stanislav Konoshuk from the Ministry of Defence talked about the organization of activities to detect and prevent corruption in the Ministry of Defence and the armed forces of Ukraine. He mentioned many challenges arising from temporary leaders with few opportunities to act and stated that international collaboration formed a large part of their work.

Oleksandr Susshynskyy, PhD in Public Administration, Professor of Lviv Regional Institute of Public Administration of the National Academy of Public Administration

under the President of Ukraine, had some critical opinions and showed some statistics about student integrity that to us seemed very extreme. Thirty percent of students had paid for better grades and 90% had used some kind of plagiarism. He showed this to focus on the integrity of the universities: students, teachers and administrators. Tools for plagiarism are available from other countries and should be used by Ukrainian universities as well.

*“The first part of the conference gave us different views on the situation regarding corruption in Ukraine. The people representing the different national agencies mainly talked about what they do but had a few results to show.” (Martin Lefdal and Randi Vidvei, MSc students)*

*“Mr Soloviov highlighted the role of Ukraine’s poverty situation as an obstacle to the anti-corruption work, and his examples were easy to understand. We think this was important for our understanding and normalizing of the phenomenon and challenges of corruption. The statistics regarding the students were an important point for why changes need to be implemented in the universities as well. How can you expect the future leaders to work with anti-corruption if bribes are a fairly normal way of getting results in their education?” (Martin Lefdal and Randi Vidvei, MSc students)*

## **Section 2 Ukrainian universities’ activities and possibilities for training specialists and conducting research on anti-corruption**



The second part of the conference included the possibilities of cooperation between Norway’s Nord University and the Ukrainian universities, and the direction of development of this international cooperation. The speakers in this

section were Professor Anatoli Bourmistrov, Professor Mykola Khavronuk, Rector Andriy Krysovatty and Director Marina Radyeva.

Some of the points made by the speakers concerned how corruption is an international problem and not only a Ukrainian problem. Professor Anatoli

Bourmistrov came with an example of a corruption scandal in a Norwegian company. Most of the speakers suggested some sort of control systems that would help to fight against corruption. It is important that students and other residents in Ukraine learn about such systems and what they can do to contribute to anti-corruption work. They spoke about established courses that made it possible to give people the necessary knowledge to get rid of these things that are happening and harming the country. In such courses, the people should, among other things, learn about tools to prevent corruption, their responsibility to be active, public internal control systems, and punishment systems or other ways to get everyone to follow the rules.

Some of the problems that were mentioned were the lack of special attention from the legal side, and the lack of opportunity to accept foreign experience. Some thought that the Ukrainian way to find solutions to the situation was to hide from it, by closing their eyes.

Often, students even meet corruption in their university. This is, therefore, one of the first places they need to fight corruption. If they want to teach experts in anti-corruption, they need to have corruption-free universities. The universities deal with financing and need students to pay in order to survive. As a consequence, people start to think that success can only be obtained through criminal and unethical behaviour. Students need to be taught to think differently.

Taras Shevchenko National University of Kyiv and Nord University in Bodø are trying to form a partnership, in which students from Ukraine can come to Norway and students from Bodø can come to Ukraine to study for one or two semesters. In this way, the students could gain good and varied knowledge and their own experience of how things are done outside their own country. This will be good for both Ukrainian and Norwegian students.

*“We learned a lot while attending the conference. In Norway, the word ‘corruption’ is hardly ever heard as a term of abuse. In Ukraine, it is something that they really struggle with, and*



*it seems like it is a part of their everyday life. It was interesting to see how something that is unacceptable for most Norwegians is done so openly in other parts of the world.” (Regine Lagesen and Susanne Skyrud Jensen, MSc students)*

Finally, the Ukrainians are already seeing some good changes in their country, and many believe that they can fight corruption in the future.

### *Section 3 Proposals of Ukrainian and Norwegian specialists on the organization of consulting activities and educational work at universities*

The first to speak was Olaf Saxegaar, who focused on processing for sustainable public services: a concept for eliminating corruption and increasing performance. Olaf Saxegaar is a consultant on human resource management and the implementation of computer systems for HR, a specialist in organizational and cultural development and project management. Olaf spoke about how to prevent corruption through increasing performance. He noticed that the public sector has an obligation to fight corruption. Corruption is a cultural issue, he stated, and it can be avoided by changing the culture, since changing a business culture is how you can correct behaviour and eliminate bad influences in a business. Changing the culture is a tool that can be used to control or influence business, and the public sector is not capable of doing so itself. They need help – especially from the universities because they have good knowledge, HR and organizational culture, and they cover all regions in the Ukraine and have a good relationship with the public sector.

There are three important topics in how to fight corruption: consulting, education and consultancy, but all these topics have a limited effect if they are not implemented correctly. Mr Saxegaar also talked about rules and security for whistle-blowers. It is important that people can feel safe if you want them to report corruption, and that can be done by making laws which will protect them. It is also important to know how to report and evaluate both parties in order to make a good evaluation.

Lana Berglund spoke about innovation: why, how and for whom. The new generation,



which she called generation Z, is the modern generation who grew up in a digital world and they do not have any borders. She also talked about her experience from Norway and encouraged others to study abroad, but to do so they need to think anew about documents. There is a need to change the visa system for students and make it easier for them to study abroad; the old process must be changed. Ukraine has to change and be innovative because it needs to improve. Her final point was that they need to learn to set up alliances and must be open to sharing.

Viktor Soloviov started by disagreeing with Olaf. He did not agree that Ukraine had a strong culture of corruption but a culture of poverty. He also spoke about how there are no programmes to support projects to fight corruption in Ukraine. Then he discussed personal situations of corruption. The E-declaration is good, he points out, but it has come too late. People worry about the future and there is no predictability of life in the Ukraine. The essence of his speech concerned integrity and a culture of poverty. "What is corruption?" he asked several times, and he wanted to tell how corruption infects society, the public sector and so on. He clearly stated that those in governmental positions need education and should not get their positions through fake diplomas or connections. Some other cases he mentioned concerned gifts, since there are no statistics on gifts; he also spoke about those who are accused of corruption going free. All in all, they have to stand strong against corruption, educate and explain their principles to the government.

Marina, a representative of Classic private university talked about the basic foundation for anti-corruption. It will require development in change in institutes and leadership; without it, the mechanism cannot be effective. They need to train specialists and make the curriculum more effective and methodological. Basic knowledge is important. She also spoke about the consequences for those who are sentenced for corruption. She proposed a rehabilitation programme rather than imprisonment. Another important part of her speech focused on their need for a joint

venture with the Norwegian embassy for consultancy.

*“From the conference we have learned that the Ukrainians want to fight corruption and they realize that it is a huge problem. They are in a starting process, which is good, but so far it is much talk and no action. So consultancy with Norwegians and other organizations is a good start, but they need to begin implementing anti-corruption measures.” (Rune Hasnes Eriksen, MSc student)*

## **Saturday, 01.10 New life for Ukrainian postal services**

On Saturday, students visited Nova Poshta, which today is a leader in express delivery in Ukraine. Vyacheslav Klymov and Vladimir Popereshnyuk founded the company with capital of \$7,000 in 2001. Today Nova Poshta has more than 2,200 offices in about 1,000 cities and villages, more than 1,400 automatic parcel terminals and over 16,000 qualified employees. In 2014 Nova Poshta entered the international market: the company started to operate in Georgia and Moldova. A business magazine, *Inc.*, has included Nova Poshta in the top 5,000 fastest-growing private companies in Europe for 2016 (Rank: 1428. Growth: 231%. Revenue: €72m).

Students were guided by Piotr Fokov (CFO). He told us about the company, key moments of company history and about success factors. According to his point of view, the co-owners' openness to change is the key success factor. They are not afraid of experiments; they are ready to accept new technologies, new management systems and new partners.

Piotr Fokov provided some examples:

- 1) The co-owners prefer to select partners not on a tender basis but with the help of real competition. This means that the company starts to work with several partners for a short period of time and after this period they choose the most effective partner.
- 2) They use different equipment and systems at their cutting-edge sorting stations in order to compare them and then select the best.

3) They are not afraid of changing management structures.

A key moment in the company's history was when the company continued rapid development in response to the global crisis: Nova Poshta continued to open new offices all over the country. One more success factor is that the co-owners prefer investments with rapid payback: rented post offices; outsourcing the fleet; franchising network; domestic suppliers.

*“Nova Poshta was shown to be a well-established company with customer care as a priority for a company which provides services. Openness to change is a kind of ‘engine’ for the company’s strategic development. Such events as the global crisis can be turned into a competitive advantage because it gives an opportunity to develop the company, while all other competitors are afraid of such changes.” (Yaroslav Klochkovskiy, MSc student)*

Piotr also mentioned that it is very important to use a client-oriented approach. State Post has many more offices than Nova Poshta, but 73% of parcels (in Ukraine) are delivered by Nova Poshta. Why? Because Nova Poshta has high-quality customer care and delivery speed is higher. Nova Posta sends SMS to customers when they need to receive a parcel (instead of postal mail that can be lost).



*At the main office of Nova Poshta*

## Sunday, 02.10 Excursion to the state government residence

At the weekend, students went to the village of Novi Petrivtsi, Vyshhorod Raion, to visit the Mezhyhirya Residence Museum. Here, we were able to see what was – until 21 February 2014 when he fled from his home during the Ukrainian revolution – the luxurious residence of Ukraine's former president, Viktor Yanukovich. Since mid-November in the same year, the estate has been a museum, where people can visit to see how far corruption can go and to understand why Ukraine's infamous fourth president was named the world's most corrupt politician in 2016 by Transparency International (an organization that fights against corruption).

From 1935 to 2007, Mezhyhirya was a state government residence, until it was converted into private property. Some of the items that clearly showed the luxurious lifestyle that existed on the residence were: a shooting range, tennis court, hunting grounds, yacht pier, helicopter pad, a small church and a separate area with many different birds and animals, which could almost have been a small zoo. Sited here were: an ostrich farm, dog kennel, donkeys, llamas and peacocks, to name but a few. Inside the area, we could also visit a car museum that showed some of Yanukovich's exotic cars.



*“As we realized how big the area was, some of us decided to rent electric bicycles and Segways to make full use of the time we had at the residence. The bicycles made it easier for us to see all the things that were located in the luxury area but also to have a little bit of fun.” (Regine Lagesen, MSc student)*



*“It was an impressive area with many great buildings and a lot of things to look at. It is almost incomprehensible to us that corruption may go so far and be carried out so openly. The president seems to have had all the luxury you can imagine, while large parts of the rest of the population were struggling under poor living conditions.” (Susanne Skyrud Jensen, MSc student)*

## Monday, 03.10 Closing the programme and a taste of Ukrainian beer

### *Official part at the university*

In the morning students were invited to the Faculty of Economics, where they listened to a lecture by Niclas Ruffer, scientific assistant at the University of Mannheim, Germany, on innovative entrepreneurships. This was followed by the closing words from Professor Igor Liutuy, and certificates were awarded to the participants.

### *Closing the programme*



### *Visiting Ukrainian brewery and degustation of beers*

Obolon is a major Ukrainian producer of beverages: beer, low alcohol drinks, soda drinks and mineral water, as well as a major malt producer. The corporation's history dates back to 1974, when the construction site of the future brewery was sand-filled. In 1992, Obolon became the first privatized company in independent Ukraine and registered its corporate brand, Obolon.

Inside the plant, students had a very detailed introduction to the whole process of making beer and other products of the firm. As there were no workers that day at the plant, we could easily see all processes without interrupting employees. Of course, as



Obolon mainly specializes in making beer, the greater part of the excursion was dedicated to beer production.

Firstly, what beer is made of was explained to the students. The main components are: water, barley or wheat malt, hops, and yeast. The quality of the water is one of the main factors for the company's production, so it is ensured by modern automated technological equipment, professional service personnel and laboratory control over dozens of characteristics. At Obolon they use water from artesian wells. Another interesting fact was that the company makes different types of beer due to the temperature conditions of water cooling at the beginning of fermentation, attenuation and post-fermentation temperature, and duration of cool maturation. The company also produces non-alcoholic drinks, and we were told that there are two main methods of producing non-alcoholic beer: production of the beer with subsequent recovery of the alcohol, and interruption of the fermentation process during beer production at the low alcohol content stage. Another famous product of the firm is a soft drink called Zshuvchik. It was the first drink in Ukraine made with natural apple juice. After the excursion, we had a degustation of the main products of the company.



*At the Obolon brewery plant*

*“Beer production was a quite new and unknown field for most members of our group so we discovered a lot of interesting facts. As I have my minor in Ecological Economics, I was curious as to whether the company has some kind of ecological policy. We were told that in recent years there have been major investment projects aimed at reducing the environmental impact, such as collection and recycling of PET bottles, processing brewer's grains for feed for agricultural needs, reducing harmful emissions and ensuring economic utilization of resources.” (Yanishevskia Viktoriia, MSc student)*

After the excursion, students were invited to taste several kinds of the most popular beer and other non-alcoholic beverages. The guide gave instructions on how to pour beer correctly, how to analyze the transparency and how to interpret the tastes.

## **Tuesday, 04.10 Returning home**

The group departed after a week, bringing back new knowledge and lots of emotions.

*“The business trip to Ukraine was a highlight of the fall semester 2016. I would encourage every student to take part in such a knowledge-gaining arrangement, as it is an enriching experience and preparation for real-life business situations.” (Manuela Wygnanska, MSc student)*



*Final photo at Borispil airport*



## PROGRAMME<sup>1</sup>

### Business Practice in Ukraine 2016

#### MANAGEMENT CONTROL IN UKRAINIAN BUSINESS ENVIRONMENT

##### Monday, 26.09

Arrival of the participants, accommodation in student dormitory (address: Vasylkivska St, 36, Kyiv)

##### Tuesday, 27.09 (Faculty of Economics)

08.00 – 08.30 Breakfast at ICE<sup>2</sup> (canteen)

09.00 – 09.20 Opening by Professor **Viktor Bazilevich**, the Dean of the Faculty of Economics

09.20 – 9.40 Welcome by Professor **Igor Liutuy**, the Head of the Department of Finance

09.40 – 10.00 Brief introduction to learning outcomes of the course by Professor **Anatoli Bourmistrov**, Nord University Business School

10.15 – 11.00 Ukrainian business opportunities by **Veronika Vakulenko**, PhD student Nord University Business School

11.00 – 12.00 **Ivan Buntov**, Head of International Cooperation Department, European Economic Chamber of Trade, Commerce and Industry

12.00 – 13.00 **Natalia Shpigotskaya**, analyst for the investment company, Dragon Capital

13.00 – 14.00 Lunch at ICE (canteen)

14.00 – 17.00 Visiting KNU museums, the role of KNU in building up Ukrainian science and education (historical evidence and prospects for the future)

17.00 Short excursion around Kyiv Pechersk Lavra

18.00 Welcome dinner

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<sup>1</sup> Please, note the programme might be changed if the situation changes.

<sup>2</sup> ICE – Institute of Continuing Education, Taras Shevchenko National University of Kyiv

### **Wednesday, 28.09**

08.00 – 08.30 Breakfast ICE (canteen)

**08.30 Bus departure**

09.00 – 11.00 Visiting Antonov

**11.00 Bus departure**

11.30 – 12.00 Visiting Egersund Seafood  
retail store

12.00 – 13.00 Lunch

**13.00 Bus departure**

13.30 – 15.00 Visiting Egersund Seafood  
office

### **Thursday, 29.09**

08.00 – 08.30 Breakfast ICE (canteen)

**09.00 Bus departure**

10.00 – 11.00 Visiting Norwegian Embassy  
in Kyiv

10.00 – 12.30 Visiting Itera

13.00 – 14.00 Lunch

**09.00 Bus departure**

15.00 – 17.00 Visiting Obolon'

### **Friday, 30.09**

08.00 – 08.30 Breakfast ICE (canteen)

**Anti-corruption seminar** (see the separate programme)

### **Saturday, 01.10**

12.00 – 14.00 Visiting New Post

### **Sunday, 02.10**

10:00 – 14:00 Excursion to Mezhyhirya

### **Monday, 03.10**

08.00 – 08.30 Breakfast ICE (canteen)

10.00 – 12.00 Closing the programme

12.00 – 13.00 Lunch

**13.00 Bus departure**

14.00 – 16.00 Visiting Obolon'

### **Tuesday, 04.10**

Breakfast (home)

**06.30 Bus departure to airport**

## Collection of students' reports

**Manuela Wygnanska and Silje Lorentzen**

### **Business opportunities in Ukraine**

Ukraine is the largest country in Europe by area, and its population of over 44.5 million represents the seventh largest consumer market in Europe. Ukraine has a favourable geographical position, with closeness to both European and Asian markets. Moreover, its access to the Black Sea is also vital for trade. The country has many different natural resources including coal, sulphur, nickel, uranium, oil and gas, but the most



Map: Wikipedia Commons

important one is very fertile ground. This is the reason that Ukraine is known as *the bread basket of Europe*, possessing about one quarter of the world's black soil. Being an agricultural land, Ukraine is an important exporter of grains, sunflower oil, pork meat and eggs.

A crucial role in Ukraine is played by the highly educated labour force: more than 93% and 73% of the population is educated to secondary and higher levels, respectively. Companies investing in Ukraine can benefit from cost arbitrage as wage levels are low.

While doing business in Ukraine, it is important to have local language skills, as not everyone speaks English. However, there are some ongoing projects aimed at improving the English language skills of employees and leaders in many different sectors.

In different ways Ukraine provides many opportunities for investing in a number of sectors such as agriculture, energy, education, tourism, the IT sector, and fish and seafood. However, many international companies are sceptical about investing in Ukraine because of the difficulty of doing business there. Currently, ongoing reforms are trying to improve the business environment and the ease of doing business. Moreover, some effort has been made to fight corruption, by such means as conferences and educational alliances.

Significant cultural difference can be observed when comparing Norway and Ukraine. For example, the difference in distance between boss and subordinate might be problematic; Norwegian bosses treat their employees as equal partners that expect to be consulted, whereas in Ukraine subordinates expect to be told what to do and to be obedient to the higher in rank. Another example is the work–life balance. In Norway people work because they like it and treasure their family life. On the contrary, in Ukraine long hours seem to be important so there is little free time left; in addition, people work in order to live. These differences might create some friction between Norwegian and Ukrainian employees. Gender roles also differ in these two countries. In Ukraine, the man takes care of the family financially and the woman takes care of the home. In Norway, more women are professionally active, although it has not always been this way. In the 1970s, half of Norwegian women were employed and since then the number has been increasing. Working women have contributed to the growth of the Norwegian economy. This might be a good example for Ukrainian women and their contribution to the country's prosperity.

## EpiCentre K

EpiCentre K is a leader in the national retail DIY market. The company was established in December 2003 by Oleksandr Gerega, with the first store



built in Kyiv. EpiCentre K is a wholesale store pioneer in Ukraine and currently the largest retail company with 43 hypermarkets in Ukraine. The store that the students visited at Polar Street has entered the *Guinness Book of Records* as the largest hypermarket in the world with its area of 105,000 m<sup>2</sup> and 1,200 employees. The HR manager guided our two-hour tour through the enormous store, which was built in 2014. On the first floor there are many departments, organized according to the nature of the products, such as wood materials, wallpapers, bathroom, kitchen, sport and equipment, and even an animal department. The second floor is a bit different. It is also divided into smaller departments for e.g. decorations, instruments, textiles, furniture and children's toys. Here each department functions as its own store, whereas on the first floor the various departments are part of one store. In addition to selling products, EpiCentre K offers a broad range of services such as cutting wood, stone and glass, interior design or the installation of air conditioning. Moreover, it holds masterclasses in cooking, playing the piano, guitar, singing and makeup.

The hypermarket contains two soundproof rooms available to rent if someone wants to play instruments, take singing classes or record music. The hypermarket aims to meet the needs of every customer by offering products in different price segments. It also stocks its own products. EpiCentre K has a centralized structure, with each supermarket having its own manager. The company has 25,000 employees across the whole country and offers friendly working conditions. Employees can benefit from gym cards, work uniforms, transportation to the workplace and discounts. For hard workers, the company offers extra recognition such as bonuses, ranking as one of the

top 100 sellers, cinema or aqua park tickets. It was interesting to learn that each hypermarket orders products via the central office and follows the inventory status by means of a special software program. Regarding the inventory, it is shared with other stores if they run out of any product.

**Alina Zorinova**

## **About Taras Shevchenko National University of Kyiv**



Being a classic university with a distinct research profile, and the leading contemporary academic and educational hub of Ukraine, Taras Shevchenko National University of Kyiv has a very long and rich history. The university is named after Taras Shevchenko, a major figure in Ukrainian literature and art. Founded in 1834, Taras Shevchenko National University of Kyiv may boast generation after generation of academics, lecturers and students, who have made invaluable contributions to science, education, culture and society, to improve the lives of the people of Ukraine. Among the most famous alumni of the university are Mikhail Saakashvili (twice President of Georgia) and Petro Poroshenko (current President of Ukraine). It is considered the most prestigious university in Ukraine: it was one of the top three universities in the USSR, along with Moscow State University and Leningrad State University, and is nowadays rated as the best university in Ukraine in many rankings.

There are 14 faculties within the university: Geography, Economics, History, Cybernetics, Mathematics and Mechanics, Sociology, Information Technology, Radio Physics, Electronics and Computer Systems, Psychology, Physics, Philosophy, Chemistry and Law. There are eight institutes: the Military Academy, the High Technology Centre, the Institute of Journalism, the Institute of Geology, the Institute of International Relations, the Postgraduate Education Centre, the Institute of Linguistics, and the State Security Department. In addition, Kyiv University has a number of other facilities, including the Geological and Zoological Museum and the Museum of the University's History, which we visited during our excursion around the main 'red' building.

Our acquaintance with the university, professors and staff began at the Faculty of Economics with the opening speech of the Head of the Department of Finance,

Professor Igor Lyuty. He welcomed us and introduced the professors, staff and Master's students, who accompanied us during our whole stay in Ukraine, showing us different places of interest and helping us with everything we needed. After this official opening ceremony, we visited the main building of Taras Shevchenko National University of Kyiv, situated in the city centre. The first thing that surprised us was the red colour of the main building, which catches attention and makes it visible even from a distance. Later, we were told that, originally, the facade was white and when one day they decided to repaint it in dark brown, the Italian paint came in the wrong colour and the main building has been red since then. Afterwards, they wanted to change the colour to yellow, but everyone had got used to the red colour and it seemed to them more majestic and noble so they decided to let it be red.

The main building is a very impressive size and you can feel the historical and even ancient spirit when you walk through its halls full of students discussing their home assignments and toing and froing, searching for the right auditorium. Suddenly, you can hear pleasant classical music all around the hall; there are fewer and fewer students, and you realize that this was the signal for the beginning of lectures.

First, we were shown the Historical Museum of the University. A very pleasant woman guided us through the university's history from the very beginning (when the first brick was laid) to the present day (describing the new challenges and responsibilities, which the university is facing). The university has a very rich history, which cannot fail to impress; having survived hard times, it is nowadays one of the best in the world's rankings. This means that over time it was able to adapt and change its educational processes to meet different requirements and follow new tendencies, which helped to bring to the world highly qualified professors, scientists, doctors, political leaders, writers, lawyers and sportsmen. Professors and students know the history of their university, respect it and are eager to contribute.

After the Historical Museum, we visited the Zoological Museum. The collection



presented here is breathtaking. You will probably not be able to find as many different species in one place, as we saw in this museum. Here you can see representatives from the simplest unicellular organism to the skeleton of a whale! Our guide was a real professional, with a very deep knowledge about every exhibit. We were introduced to various types of bacteria, unicellular and multicellular organisms, insects, butterflies, shells, birds, fish, mammals, monkeys and others. We can only imagine how long it took to collect all these exhibits from all over the world and it is admirable.

Our visit to the university gave us a general idea about educational process and student life. When I was an exchange student in Nord University, we had students in my group from Taras Shevchenko National University of Kyiv and it was very good to see their alma mater. These students made an impression as well-educated young people, who were willing to study, which means that they have a good basic home education and the ability to adapt to the different types of assignments we were supposed to submit, such as group work or individual home assignments. Moreover, they always mentioned their homeland fondly and invited us to visit Kyiv one day. I think that the university here plays a crucial role in instilling in its students a love and patriotism for their native country. Of course, Taras Shevchenko National University of Kyiv faces a number of challenges today, but, despite these problems, the university takes an active role in different social events and conferences, establishing connections with foreign universities and setting up new educational programmes in order to provide its students with opportunities to discover the world and gain the experience to be competitive and meet the demands of the labour market.

**Henrik Høyland and Tor Øverland**

## **Antonov – A cargo full of ingenious designs and Guinness World Records**

As we drove through security into the Antonov industrial grounds, the Ukrainian members of our group were at least as excited as the Norwegians. As you would



expect, very few outsiders are actually allowed to enter the site. Needless to say, we felt very privileged and honoured to have the opportunity to take a look behind the curtains of a company with such a proud history.

During our visit to the company's museum, we were provided with a very informative dive into the history of the company. It all started with Oleg Antonov in 1946. From an early age, he developed a passion for aviation and the design of different aircraft. Having worked with the military, Antonov started his independent research after the war; this developed into the Antonov State Company. They achieved immediate success with the introduction of the An-2. Although, by today's standards, it appears to be a modest transport aircraft, it was an extraordinary achievement at the time. However, this was only the start of a long line of achievements for Antonov, as they continued to develop one impressive design after another. Focusing on the transport of cargo, the carrying capacity was of the utmost importance. When the An-225 aircraft was showcased during the Paris Air Show in 1989, people could not believe its colossal size. Determined that something of such magnitude could not possibly be able to fly, several spectators proceeded to knock on the construction with their fists – convinced that it had to have been built out of wood. The aircraft still holds the Guinness World Record for the largest aircraft – among many on a long list of records held by Antonov.

One of them was awarded to the already mentioned An-2 for the longest production run of an aircraft – 45 years. How is Antonov able to produce aircraft that continue in

production for almost half a century? How can the constructions possibly handle the sheer size and enormous forces in play during takeoff, flight and landing? As part of our visit, we were lucky enough to be given a tour of the test laboratory, where they assess the quality and durability of their aircraft. Accompanied by Vladimir Masyrik, we walked from one testing station to another. On the main floor, which measured 10,000 square metres, we felt quite small among all the equipment – some of which was nearly touching the roof 36 metres above us. It was interesting to see how they tested landing gear and the wings through the use of different mechanical forces. Off to the side of the building, we were led into the computer room, where everything is measured down to the tiniest of details – nothing is left to chance at Antonov. Mr Masyrik further exemplified this as he showed us how they also had to consider the possibility of birds hitting the fuselage or wing structure. We were presented with parts of a plane that had been hit by birds and were amazed by how much damage they are capable of doing. As a result, Antonov are highly focused on carrying out continuous and innovative research on the strength of their aircraft in case such incidents occur.

One of the things that make Antonov special is that they conduct all the activities related to aircraft production themselves – from research and development to after-sales maintenance. In a highly globalized world, where a finished product usually consists of work done by a series of manufacturers, often situated in widespread geographical areas, this is quite unusual. At the end of our tour, we were guided through one of the last stages in the manufacturing process. Entering the massive aircraft hangar, we were surrounded on both sides for hundreds of metres by aircraft – each of them at a different stage of completion. At the end of the hangar stood the realization of Oleg Antonov’s dream to build the largest aircraft in the world – Mriya (meaning “dream”). As we were approaching the Mriya, some students were discussing among themselves how incredible it would be to get a chance to take a look inside. Only seconds later, the chief of the hangar was waving us up the steps.

Standing inside Mriya and its enormous cargo area, I found myself thinking – as the people in Paris did – how is something as big as this able to fly?

Looking back on our visit to Antonov and reflecting on what I have learned, I realize that the lessons do not so much relate to management control or even business for that matter. Somehow it seems to be more than that. By learning about Antonov and its history of great achievements, I also feel that I have developed a better understanding of Ukraine. Just like Antonov, Ukraine is a mix of traditional and modern aspects. They are moving forward without losing touch with what makes them unique. Both of them have gone through some periods of instability, but, because the people stood together, the two of them have always prevailed. In the streets of Kyiv and in the hangars of Antonov, people were always friendly, willing to help and eager to tell you about their history. Perhaps the lesson is then that we should become better at listening. We should not only think about what Ukraine can learn from Norway, but also what Norway can learn from Ukraine. We must not restrict our search for knowledge to a mere knock on their ingenious engineering. We should seek a deeper understanding of how they do things and how they think. In order to do so we must get to know each other. That is the first and perhaps the most important step to successful cooperation. Because then, as illustrated by Antonov: not even the sky provides a limit to the things that can be achieved.

## Per Steffen Naurstad

### Egersund Seafood Kyiv

Established in 2009, Egersund Ukraine is a fish import company, which sells Pelagia products on the Ukrainian market. Pelagia AS, a leading producer and seller of pelagic fish products, is owned by Austevoll Seafood and Kvefi AS, who



have equal shares in the company. Egersund Kyiv consists of a storage facility and a fish shop for the consumer market. Pavel Soloviev, who is the General Director of Egersund Ukraine, showed our class their offices and warehouse. The storage facility distributes fish to wholesale customers because it is convenient for the business to sell in large quantities. They do not sell to food chains or supermarkets because of the over-complication in dealing with large-scale customers. Before selling a batch, Egersund performs an analysis of the market; when the market is low they withhold sales and sell when the market has reached a higher price level. The majority of the market is in western and central Ukraine.

When doing business in Ukraine, you have to assume that you will meet some form of corruption. Egersund had some problems when establishing their business in Ukraine. Their fish was stopped at the borders by the customs officers, who demanded a fee for letting Egersund's fish into the country. Their problem was solved by assistance from



*Photo courtesy of Egersund Seafood*

the Norwegian embassy. Problems like these can make companies go bankrupt, losing large amounts of their product or capital. Corruption is so common in Ukraine that

many businesses pay the fee and just consider it an additional cost. Egersund has a healthy business plan, with a strong focus on taking a stand against corruption. In this way, they show that there is a market in Ukraine for Western companies and that it is possible to operate without participating in the corrupt society. The market in Ukraine has become more attractive for pelagic fish export, since they signed trade agreements with the EU and joined the WTO. From a geographical point of view, Ukraine is located close to Norway, which makes the transportation and cooperation easier.

When visiting the fish store for Egersund, we were met by Sergey Lysyuk, Director of Mahazyn Egersund, who showed us how they operate on a day-to-day basis. My first impression of the store was good; it is evident that they have put a lot of effort into the design and concept: the store could be placed anywhere in the world and work well. The store provides a wide variety of fish, caviar, seafood, oysters, octopus,



*Photo courtesy of Egersund Seafood*

smoked and salted fish, and more.

The fish Egersund receive from Norway is of very high quality. One reason for this is the fast transportation from the Norwegian seas to Ukraine. If the fish is taken up

from the sea on a Monday, Egersund will receive the same fish seven days later. During transportation, the fish is cooled down so when it arrives it will be as fresh as possible. They also have a seafood bar, where they sell sandwiches, sushi, grills and soups. With an open solution kitchen, the customer can experience the food being prepared. I've read one review of Egersund online, where they compared Egersund's shop with "walking into a cold Apple™ store" a comment I find appropriate.

## **Henrik Høyland and Tor Øverland**

### **Visit to the Norwegian Embassy in Kyiv**

The Royal Norwegian Embassy in Ukraine is situated in Kyiv city centre. The Norwegian Ambassador of Ukraine (and Belarus) is Mr Ole T. Horpestad, who took up his post on 1 September 2016. The main purpose of the embassy is to represent Norway and Norwegian interests in Ukraine, as well as promoting friendly relations between Norway and Ukraine. Furthermore, it has a responsibility to assist and, if necessary, protect Norwegians situated in Ukraine. The embassy also helps Norwegian firms to establish their subsidiaries or joint ventures in Ukraine, as they have access to both knowledge and networks which might simplify this process for most firms.

The embassy visit was a great opportunity for the students to gain valuable insight into the Norwegian official perspective on Ukraine's culture, environment and business prosperity. Together with his political advisor, the ambassador received the group and walked us through normal diplomatic life as a Norwegian in Kyiv. The embassy's priorities (on behalf of the Norwegian government) were also explained, along with their view on the dynamics and opportunities in the Ukrainian business environment. At that time, the embassy was involved in planning the Ukrainian president's visit to Norway in October. The Ukrainian president, together with the prime minister of Norway, were (among other things) intending to visit a business conference in Oslo, where together they would promote business and investment opportunities in Ukraine. The IT industry, in particular, is flourishing, with Itera as an example of a success story from the Norwegian perspective. The fish market is also growing, and local Ukrainians are very fond of Norwegian fish. Egersund Seafood is the prime example of a Norwegian company, which has gained a significant position in this market.

The ambassador was asked whether it was more difficult to establish an enterprise in



Ukraine compared to other countries in Europe. The political advisor explained that an exhausting bureaucracy, complex business culture and strict rules and regulations made it a bit more challenging to move your business from Norway to Ukraine. He iterated that you have to understand the business culture in order to succeed. He also confirmed that corruption was a big problem, despite not having personally experienced corrupt approaches.

The ambassador also described how wonderful it is to live in Kyiv. He described very friendly inhabitants, a lively atmosphere and a rich cultural life. Furthermore, he invited all the students to spend a semester in Kyiv, if possible, as exchange students. Professor Bourmistrov explained how Nord University is working to establish a joint Master's programme, in which the Norwegian students will have the possibility to spend one or two semesters in Kyiv. The programme will generate substantial benefits for both Nord University and their Ukrainian counterparts.

The political advisor also took the opportunity to tell the students about the foreign affairs recruitment programme and described the life and possibilities when working at foreign locations for the Kingdom of Norway. In the departing stage, both Mr Bourmistrov and the Ukrainian Dean thanked the ambassador for his interest and participation in educational affairs, as well as for welcoming us to the embassy. The ambassador also expressed gratitude for our visit and welcomed us back at any possible occasion.

The visit to the Embassy taught us a great amount about diplomatic life in Ukraine and in general terms about life in Kyiv. It was interesting to watch how closely the embassy is actually following some of the Norwegian firms which have chosen to establish themselves in Ukraine, and how they can assist them. We found it especially interesting that the President of Ukraine is personally attending the business conference in Oslo, in order to invite Norwegian companies to invest in his country. In addition, we were a bit staggered by the amount of resources the embassy in Kyiv

seemed to be spending on preparing for this visit; it is obviously very important for Norway. In general we were not surprised with their approach towards fighting corruption and their view of a complex Ukrainian business culture. We had heard a lot about this issue beforehand but were given some helpful information by the ambassador on the topic prior to our attendance at the corruption conference the next day. To conclude, the visit to the embassy was an exciting and different way of exploring “Norway in Ukraine” and was highly appreciated by the students.

## **Martin Lefdal and Randi Vidvei**

### **Itera ASA**

Itera ASA is a Scandinavian-based consultancy group that provides Internet-based services and digital solutions; its headquarters is located in Oslo, Norway. The history of the company dates back to 1989, when LAN international was founded in Sweden, specializing



in the design and implementation of IT infrastructure. One year later, in 1990, the Gazette company was founded in Oslo and became a full service communication agency. In 1993 Net Works was established, and in 1994 Objectware was founded and became a pioneer within component-based software development. Four years later, in 1998, 3enigheden was founded in Denmark. All of these companies were soon to be a part of Itera, and in 1999 Objectware acquired Gazette and merged with Itera; LAN international changed its name to Itera Networks AB and became a part of Itera.

In that year, Itera was also listed on the Oslo Stock Exchange. In 2000 the company started expanding into different markets, and Itera was established in both Sweden and Denmark by the acquisition of the business intelligence specialist, IT Partner and the 3enigheden company. The same year, Net Works became a part of Itera. In 2008, Itera also established a nearshoring development centre in Ukraine in order to meet high market demands in a generally tight labour force and to ensure flexibility and delivery capacity for customers. Later on, Itera also established a centre in Slovakia in 2014, because there is a good level of availability of highly qualified resources in both countries. From 2000 to 2010, Itera operated as a group of independent subsidiaries based on local entrepreneurship, and in 2011 Itera began the transformation to become a unified group and brand; this was in place by 2013. During our visit to Itera, we had the pleasure to be shown around the company and also the open landscape

where the employees work. The landscape was similar to the working places in Norway, and it is possible that it has been affected by Norwegian culture.

During the visit, we also had three different presentations, which comprised three different topics. The first presentation was delivered by CEO Igor Mendzebrovski. He spoke about Itera in general terms and described how the working culture differs from its Norwegian counterpart and how they are more used to hard labour in Ukraine compared to Norway. The working culture and the cheap labour in Ukraine make the use of IT outsourcing extremely cost-efficient for Itera. He also talked about the differences in computer protection in Ukraine compared to the EU, and stated that computer safety is comparable to the standards set by ITNorge. He then proceeded to discuss the key exports of the firm, stating that outsourcing R&D constituted 59%, products 28.5%, start-ups 4.5% and that other exports comprise the last 8%. The subject of industrial growth was also touched on during Igor's presentation; he explained that it is as high as 30%, and that there is a strict demand that the management of the company is able to keep up with the growth of the industry: a growth of 20% is not good enough. Before his presentation ended, he also touched on macroeconomic problems, which comprised: overheated labour markets, political instability and also an "overall negative business climate".

The second presenter was Marketing Manager Anastasia Pozinichw, who talked about IT marketing and began her presentation by discussing three positive economic changes: "The Brain Basket Foundation", "Cloud-Source to Ukraine" and "Bionic University". The "Brain Basket Foundation" ensures the training of IT specialists. The "Cloud-Source to Ukraine" project seeks to help the Ukrainian nation, not with donations, but rather with a programme in which companies outsource their IT jobs ([cloudsourcetoukrain.com](http://cloudsourcetoukrain.com)). The last of the positive changes she presented was the "Bionic University", an educational project which gives people the opportunity to learn the most popular programming languages with help from experienced trainers

and experts that strive to achieve success and high quality (schoolbionic-university.com). All of these projects are making sure that there is a positive economic change in IT business. After the positive economic changes, she also expressed the advantages of using Ukraine or Slovakia as nearshore projects, She also stated that Ukraine or Slovakia should be growing to act as 60% of the company, with the top management, sales and consultants being located in Norway and the rest of the company sited in Ukraine or Slovakia in order to be cost-efficient.

Lilia Pogorila, who is the Human Resources Director at Itera, gave the last presentation: “HR & Sourcing in Turbulence?” The presentation focused on recruitment and retention with regard to HR. Ms Pogorila began by talking about the mission to make Itera “The best place to work” and described the company’s values: innovation, passion and skills. The evaluation of recruits is based upon technological skills, software skill, motivation and references from previous workplaces. However, HR has also faced challenges in two different markets: recruitment and retention. The challenges regarding recruitment are based on finding the right employees to work at the firm, while retention is concerned with whether you are able to keep the employees in your firm, and whether they have loyalty to their employer. She also described how many employees leave their jobs because they receive better offers from competitors. During the visit to Itera, we had the opportunity to see how a Norwegian company is outsourcing its work to a different country and, especially, how well-educated Ukraine is in the field of IT. The cooperation between Norwegians and Ukrainians was also surprising for us, considering the cultural differences between the two countries.

We also learned how much Ukrainians specialize in the IT field and also how highly the certification of IT workers is regarded on a world basis. We were also pleased to see that the company was very influenced by Norwegian standards, both regarding the office place and the working environment, because we were surprised by the big

differences from one company to another. Another interesting part regarding Itera was how much of the company was located in a different country from Norway. The business strategy was based upon the top managers being in Norway and the rest of the work and support being located in Ukraine, which really piqued our curiosity. We would like to conclude by saying that we really enjoyed the trip to Itera; it was a great pleasure to actually see close up how the outsourcing is working.

**Martin Lefdal and Randi Vidvei**

## **Anti-Corruption Conference Universities of Ukraine as subjects of the state's anti-corruption activities**

### **Part 1**

A welcoming speech was given by Vladimir Rubtstov, President of the IFSA. His focus was on the cooperation between all the universities and how they could work together in the battle against corruption. Ole Saxegaard, the initiator, thanked people for participating in the conference and talked briefly about its purpose and intentions. His aim was that the government should see how important and resourceful the universities can be in the challenges of corruption, and that it could be a start of systematic change. Most of the speakers spoke in the Ukrainian language and therefore some of the information might have been omitted or misinterpreted.

“State of the issue of anti-corruption activities in Ukraine. Government programmes and international obligations. Preliminary result and difficulties in carrying out its tasks. The results of the international anti-corruption action programmes.”

The first part of the conference can be explained as a ‘status update’ on the reforms that were initiated after Euromaidan 2013/2014: an update in respect of what had been done at both high and low levels. The first speaker was the representative from The National Agency for the Prevention of Corruption. Her topic was the use and implementation of E-declaration as a tool for preventing corruption. The aim of E-declaration is financial control of government employees, especially politicians but also judges and prosecutors, who are now obligated to register all income and assets. If violations occur, the culprits can be given fines and jailed for up to two years. People will audit this and can use what are known as a complete check and lifestyle monitoring as tools to control whether the information is legitimate.

Andrew Yaychuck, Deputy Head of the Anti-Corruption Policy Department of the



National Agency for Preventing Corruption, was the second speaker. He talked about the anti-corruption strategy and the implementation of new policies. The agency's main function is to organize, monitor and control in order to prevent corruption. Formed after 2013/2014, the strategy had transparency as a main focus. Reports have been written and things have been done, but he pointed to big challenges.

Victor Soloviov, Professor of the Public Administration Department of Taras Shevchenko National University of Kyiv, came to the stage with an enthusiasm and commitment to the topic. He started off by apologizing for his criticism of and pessimism towards the Ukrainian anti-corruption activities. His focus was on socially sensitive areas, and he highlighted and exemplified poverty challenges as a huge problem for the anti-corruption mentality of the people.

Petro Pavlichenko, National Expert (preventing and fighting corruption), gave a very interesting speech. As a status update, he showed how Ukraine is ranked in different ratings on corruption. He mentioned better planning, more political will and the selection of the right people as important factors for the government's anti-corruption work. He was very enthusiastic about the conference's purpose in respect of the universities' role in anti-corruption. He concluded that there were many challenges but a positive change in the Ukrainian citizen's attitude to the importance of anti-corruption work.

Stanislav Konoshuk from the Ministry of Defence talked about the organization of activities to detect and prevent corruption in the Ministry of Defence and the armed forces of Ukraine. He mentioned many challenges arising from temporary leaders with few opportunities to act and stated that international collaboration formed a large part of their work.

Oleksandr Susshynskyy, PhD in Public Administration, Professor of Lviv Regional Institute of Public Administration of the National Academy of Public Administration

under the President of Ukraine, had some critical opinions and showed some statistics about student integrity that to us seemed very extreme. Thirty percent of students had paid for better grades and 90% had used some kind of plagiarism. He showed this to focus on the integrity of the universities: students, teachers and administrators. Tools for plagiarism are available from other countries and should be used by Ukrainian universities as well.

The first part of the conference gave us different views on the situation regarding corruption in Ukraine. The people representing the different national agencies mainly talked about what they do but had a few results to show. Mr Soloviov highlighted the role of Ukraine's poverty situation as an obstacle to the anti-corruption work, and his examples were easy to understand. I think this was important for our understanding and normalizing of the phenomenon and challenges of corruption. The statistics regarding the students were an important point for why changes also need to be implemented in the universities. How can you expect the future leaders to work with anti-corruption if bribes are a fairly normal way of getting results in their education?

## **Regine Lagesen and Susanne Skyrud Jensen**

### **Conference Part 2**

The second part of the conference dealt with the Ukrainian universities' activities and their possibilities of training specialists and conducting research on anti-corruption. This section also included the possibilities of cooperation between Norway's NORD University and the Ukrainian universities, and the direction of development of this international cooperation.

The speakers in this section were Professor Anatoli Bourmistrov, Professor Mykola Khavronuk, Rector Andriy Krysovaty and Director Marina Radyeva.

Some of the points made by the speakers concerned how corruption is an international problem and not only a Ukrainian problem. Professor Anatoli Bourmistrov came with an example of a corruption scandal in a Norwegian company. Most of the speakers suggested some sort of control systems that would help to fight against corruption. It is important that students and other residents in Ukraine learn about such systems and what they can do to contribute to anti-corruption work. They spoke about established courses that made it possible to give people the necessary knowledge to get rid of these things that are happening and harming the country. In such courses, the people should, among other things, learn about tools to prevent corruption, their responsibility to be active, public internal control systems, and punishment systems or other ways to get everyone to follow the rules.

Some of the problems that were mentioned were the lack of special attention from the legal side, and the lack of opportunity to accept foreign experience. Some thought that the Ukrainian way of finding solutions to the situation was to hide from it, by closing their eyes.

Often, students even meet corruption in their university. This is, therefore, one of the first places they need to fight corruption. If they want to teach experts in anti-

corruption, they need to have corruption-free universities. The universities deal with financing and need students to pay in order to survive. As a consequence, people start to think that success can only be obtained through criminal and unethical behaviour. Student need to be taught to think differently.

Taras Shevchenko National University of Kyiv and Nord University in Bodø are trying to form a partnership, in which students from Ukraine can come to Norway and students from Bodø can come to Ukraine to study for one or two semesters. In this way, the students could gain good and varied knowledge and their own experience of how things are done outside their own country. This will be good for both Ukrainian and Norwegian students.

Finally, the Ukrainians are already seeing some good changes in their country, and many believe that they can fight corruption in the future.

We learned a lot while attending the conference. In Norway, the word 'corruption' is hardly ever heard as a term of abuse. In Ukraine, it is something that they really struggle with, and it seems that it is a part of their everyday life. It was interesting to see how something that is unacceptable for most Norwegians is done so openly in other parts of the world.

At times there were some challenges in following the content of the speech, because the translator did not always keep up; therefore, some of the speakers' points were missed. But on the whole we understood the main components. Overall, it was very interesting and a good learning experience since, for many of us, this was the first time we had attended a conference.

**Rune Hasnes Eriksen**

**Conference Part 3: Proposals of Ukrainian and Norwegian specialists on the organization of consulting activities and educational work at universities**

The first to speak was Olaf Saxegaar, who focused on processing for sustainable public services: a concept for eliminating corruption and increasing performance. Olaf Saxegaar is a consultant on human resource management and the implementation of computer systems for HR, a specialist in organizational and cultural development and project management. Olaf spoke about how to prevent corruption through increasing performance. He said that the public sector has an obligation to fight corruption.

Corruption is a cultural issue, he stated, and it can be avoided by changing the culture, since changing a business culture is how you can correct behaviour and eliminate bad influences in a business. Changing the culture is a tool that can be used to control or influence business, and the public sector is not capable of doing so itself. They need help – especially from the universities because they have good knowledge, HR and organizational culture, and they cover all regions in the Ukraine and have a good relationship with the public sector.

There are three important topics in how to fight corruption: consulting, education and consultancy, but all these topics have a limited effect if they are not implemented correctly. Mr Saxegaar also talked about rules and security for whistle-blowers. It is important that people can feel safe if you want them to report corruption, and that can be done by making laws which will protect them. It is also important to know how to report and evaluate both parties to make a good evaluation.

Innovation – culture of the future.

Lana Berglund spoke about innovation: why, how and for whom. The new generation, which she called generation Z, is the modern generation who grew up in a digital world and they do not have any borders. She also talked about her experience from

Norway and encouraged others to study abroad, but to do so they need to think anew about documents. There is a need to change the visa system for students and make it easier for them to study abroad; the old process must be changed. Ukraine has to change and be innovative because it needs to improve. Her final point was that they need to learn to set up alliances and they must be open for sharing.

Viktor Soloviov started by disagreeing with Olaf. He did not agree that Ukraine had a strong culture of corruption but a culture of poverty.. He also spoke about how there are no programmes to support projects to fight corruption in Ukraine. Then he discussed personal situations of corruption. The E-declaration is good, he points out, but it has come too late. People worry about the future and there is no predictability of life in the Ukraine. The essence of his speech concerned integrity and a culture of poverty. “What is corruption?” he asked several times, and he wanted to tell how corruption infects society, the public sector and so on. He clearly stated that those in governmental positions need education and should not get their positions through fake diplomas or connections. Some other cases he mentioned concerned gifts, since there are no statistics on gifts; he also spoke about those who are accused of corruption going free. All in all, they have to stand strong against corruption, educate and explain the principles to the government.

Marina, Classic private university, talked about the basic foundation for anti-corruption. It will require development in change in institutes and leadership; without it, the mechanism cannot be effective. They need to train specialists and make the curriculum more effective and methodological. Basic knowledge is important. She also spoke about the consequences for those who are sentenced for corruption. She proposed a rehabilitation programme rather than imprisonment. Another important part of her speech focused on their need for a joint venture with the Norwegian embassy for consultancy.

From the conference, I have learned that the Ukrainians want to fight corruption and they realize that it is a huge problem. They are in a starting process, which is good, but so far it is much talk and no action. So consultancy with Norwegians and other organizations is a good start, but they need to begin implementing anti-corruption measures.



## Yanishevskia Viktoriia and Yaroslav Klochkovskiy

### Obolon

Obolon is a major Ukrainian producer of beverages: beer, low alcohol drinks, soda drinks and mineral water, as well as a major malt producer. The corporation's history dates back to 1974, when the construction site of the future brewery was sand-filled. In 1992, Obolon became the first privatized company in independent Ukraine and registered its corporate brand: Obolon.



#### *Mission of the company:*

We work every day to be first and not to leave thirsty ones on the planet.

#### *Excursion:*

When we attended the plant, we had a very detailed introduction into the whole process of making beer and other products of the firm. As there were no workers that day at the plant, we could easily see all the processes without interrupting employees. Of course, as Obolon mainly specializes in making beer, the greater part of the excursion was dedicated to beer production. Firstly, what beer is made of was explained to us. The main components are: water, barley or wheat malt, hops, and yeast. The quality of the water is one of the main factors for the company's production, so it is ensured by modern automated technological equipment, professional service personnel and laboratory control over dozens of characteristics. At Obolon they use water from artesian wells. Another interesting fact was that the company makes different types of beer due to the temperature conditions of water cooling at the beginning of fermentation, attenuation and post-fermentation temperature, and duration of cool maturation. The company also produces non-alcoholic drinks, and we were told that there are two main methods of producing non-

alcoholic beer: production of the beer with subsequent recovery of the alcohol, and interruption of the fermentation process during beer production at the low alcohol content stage. Another famous product of the firm is a soft drink called Zshuvchik. It was the first drink in Ukraine made with natural apple juice. After the excursion, we had a degustation of the main products of the company.

*What we have learned:*

Beer production was quite a new and unknown field for most members of our group so we discovered a lot of interesting facts. As I have my minor in Ecological Economics, I was curious as to whether the company has some kind of ecological policy. We were told that in recent years there have been major investment projects aimed at reducing the environmental impact, such as collection and recycling of PET bottles, processing brewer's grains for feed for agricultural needs, reducing harmful emissions and ensuring economic utilization of resources.

## Nova Poshta

Nova Poshta is a leader in express delivery in Ukraine. Vyacheslav Klymov and Vladimir Popereshnyuk founded the company with capital of \$7000 in 2001.



Today, Nova Poshta has more than 2,200 offices in about 1,000 cities and villages, more than 1,400 automatic parcel terminals and over 16,000 qualified employees. In 2014 Nova Poshta entered the international market: the company started to operate in Georgia and Moldova. A business magazine, *Inc.*, has included Nova Poshta in the top 5,000 fastest-growing private companies in Europe for 2016 (Rank: 1428. Growth: 231%. Revenue: €72m).

We spoke with Piotr Fokov (CFO), who told us about the company, key moments in the company's history and about its success factors. From his point of view, the co-owners' openness to change is the key success factor. They are not afraid of experiments; they are ready to accept new technologies, new management systems, and new partners.

Piotr Fokov gave some examples:

- 1) The co-owners prefer to select partners not on a tender basis but with the help of real competition. This means that the company starts to work with several partners for a short period of time and after this period they choose the most effective partner.
- 2) They use different equipment and systems at their cutting-edge sorting stations in order to compare them and then select the best.
- 3) They are not afraid of changing management structures.

A key moment in the company's history was when the company continued rapid development in response to the global crisis: Nova Poshta continued to open new

offices all over the country. One more success factor is that the co-owners prefer investments with rapid payback: rented post offices; outsourcing the fleet; franchising network; domestic suppliers. Piotr Fokov also mentioned that it is very important to use a client-oriented approach. State Post has many more offices than Nova Poshta, but 73% of parcels (in Ukraine) are delivered by Nova Poshta. Why? Because Nova Poshta has high quality customer care: delivery speed is higher. Nova Posta sends SMS to customers when they need to receive a parcel (instead of postal mail which can be lost).

*What we have learned:*

Nova Poshta is a great example for people who want to start an effective business with a low initial capital. Customer care is very important for companies which provide services. Openness to change is a kind of 'engine' for new business. Such events as the global crisis can become your competitive advantage because they give you the chance to develop your company, while all your competitors are afraid of such changes.

## **Regine Lagesen and Susanne Skyrud Jensen**

### **Mezhyhirya**

At the weekend, we went to the village of Novi Petrivtsi, Vyshhorod Raion, to visit the Mezhyhirya Residence Museum. Here, we were able to see what was – from 2002 until 21 February 2014 when he fled from his home during the Ukrainian revolution – the luxurious residence of Ukraine's former president, Viktor Yanukovych. Since mid-November in the same year, the estate has been a museum, where people can visit to see how far corruption can go and to understand why Ukraine's infamous fourth president was named the world's most corrupt politician in 2016 by Transparency International (an organization that fights against corruption).

From 1935 to 2007, Mezhyhirya was a state government residence, until it was converted into private property. Some of the items that clearly showed the luxurious lifestyle that existed on the residence were: a shooting range, tennis court, hunting grounds, yacht pier, helicopter pad, a small church and a separate area with many different birds and animals, which could almost have been a small zoo. Sited here were: an ostrich farm, dog kennel, donkeys, llamas and peacocks, to name a few. Inside the area, we visited a car museum exhibiting some of Yanukovych's exotic cars.

As we realized how big the area was, some of us decided to rent electric bicycles and Segways to make full use of the time we had at the residence. The bicycles made it easier for us to see all the things that were located in the luxury area but also to have a little bit of fun.

We think it was an impressive area with many great buildings and a lot of things to look at. It is almost incomprehensible to us that corruption may go so far and be carried out so openly. The president seems to have had all the luxury you can imagine, while large parts of the rest of the population were struggling under poor living conditions.

