

# FoU-RAPPORT

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## Business practice in Ukraine Private and public realms of the Ukrainian economy

Veronika Vakulenko (ed.)

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Nord universitet  
FoU-rapport nr. 20  
Bodø 2018

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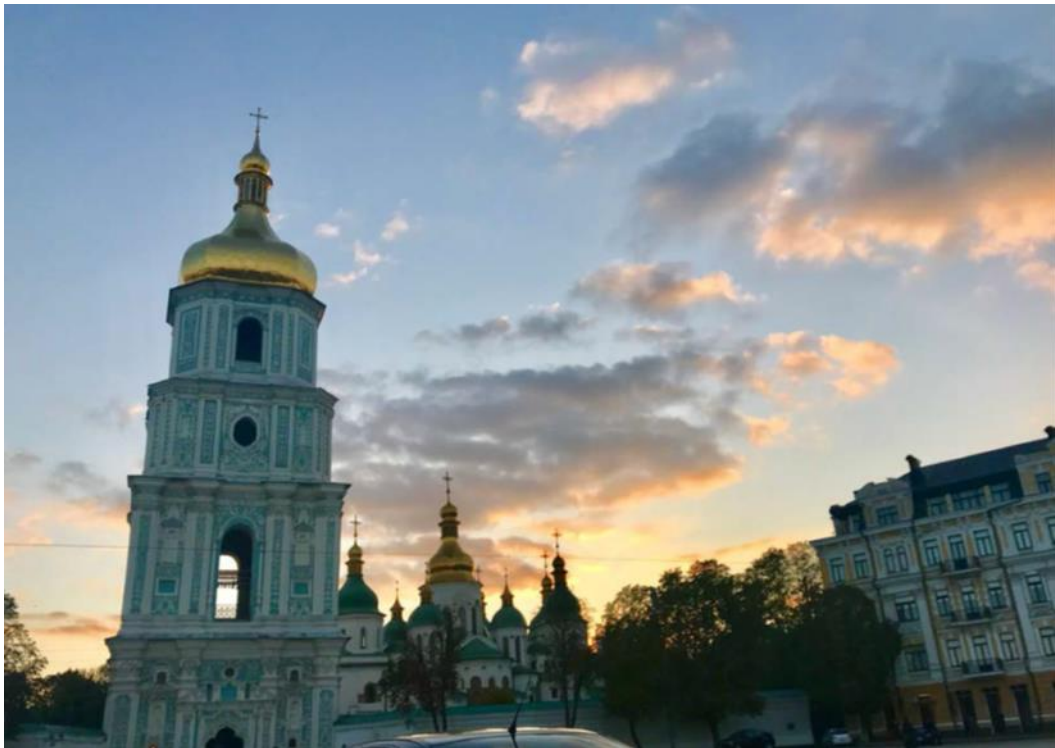
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# Business practice in Ukraine

Private and public realms of the Ukrainian economy

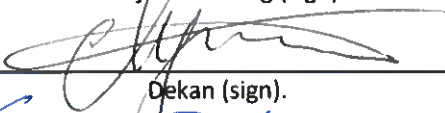

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Summary:  This report, as the one of previous year, is written in the manner of a scientific diary. It provides a summary of the trip to the capital of Ukraine, the city of Kyiv, made by the Master of Science students (Management Control, International Business and Finance specializations) from Nord University Business School, Bodø, Norway. The visit took place between 24 September and 2 October 2017. The main aim of this visit was to develop students' understanding of the features of management and administration in alternative business environments as well as to become acquainted with the particularities of public sector reforms.	Keywords:  Ukraine, business, management, administration, field visit, student report, public sector reforms	



## Executive summary

Written in the manner of a scientific diary, this report summarizes the second study trip to the capital of Ukraine, the city of Kyiv, made by the group of Master of Science students from three specializations (Management Control, Finance, and International Business) from Nord University Business School, Bodø, Norway. The visit took place between 24 September and 2 October 2017.

Among key objectives, this visit was to develop students' understanding of the features of management and administration in alternative business environments, as well as to become acquainted with the particularities of public sector reforms. The goals of the course were to:

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

Taras Shevchenko National University of Kyiv is 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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## 1. From Bodø to Kyiv, welcome to Ukraine, Sunday, 24.09

Early on the Sunday morning, the group of Master Students from Nord University Business School commenced the trip, which is already becoming a good tradition. In 2017, as in 2016, a total of 13 students participated in Business Practice in Ukraine, most of whom were in their second year of the Master of Business programme and belonged to three different specializations, participated in Business Practice in Ukraine.

	<b>Name</b>	<b>Specialization</b>
1	Peter Bakkemo Danilov	Management Control
2	Guro Ringkilen	Management Control
3	Tord Skotmyr Løken	Management Control
4	Thommy Andresen	Management Control
5	Krishna Kunwar	Management Control
6	Muhammad Asadullah Bilal	Management Control
7	Muhammad Kazim	Management Control
8	Jan Gunnar Jenssen	Management Control
9	Vincenzo Pardi	Management Control
10	Julie Lian	International Business
11	Camilla Emilie Bergersen	International Business
12	Andreas Nordvik	International Business
13	Faiza Butt	Finance

Upon arrival at Kyiv in the evening, students were warmly welcomed and accompanied to the bus, where small bags with snacks and water were waiting. Before the trip, several questionnaires had been distributed among the students to identify their preferences in accommodation, food and ideas for how they would like to spend their free time. Reflecting the answers of the majority, the students were accommodated in the dormitory close to the Faculty of Economics at Taras Shevchenko National University of Kyiv, the same place as last year.

## 2. Opening of the programme, Monday, 25.09

### *Introduction to the programme*

After a hearty breakfast in the university's canteen, the students' day started with welcoming speeches from the faculty of Taras Shevchenko National University of Kyiv and Nord University Business School, as well as some short practical information. The structure of the programme can be seen in Attachment 1.



*Welcome speech by the Head of the Finance Department of the Faculty of Economics, Prof. Igor Lytyuy*

### *What do you know about the Ukrainian business environment?*

Immediately after the introductory speeches, informative presentations about features of the Ukrainian business environment followed. A young researcher, Veronika

Vakulenko (PhD student, Nord University Business School) spoke on Ukrainian business opportunities, and Dmytro Holovchuk (Senior Business Analyst at McKinsey & Co, CFA) spoke about the distinctive features of the Ukrainian economy, business ethics and communication in Ukraine, the business climate in the country and the major industries of the Ukrainian economy, inducing questions from the students.

Ukraine is the largest country in Europe by area, and its population of around 42 million represents the seventh largest consumer market in Europe. From the logistics perspective, Ukraine has a favourable geographical position, with closeness to both European and Asian markets. In different ways, Ukraine provides a rich investment portfolio in a number of sectors such as agriculture, energy, the IT sector, fish and seafood, education, and tourism.

The country has diversified natural resources, including coal, sulphur, nickel, uranium, oil and gas, but one of the most important is fertile land. Ukraine's second name is "the bread basket of Europe", thanks to about one quarter of the world's black soil resources. Being an agricultural land, Ukraine is an important exporter of grains, sunflower oil, seeds and much more.

An extremely important 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 rates here are low. Although the level of English speaking is not that high, national priorities are now set to educate students and to improve the English language skills of employees and leaders in many different sectors.

### *Visiting the museums of Taras Shevchenko National University of Kyiv*

After lunch, students visited the main (red) building of Taras Shevchenko National University of Kyiv. The university has a long history; founded in 1834, it is named

after the famous Ukrainian poet, Taras Shevchenko. Today, the university is listed in the top 500 universities of the world. Around 26,000 students study at 13 faculties.

During the excursion, students found out more about the active international positioning of the university. Taras Shevchenko National University of Kyiv currently has bilateral partnership agreements with 227 foreign educational and scientific institutions from 57 countries. Around 180 foreign academics and lecturers visit the university annually to collaborate in research, attending conferences and giving guest lectures. Each year more than 1500 lecturers, researchers and students travel abroad. What is more, the university has recently become more attractive to foreign students. Thanks to the programmes taught in Russian and English, at present, more than 900 foreign students are enrolled at the university.



*Near the main entrance of The Red Building (main campus)  
Taras Shevchenko National University of Kyiv*

***“Check-in” at the most popular sights of the city and a welcoming dinner with a taste of revolution***

After becoming *acquainted with* the university's history and its role, students had a walking tour around the famous historical places of the city centre. The students first visited Saint Volodymyr's Cathedral, which is one of the city's major landmarks and the main cathedral of the Ukrainian Orthodox Church.

Afterwards, the students went to the Golden Gate. This construction was the main gate in the 11th century fortifications of Kyiv, the capital of Kiev Rus', during the reign of Yaroslav the Wise. According to the history, the gate functioned as the

main triumphal entrance and as a defendable portal to the fortified section of the city. Next, the students saw Saint Sophia Cathedral, the monument to Bohdan Khmelnytsky and Saint Michael's Golden-Domed Monastery. The ensemble of these distinctive monuments might be the most recognized by both citizens and tourists. What is also important is the historical value of these places. For instance, Saint Sophia Cathedral is one of the city's best known landmarks and the first heritage site in Ukraine to be inscribed on the World Heritage list, along with the Kyiv Cave Monastery complex.

*"... we saw the Golden Gate, which was the main entrance to the city. The name "golden" is used, since in the past, people had to pay a certain amount to enter the city. Afterwards, we visited the Mykhailivsky Cathedral and Saint Sophia Cathedral, which are situated opposite each other. After roaming around these wonderful places, we reached the central square. Many events have occurred on and near Maidan (Independence) Square, due to which this place has significant importance and is one of the main tourist attractions."*  
(Muhammad Kazim, MSc student)

After a short stop on the central square, it was time to set off for dinner. A special place had been chosen for a welcome dinner. This Ukrainian restaurant is called Ostannya Barykada (Last Barricade) and is located in the heart of Kyiv, at Independence Square. Ostannya Barykada is designed in a "rebellion" style and, besides being a restaurant with only local Ukrainian products and the first 100% Ukrainian bar, it is also a museum of three modern Ukrainian revolutions: the Student Revolution on the Granite 1990, the Orange Revolution 2004 and the Revolution of Dignity (Euromaidan) 2014. It is not easily reached by anyone, since it is located in a secluded place; before entering, guests should give the password "Boritesya – poborete!" (in English: "Fight and win!").

*"Finally, we reached a secret restaurant called Ostannya Barykada. The special thing about this restaurant is that people have to put effort into finding it, and it is not easy to find because it is hidden. We were welcomed by the restaurant staff,*



Golden Gates and the monument of Yaroslav the Wise

*who guided us around the restaurant and told us interesting information about the Ukrainian spirit and symbols of freedom. The exciting thing is that one can see the whole kitchen and the instant preparation of all orders; all dishes include only locally produced ingredients. There, we experienced Ukrainian cuisine, which was very delicious and different. It was a great day and we learned many informative things about Ukraine.” (Muhammad Kazim, MSc student)*

### **3. Norwegian businesses in Ukraine and the Ukrainian Chamber of Commerce, Tuesday, 26.09**

#### *Visit to Itera – Norwegian communication and technology company*

The next day, students visited Norwegian companies, which operate in the Ukrainian market, and an organization, which promotes Ukrainian business – the Ukrainian Chamber of Commerce.

The first was Itera, a Norwegian company, founded in 1995, with offices in Oslo, Stockholm, Copenhagen, Bratislava and Kyiv. Among other services, the main areas of Itera’s activities are: delivering solutions in business intelligence and big data, consulting and strategy, hosting and operations and application management. In 2008, Itera’s first nearshore office was opened in Kyiv. Itera has proved that adapting their management control system to the cultural differences of another country and applying a hybrid delivery model brings excellent results.

*“Itera’s team combines different nationalities and focuses on effective cross-border collaboration, agility and transparency. It is also careful about collaboration*



*At Itera’s head office in Kyiv*

*security and focuses on retention and knowledge management.” (Peter Bakkemo Danilov, MSc student)*

At Itera’s head office, the group of students was welcomed by Lena Smirnova (Competence Development Manager), Igor Mendzebrovski (EVP Outsourcing), Liliya Pogorila (HR Director) and Anastasiya Pozynich (Marketing Manager). From their informative presentations, the students found out that, for instance, Itera applies a holistic performance evaluation approach, which means that each department evaluates each other in order to get the different departments to communicate and work together. Itera wants to create incentives for the employees to remain in the company in order to keep and attract the highest and best competence. It does this by providing internal courses in management, international business and technical skills, which Itera has named “The 3D career approach” (42.37% of their personnel is senior).

*“Ukraine has a highly educated population with low wages; so, for an exporting IT firm like Itera, Ukraine is a good fit. There are, however, several obstacles and problems in Ukraine. Ukraine does not come out well on the Transparency International Corruption Index, ranking at 131 in 2016. The good news is that Ukraine has been scoring more highly on the index each year since 2013.” (Peter Bakkemo Danilov, MSc student)*

The company’s goals for 2020 are 60% nearshore activity and 30% annual revenue growth. The Ukrainian IT market grew by 12% during 2016 and, as long as the political situation remains stable, the future looks bright for Itera in Ukraine.

### **Visit to the new Egersund Seafood retail store**

The next stop was Egersund Seafood's second store in the centre of Kyiv. Egersund Seafood Ukraine is a fish import company, which sells Pelagia products on the Ukrainian market. The company is a leading producer of pelagic fish products for human consumption and an important supplier of essential ingredients in all kinds of fish- and animal feed: protein concentrate, fish meal, and fish oil. Products exported to Ukraine are sold exclusively in their own outlets.



*During the visit to Egersund Seafood store*

A presentation of the company was given by Konstantin Medvedev, a marketing director of Egersund Seafood Ukraine, who particularly focused on the quality of their product. Egersund Seafood builds its quality on fresh raw materials, which in turn requires quality in every aspect from production to delivery in Kyiv. The products are delivered twice a week by plane, and without intermediaries, so that shipments do not have to be salted or frozen. This is especially important for the fresh and raw materials that Egersund uses in sushi, so the quality of such sensitive products is always of a high level.

*“The establishment of Egersund in Ukraine was a tough task for the company as they faced challenges with Ukrainian customs.” (Thommy Andresen, MSc student)*

When the problems with customs occurred, the company received assistance from the Trade Council and the Norwegian Embassy, so things were successfully resolved.

The seafood market in Ukraine experienced a fall in 2014, when wages dropped, and the national currency was devaluated. This was unfortunate for a newly established company, but they did not experience as dramatic effects as most others, since the quality of the product is their most valuable asset. The marketing strategy of Egersund Seafood is to use recommendations in social media. This is the metric of success and the basis for producing top quality products. This kind of quality imposes demands on employees who, with appropriate backgrounds, receive thorough training in their employment. Egersund Seafood conducts continuous further education for their employees.

On conclusion of the presentation, students received lunch at Egersund Seafood – on this occasion the most quality sensitive product – delicious sushi.



*Sushi section at Egersund Seafood store*

## *Ukrainian Chamber of Commerce and Industry*

The last place visited that day was the Ukrainian Chamber of Commerce and Industry (UCCI). This non-governmental and non-profit organization was established in 1995 with several departments all over Ukraine. The organization provides such services as market analysis, guides and consultations, practical help in carrying out trade and economic operations on inner and outer markets and much more. They work mostly with small/medium-sized enterprises.

There were three representatives from UCCI. The first speaker was the director of the Department for International Cooperation of the Ukrainian Chamber of Commerce, Gennady Boldir. He has been working for UCCI since 1998 and had the job of vice president of one of the regional chambers. Mr Boldir delivered some interesting facts about the relationship between Norwegian and Ukrainian chambers of commerce, as well as opportunities and challenges for doing business in Ukraine.

*“Ukraine has great potential for economic growth, it is strategically located, with a well-educated labour force, a large domestic market and access to a variety of resources, but it faces several problems, particularly corruption and high national debt, which makes it risky for investors to invest in the country”. (Tord Skotmyr Løken, MSc student)*

The next speaker, Alexander Kaipetskiy, discussed the investment climate and focused more on opportunities in Ukraine. His team works on investment promotion activities to attract foreign investors and to provide them with projects, opportunities and consulting in different sectors. The UCCI runs many different projects, seminars, training for employees and programmes to help SMEs. It previously had close cooperation with Russia, but, due to the conflict, its focus has switched to EU countries. The final speaker represented the department that works on solving the problems that clients face.

The UCCI is currently working on a lot of different projects all over the world and has representatives in many big countries around the globe. The most important task is to legitimize Ukrainian companies, while helping them with corporate culture, the implementation of social initiatives and to get funding.



## 4. Governmental issues and a leading pharmaceutical company, Wednesday, 27.09

### *Excursion around the administrative buildings*

On Wednesday, students had a more governmental focus. The morning started with a walking tour around the governmental buildings (the Parliament, the Governing building, the President's Administration, the National Bank of Ukraine), which are situated in the centre of the city. PhD student, Veronika Vakulenko, guided the tour and told students about the specifics of Ukrainian public governance.



*Ukrainian Government Building*

Ukraine is a democratic, sovereign, independent and social state, with a semi-parliamentary, semi-presidential system and has separate legislative, executive, and judicial branches. Executive power is shared by the government and the president, whereas legislative power lies with the Ukrainian parliament.

Ukraine became independent on 24 August 1991. The first years of independence were rather challenging, since several difficult tasks, such as building their own political and economic systems, and establishing a new system of defence, had to be solved. The Constitution of Ukraine was adopted in 1996.

According to the constitution, the president of Ukraine is the head of state and a guarantor of civil and human rights, territorial integrity, freedoms, and national sovereignty. The president is elected by the citizens of Ukraine every five years. The parliament is the single legislative body in Ukraine, which consists of 450 deputies, elected every five years by Ukrainian citizens. The highest body of the executive power is the cabinet of ministers of Ukraine, headed by the prime minister. The ministries are headed by the vice prime ministers. The president of the country appoints the premier, whose candidacy has to be approved by the parliament. The president and the prime minister are responsible for nominating the candidates to the cabinet, and they also should be approved by parliament.

### *Reanimation Package of Reforms*

The first place the students visited was the Reanimation Package of Reforms (RPR), a coalition of non-government organizations of Ukraine that have united their

efforts to facilitate and implement the reforms in Ukraine. RPR coordinates more than 80 NGOs and around 20 expert groups in order to develop, promote and control the process of reforms' implementation in Ukraine. The main priorities of RPR for 2016-2017 are related to reforms in the judiciary, anti-corruption, decentralization, public administration, law enforcement agencies and election law.

At the office of RPR, students were met by advocacy manager, Viktor Artemenko. During the presentation, he spoke about the establishment of the organization and its current activities. The RPR was created in March 2014 and, after the revolution when the new government and the parliament started to function again, the RPR formulated the main trajectory for reforms, together with its team of experts and social stakeholders. This initiative included drafts of laws and reasons to implement those laws. Currently, RPR has road maps in different sectors for the reforms, which comprise 80% of the new reforms suggested in parliament.

RPR combines the role of an active stakeholder, who provides suggestions for the reforms, with that of a pressure group, exerting pressure on the government to implement the reforms. The challenges that RPR currently faces concern the reforms of public civil services, as there are many civil servants who are still influenced by the Soviets or the old vertical structure of authority, and the newer generation, which is trapped in those vertical authority structures.

As Viktor Artemenko discussed in detail, one of the most successful reforms, which has been implemented by the government under the initiation of RPR and other major stakeholders, is a reform of healthcare sector funding. Similarly, they are fighting for reforms in the judiciary system regarding the process for selecting



*At the office of Reanimation Package of Reforms*

Supreme Court judges. RPR also fights against corruption by strongly supporting the establishment of an anti-corruption court. However, RPR's initiatives do not always succeed; there are some challenges, for instance, with reforms of the public administration service, especially law enforcement agencies. Nevertheless, the RPR team continues to work and puts effort into promoting and implementing numerous reforms in the near future.

*"In visiting RPR, we learnt a lot about the Ukrainian political system, its current situation and future plans. Similarly, we learnt how stakeholders come together for the attainment of common goals and the welfare of the people. How are the political system, public administration, etc. transforming into a fair and effective system? We learned that, with the power of the people and willingness to do well, one can achieve difficult goals, and, with collective effort, we can transform the family, society and the whole country for the betterment of all." (Krishna Kunwar, MSc student)*

### **Farmak – a leading pharmaceutical company**

After hearing much about the healthcare sector in Ukraine and the challenges of its reformation, the group headed to the pharmaceutical company established in 1925 – Farmak.

In 2010, Farmak became a sales leader in the domestic pharmaceutical industry and has maintained this leading position for the last seven years. As of 2016, the company holds approximately 6.5% of the market share in Ukraine among all manufacturers and 16.8% among domestic manufacturers of medicinal products. In addition to the Ukrainian market, Farmak also exports medicinal products, mostly to countries which are members of the Commonwealth of Independent States and to the European Union. The export of Farmak products (to 20 countries around the world) amounted was 24.6% of manufactured pharmaceutical products in 2016.



*Before entering the Farmak facility*

During the visit to Farmak, students had a tour around the production line of nasal spray and eye drops, guided by Tetiana Chekhun from the quality control department. Students saw different stages of production processes through observatory windows. They came to a room with pressure differential to prevent cross-contamination and saw the process of bottling nasal spray. Most of this process is done mechanically, but there are some employees that add new bottles to the machine and others that ensure that the caps are placed on the bottles and that they are correctly labelled.

*“Before we were given the tour, we had to put on some special clothes to prevent dirt from being brought into the production unit from outside. It was a relief to see that they took their precautions seriously. During the excursion, we got to see the facilities of the production unit, as well as the working conditions of the employees. It was quite interesting to see how one of the leading pharmaceutical companies in Ukraine handles its production and, again, it was good to see how careful they are throughout the production process – from beginning to end.” (Julie Lian, MSc student)*

Finally, the company produces a wide range of medicinal products (more than 350 items). This list is continuously increasing, as the company aims to develop up to 20 new products each year, by spending approximately 7% of profit on product development.

### **Reception at the Royal Norwegian Embassy**

Wednesday afternoon was reserved for an official reception of the group at the Royal Norwegian Embassy. Once at the embassy, all students signed in the guestbook and were warmly welcomed with some drinks. Ole Terje Horpestad (2016-) is the current Norwegian Ambassador in Ukraine and Belarus. Alongside his counsellors, the ambassador welcomed the students with a speech, in which he described the embassy's purposes in Kyiv.



*Informal talks during the reception*

The primary task of the embassy, as the ambassador stated, is to represent and maintain the interests of Norway and the Norwegian nation in Ukraine, and to promote relations between these two countries. The embassy also provides consular advice, assistance and

protection to Norwegians. Further, the ambassador and two counsellors gave an introduction to the background of the current situation in Ukraine and the tense conflict in the eastern part of the country, close to the Russian border.

*“The speeches gave us a solid diplomatic background and a guidance as to how life is in Kiev, and in Ukraine generally. In addition, the embassy is working closely with Norwegian companies established in Ukraine and also with the anti-corruption organization, Reanimation Package of Reforms. Ukraine has been undergoing improvements in recent years regarding corruption.” (Andreas Nordvik, MSc student)*

After the speeches, everyone enjoyed a tasty dinner, and the students mingled with the ambassador and the counsellors. Moreover, the Royal Norwegian Embassy in Kiev, and most of the other Norwegian embassies and consulates, are offering students every semester a unique opportunity to be an intern at one of the many worldwide foreign stations and gain a great insight into Norway’s interests abroad.



*With the ambassador, Ole T. Horpestad*

## 5. Ukrainian food industry: bakery products and brewing technologies, Thursday, 28.09

During this day, students “experienced” Ukrainian business, while professors participated in discussions at the XIV International Scientific and Practical Conference, “World Trends and Prospects of Development of the Financial System of Ukraine” (the full conference programme can be found in Attachment 2).

### *Kyivhlib – Ukrainian producer of wheat products*

This day can be truly named “the day of degustation”. On Thursday morning, students went to Kyivhlib, which is a bakery established in 1972, with nine manufacturing units. The unit which students visited has six production lines, each of which can bake different types of bread.



Upon arrival at the bakery, students were acquainted with the security rules and given a special outfit to wear inside the restricted area. Students were guided around the production line and saw the procedure of making the dough for bread. Further, the group saw how bagels are produced. There was a machine that cut bagels to the exact same size, and, through their system, the dough balls are shaped and baked in three different ovens. Before they arrive at the oven that requires 40 minutes, the bagels go through an oven to get a golden colour. The same process is used for baking bread, and the whole bread-baking process takes around 1 hour and 15 minutes. Breads and bagels rest for a while when baked and, later on, are packed and placed on a pallet in a storage warehouse. The transporters arrive at this area and distribute the baked goods to the supermarkets.

*“The last stop on this excursion was cookies. They have the same process, except for one step: they add butter and knead with their hands, before they make different shapes for the cookies. The staff remove the defective cookies before they go to the oven. When the cookies are ready, the staff pack them in plastic bags, making sure that each bag does not weigh less than 800g. Other cookies come directly to the machine that has an automatic weight installed inside it; the bags are sealed in the same machine after they have been weighed. One employee packs these packets in boxes and puts a label on them. They are now ready for distribution to the stores.” (Faiza Butt, MSc student)*

Kyivhlib produces around 550 tons of bakery and 10 tons of confectionery per day. Today, the range of products totals about 250 items. In addition, the bakery receives special orders from supermarkets all over Ukraine.

There are 3000 employees in all departments in total. In Kyiv (units 7 and 8), there are 700 employees. The staff make sure that production continues 24/7, which is why the employees are divided into two groups. Each group has 12 labour hours, and the machines work all day and night. That is why they have fresh bread for all their Ukrainian customers across the whole country. Kyihlib has their own shops all over Ukraine, including in Kyiv.

### ***At Obolon brewery plant***

Obolon is a Ukrainian brewery that produces and sells alcoholic and non-alcoholic beverages. The brewery is located just outside Kyiv city centre. Obolon is among the biggest breweries in Europe, when it comes to physical volume, with 96 different tanks, which can contain up to 600,000 litres of beer per tank. The production cycle lasts up to four weeks, which means they can produce up to 50,000,000 litres of beer per month. Merchandise is sold to 33 different countries.

*“When we first arrived at the brewery, we were met by our guide and given a quick security brief. Then we were taken into a changing room, where we were given green overalls, which we were to use throughout the excursion. In a meeting room, we saw an informational film about the company and its history. After the film, we toured the brewery and got to see the entire production from cooking the barley to filling the bottles. The production is a very delicate procedure, and the brewing takes place in tanks that are specially made for that purpose.”  
(Jan Gunnar Jensen, MSc student)*



*At the end of the excursion around the brewery*

Obolon holds international standard certificates, including in quality management, safety management, environmental management and occupational health and safety systems.

After the tour around the brewery, students proceeded to the tasting room, where they could taste several products, with or without alcohol. The guide explained the differences between the several types of beverages, showed how to fill glasses, explained what kind of glasses go with the different kinds of beer, how to check whether the beer is of good quality and how the beer should be consumed.

Obolon has its own malt production. They have a plant that is able to produce 120,000 tons of malt each year. This gives them an advantage, since they produce their own input factors to the production of beer. Obolon sells both alcoholic and non-alcoholic beverages, and their soda, Zhivchik, is one of their products that brings in the highest revenues. Obolon is very considerate when it comes to recycling waste and bottles. They use recycled plastic in their bottles and, already in 2009, 86% of all the waste from the brewery was recycled.

### *Conference in Taras Shevchenko National University of Kyiv*

On 28–29 September 2017, the XIV International Scientific and Practical Conference, "Global Trends and Prospects for the Development of the Financial System of Ukraine", took place at the Faculty of Economics of the Taras Shevchenko National University of Kyiv, due to the celebration of the 25th anniversary of the Department of Finance.

Around 184 participants attended the conference. Among them, the representatives from 38 higher educational institutions in Ukraine and from foreign universities (Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Estonia, Germany, Norway and Sweden) were present.

The team from Nord University included Anatoli Bourmistrov, Elena Dybtsyna and Veronika Vakulenko, as well good partners,



*During the presentation of Prof. G. Grossi. Also in this photo, PhD student, V. Vakulenko, Prof. A. Bourmistrov and Prof. T. Haldma*



Giuseppe Grossi (Kristianstad University) and Toomas Haldma (University of Tartu). The speeches were given by Professors Anatoli Bourmistrov, Giuseppe Grossi and Toomas Haldma. They touched upon Norwegian experience of the application of scenario planning in the public sector; global trends and national experiences on public budgeting; Estonian experience of integrating the national accounting system into the European framework.

Other presenters discussed the issues concerning the finance and financial policy of Ukraine, the formation of revenues of local budgets; trends in the conditions of decentralization and the development of the banking services market in Ukraine. The first day of the conference was very productive and finished with an informal dinner.

## 6. Student conference, programme close and the last enterprise, Friday, 29.09

### *Presentation of research project ideas by students*

After having been accredited at the desk in the main entrance and received a badge, students were invited to the auditorium. Everyone sat around a large oval table, creating a pleasant environment of professors, bachelor students, master students and PhD students. Together, students from Nord University and a group of students from the Department of Finance were presenting their research.



*During the presentation of students' projects*

After an introductory speech by Professor Bourmistrov, assisted by the PhD candidate, Veronika Vakulenko, the presentations started. Under the coordination of the professors and the supervisors, our ideas on the forthcoming thesis were presented. The students had different backgrounds and research interests, which made this more interesting, broadening the view of participants.

*"We proceeded, alternating our exhibitions with those of our Ukrainian colleagues. At the end of each presentation, the professors gave their feedback on the topic; they asked several academic questions, starting a dialogue with the student, after which they often came up with suggestions for possible new insights into the specific topic in order to improve the candidate's idea." (Vincenzo Pardi, MSc student)*

The fruitful discussions continued until lunch time. The topics that were discussed included: Business Index North, beyond budgeting practices, implantation of accounting standards, design of management control systems, the banking sector in several contexts, microfinance, smart tourism and international trade.

Finally, all students were encouraged to further develop their research ideas and publish their project in a compilation of students' papers issued by Nord University Business School.



*Prof. A. Bourmistrov and Prof. G. Grossi in national Ukrainian shirts after the presentation of students' research projects*

## *Closing the programme, handing out certificates*



*Handing out certificates to students*

There was a closing ceremony for the Business Practice programme in Ukraine, in which Professor Igor Lyytuy gave a closing speech, thanking all the participants for their involvement. Afterwards, a certificate was awarded to each student.



*In front of the entrance of the Faculty of Economics*

## Visiting Ecosoft

The final company visit was scheduled for Friday afternoon. This was Ecosoft – an international manufacturer of filters for water purification, founded in 1991. They maintain 8000 square metres of production and storage facilities in Germany and Ukraine. Over 1000 partners represent Ecosoft in 50 countries around the world.



At the Ecosoft plant

At their facilities, students met an operational director, Yuri Chechalyuk, the director of the department of product, development and support, Rostislav Mudrik, and the director of international sales, Georgy Tsatryan. Students had a tour of the storage and production area and were guided through the process of how different components of the products are made. After the tour, students were presented with the firm's history, its products and positioning in the market.

Ecosoft was founded as a family-owned business, and the family still oversees the everyday activities. Tetyana Mitchenko is the general director of Ecosoft, and Andrey Mitchenko is the CEO. The idea behind Ecosoft was developed when six scholars, specializing in water treatment, met in a chemical lab. The company started its operations in the development of highly efficient technologies for the purification of natural waters in Ukraine. In 1999 it signed a partnership with Dow Chemical, and in 2010 received certification according to the international standard (ISO 9001:2008).

The hosts at Ecosoft told the students about its four competitive advantages (the 4Gs): good company, good products, good price and good people. The 4Gs are crucial factors for Ecosoft's success. By "good company", they mean their financial stability and significant experience in the industry. They have a wide range of high-quality products at competitive prices. Ecosoft supports its partners in sales and maintenance. Furthermore, it provides professional education, marketing and technical assistance.

*"From our visit, we learned how a company can grow to be one of the leading companies within their own industry, and that this success may consist of many different factors – in this case, especially with the help of people with the right competence but also through the development of products that are useful or even*

*necessary for a major part of the population. But, of course, the other advantages are included in the 4Gs mentioned above as well.” (Guro Ringkilen, MSc student)*

Today, Ecosoft provides a full range of products, from pitcher filters to industrial reverse osmosis systems. They make products for their private label but also for external brands. Their products can be divided into the following categories: drinking water filters, domestic and commercial filters, and solutions for industries. The company strives to make new products that meet their customers' needs. One example is the development of their RO<sub>robust</sub> Pro product. This product was developed in cooperation with a professional barista. By adjusting the minerals of the purified water, they could filter it to become perfect for making coffee or tea.

### *Internal seminar*

While students were visiting Ecosoft, the faculty were participating in the seminar. The aim of the seminar was to present and discuss the joint papers, developed together by Norwegian and Ukrainian scholars. During the seminar, five papers were presented, which touched on the various aspects of public sector accounting, budgeting and finance. The further developed versions of the papers will be published in a series of working papers by Nord University Business School.

## **7. Excursion to ex-governmental residence, Saturday, 30.09**

### *Excursion to Mezhyhirya*

After the official programme finished on Friday, students had the rest of the weekend off to do some sightseeing and experience the city. On Saturday,



*At the Mezhyhirya mansion*

students went to the Mezhyhirya mansion – a large estate with original ties to the Soviet Union. These days, it is mostly known for being the official residence of former president, Viktor Yanukovich, from 2002 until he fled the country after the Revolution of Dignity (The Ukrainian Revolution of 2014). After Yanukovich left the country, the state gained control of the estate, and it is now used as a museum. Some people call it “a museum of corruption” as it showcases the excessive wealth that was invested in the residence.

*“We met up with the Ukrainian students, who were kind enough to guide us around the premises. After entering through the gates, we walked to the main building, which is one of the largest wooden structures in this mansion.” (Camilla Emilie Bergersen, MSc student)*

At Mezhyhirya, students saw a private zoo, a helipad, a yacht pier, an 18-hole golf course, as well as a tennis court and a small church. Reportedly, the estate also includes an underground shooting range, hunting grounds and a bowling alley. Some students rented scooters and Segways to get around the large estate, to truly make full use of the time we spent in Mezhyhirya. Others visited the car museum, where one could see Yanukovich’s showcased vehicles.

*“Overall, everyone agreed that it was a very successful trip. It was quite interesting to see the contrasts between the massive wealth of figures that hold power, opposed to the relatively low wages and living conditions that are common throughout Ukraine.” (Camilla Emilie Bergersen, MSc student)*

## **8. Day to individually explore the city, Sunday, 01.10**

On Sunday both Norwegians and Ukrainians explored other spectacular places in the city. The group went to the Museum of the History of Ukraine in World War II, where they saw the Motherland Monument. The statue is around 102 metres high, which makes it one of the tallest sculptures in the world.

After the excursion, students went to buy some souvenirs. Their choice was made in favour of sweets produced by Roshen, which is a very popular company in Ukraine for chocolates and sweets. The company was founded in 1874 and has operations in 35 countries around the world. It has a product line of around 350 different products and was rated 24th in the global top-100 candy companies’ ranking. The product line of Roshen includes chocolate, jelly sweets, toffee, chocolate bars, caramel, biscuits, sponge rolls, wafers, pastry, and cakes. After buying the sweets, students visited a mall, which was located a little further from the downtown of the city. There students bought some Ukrainian gifts. After that, students returned home to relax. Meeting for dinner in the evening, they went to a nice Georgian restaurant in the city centre.

*"So, overall, it was a very good experience for us, as we learned a lot from this trip. Mainly we learned about the business environment of the country, the political situation, educational sector, and the versatile and rich culture, which was a mix of Western and Eastern societies." (Muhammad Asadullah Bilal, MSc student)*



*Walking around the Museum of the History of Ukraine in World War II*

## **9. From Kyiv to Bodø, returning home, Monday, 02.10**

The time flew and now the seven days of the study trip to Kyiv were over. This trip was a good combination of academic schedule and social activities. Students developed their understanding of the Ukrainian context of doing business and the national policy of the government to move towards Western society. At the same time, students learned about the history of Ukraine and became acquainted with its spiritual heritage, traditions, national life and cuisine.

*"The trip to Ukraine was a positive and good experience for me. It was interesting to experience a new country and to learn more about the culture." (Tord Skotmyr Løken, MSc student)*

*"I feel very honoured and appreciative that I was invited to attend this business practice. The programme was very interesting, and we got an insight into how it is to run a business in Ukraine – as well as the benefits and difficulties that arise when conducting business in a very different country." (Camilla Emilie Bergersen, MSc student)*

*"This business practice in Ukraine has really been a new and exciting experience for me, and I have learned a lot. Veronika Vakulenko, Anatoli Bourmistrov and Torstein Vik Århus have made this trip successful. I am grateful that I had the opportunity to visit Kyiv and experience the culture and several different companies in Ukraine. Thank you for a great experience!" (Guro Ringkilen, MSc student)*

## **10. Attachments**

Separately:

- BPU programme
- Conference programme
- Students' reports





## PROGRAMME<sup>1</sup>

### Business Practice in Ukraine 2017

### Private and public realms of the Ukrainian economy

#### Sunday, 24.09 (BT0404 Riga-Kyiv 0:05)

Arrival of the participants, accommodation in a student dormitory (address: Vasylykivska str., 36, Kyiv)

#### Monday, 25.09

07.30 – 08.00 Breakfast at ICE<sup>2</sup> (canteen)

09.00 – 09.10 Opening by Professor **Viktor Bazylevych**, Dean of the Faculty of Economics

09.10 – 09.20 Welcome by Professor **Igor Lyutyy**, Head of the Finance Department

09.20 – 09.40 Brief introduction to the learning objectives of the trip by Professor **Anatoli Bourmistrov**, Nord University Business School

09:40 – 10.00 Break

10.00 – 11.00 Ukrainian business opportunities by **Veronika Vakulenko**, PhD student, Nord University Business School

11.00 – 12.00 Major industries of the Ukrainian economy by **Dmytro Holovchuk**, Senior Business Analyst at McKinsey & Company, CFA

12.30 – 13.00 Lunch at ICE (canteen)

**13.00 Bus departure**

14.00 – 16.00 Visiting KNU museums, the role of KNU in developing Ukrainian science and education (historical evidence and prospects for the future)

16.00 Get to know the city better (short excursion around the downtown area)

18.30 Welcome dinner (**Ostannya Barykada**: Kyiv, Independence Square)

#### Tuesday, 26.09

07.30 – 08.00 Breakfast ICE (canteen)

**08.00 Bus departure**

09.00 – 11.00 Visiting “Itera”

11.00 – 11.30 Light snacks at “Itera” office

**11.30 Bus departure**

12.00 – 13.30 Visiting “Egersund Seafood” retail store

13.30 – 14.00 Lunch with “Egersund”

**14.00 Walking to UCCI**

15.00 – 16.30 Ukrainian Chamber of Commerce and Industry (UCCI)

**16.30 Bus departure**

#### Wednesday, 27.09

07.30 – 08.00 Breakfast ICE (canteen)

**08.30 Bus departure**

09.30 – 10.30 Excursion around administrative buildings

10.30 – 12.00 The Reanimation Package of Reforms

12.00 – 12.30 Lunch (city)

**12.30 Bus departure**

13.00 – 15.00 Visiting “Farmak”

**15.00 Bus departure to dormitory**

**17.30 Bus departure to embassy**

19.00 Reception at the Norwegian Embassy

**21.00 Bus departure**

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

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

## **Thursday, 28.09 Ukrainian enterprises**

Conference in KNU. Day 1 (Professors)

*See separate programme*

Today, professors will participate in the main conference. Students will “experience” Ukrainian business.

07.30 – 08.00 Breakfast ICE (canteen)

**08.00 Bus departure**

09.00 – 12.00 Visiting “Kyivhlib” and lunch

**12.00 Bus departure**

13.00 – 16.00 Visiting “Obolon”

**16.00 Bus departure**

## **Friday, 29.09**

Conference in KNU. Day 2 (Students)

*See separate programme*

07.30 – 08.00 Breakfast ICE (canteen)

10.00 – 13.00 Presentation of students’ ideas of POPP

13.00 – 13.30 Programme close; distribution of certificates

13.30 – 14.00 Lunch

**14.00 Bus departure**

15.00 – 17.30 Visiting “Ecosoft”

15.00 – 18.00 Internal seminar

*See separate programme*

19.00 Joint dinner (**Vero Vero**: Illynskaya Street, 18)

## **Saturday, 30.09**

Excursions in Kyiv

- Good weather: Mezhyhirya or Pirohovo
- Not so good weather: Masterclass at Lviv Chocolate (create and taste your own hand-made chocolate) or Éclair workshop

## **Sunday, 01.10**

Free day

## **Monday, 02.10 (BT0159 Kyiv-Riga 9:40)**

06.00 Breakfast at home

**07.00 Departure to the airport**

# PROGRAMME

## Internal seminar

### 29 September 2017

#### Friday, 29.09

10.00 – 14.00 Attendance at the Conference (students' presentations)

15.00 – 18.00 Internal seminar: presentation of joint articles, feedback, discussion

Time	Author(s)	Title	Discussant
15.00-15.10	Welcome, submission to BJM, call for papers for the Young Researchers Publication Series		
15.10-15.40	V. Vakulenko, A. Bourmistrov	Budgeting Reforms in Eastern European and Former Soviet Union Countries: A Literature Review	G. Grossi
15.40-16.10	O. Iafinovykh, N. Pohribna, E. Dybtsyna	Accounting and State Environmental Spending: Evidence from Ukraine	T. Haldma
16.10-16.40	K. Kovalenko, I. Lyutyy	The Usefulness of Accounting Information as a Key Determinant of Public Sector Accounting Reform	G. Grossi
16.40-17.00	Break		
17.00-17.30	V. Vakulenko	Reverse Decoupling: Reforms as Barriers?	T. Haldma

#### List of participants

#	Name	Affiliation
1	Anatoli Bourmistrov	Nord University
2	Giuseppe Grossi	Kristianstad University
3	Toomas Haldma	University of Tartu
4	Elena Dybtsyna	Nord University
5	Veronika Vakulenko	Nord University
6	Olga Iermolenko	Nord University
7	Igor Lyutyy	Taras Shevchenko National University of Kyiv
8	Olena Liubkina	Taras Shevchenko National University of Kyiv
9	Mariia Onopko	Taras Shevchenko National University of Kyiv
10	Kateryna Kovalenko	Taras Shevchenko National University of Kyiv

## DESCRIPTION OF COMPANIES

### Farmak

Web-page: <https://farmak.ua/en/>

Established in 1991 on the base of the Kyiv Chemical-Pharmaceutical Plant, Public Joint-Stock Company, "Farmak", is one of the leading enterprises in the Ukrainian pharmaceutical industry. The plant was the first in Ukraine to manufacture synthetic medicines. Over the years of its 75-year existence, the company has become one of the leading businesses in the domestic pharmaceutical industry. Today, the total number of personnel is 960. The nomenclature of releasing medicines includes more than 80 titles and covers such branches of medicine as cardiology, roentgenology, allergology, endocrinology, as well as chemical products and intermediates for the synthesis of substances and veterinary medicine.

### Obolon

Web-page: <http://obolon.ua/eng>

The corporation's history dates back to 1974 when the construction site of the future brewery was sand-filled. Czech experts were engaged in the project as world-renowned brewmasters, and it was they who identified the construction site for the new brewery, the choice of site being mainly determined by the availability of huge reserves of soft, crystal-clear water. Today, the water from Jurassic bedrock (290 m) ensures the high quality of their products. Soon afterwards, the enterprise gave the impetus to developing the largest corporation in Ukraine to produce beer, low alcohol and soft drinks, and mineral water. The start of production was dedicated to the 1980 Olympic Games.

The plant only received its current name, after the district of Kyiv with the same name, in 1986. The word 'Obolon' comes from the times of Kiev Rus, when it denoted low riverside meadows. Built according to a Czech design, the brewery produced beer that gained wide popularity. After Ukraine became independent, Obolon was the first corporation to export hopped beverages to Europe and the USA, and its trademark beer started being perceived as traditional Ukrainian beer worldwide.

### Ecosoft

Web-page: <http://ecosoft.com/>

The enterprise was established in 1991, alongside the newborn Ukrainian state. A group of PhD chemists gathered in a chemical lab in search of effective solutions for water purification. As a result, the flagship material for problem water, ECOMIX, was invented and patented.

The innovative filters produced by the young enterprise were duly noticed by the giant of the global water treatment industry, Dow Chemical, in 1999. Since then, Ecosoft has become the official distributor of Dow Chemical. Being industry pioneers, the Ecosoft specialists adopted best practices from their new partners. In 2000, the plant to manufacture scalable water treatment solutions was built in the Kyiv suburbs.

### Kyivkhlіb

Web-page: <http://kyivhlib.com.ua/ukr/kievhleb/>

Public Joint-Stock Company "Kyivkhlіb" is a recognized leader in the baking market of Ukraine. The company includes nine production sites in the capital and Kyiv region. At its own production facilities, 550 tons of bakery and ten tons of confectionery per day are produced. Today, the range of products totals about 250 items. To enable residents of the metropolitan area to receive fresh bread daily, more than 4000 workers and specialists work at the enterprises of PJSC "Kyivkhlіb". Meanwhile, the glorious history of the association of Kyiv bakery enterprises spans more than 80 years. Since 1930, with the creation of the Kyiv Trust, "Golhovhlib" in Kyiv, 12 bread-baking plants have been built.

### Itera

Web-page: <http://www.itera.no/>

Itera is a IT company well-known for its outsourcing, caused by the needs and aspirations of the Scandinavian IT market, and for meeting the rich experience available in the Ukrainian IT sphere. Not least was the role played by the historical, geographical and cultural similarities of Ukraine and Norway. Ukraine has a huge potential in science, IT and high-tech development. In addition, Ukraine is currently one of the top 15 global outsourcing destinations, ranking fourth in the global IT certified resource pool.

Hiring sufficient resources to meet the high level of market demands, Itera entered the Ukrainian IT market in 2008. Over recent years, it has become a fully pledged setup, with two offices in Kyiv and Lviv. Around 160 Ukrainian IT specialists work in Research & Development, Systems Management & Maintenance, Systems Testing & Consulting, delivering services to over 35 clients in Scandinavia. The personnel in Itera Ukraine consist of highly skilled and motivated young people, most of whom hold MSc degrees. Working in a “professional network” style, the services are delivered with high flexibility regarding cost-efficiency.

Itera’s ambition is to strengthen collaboration across national borders, as well as improving the knowledge and understanding of local markets. This will bring new opportunities for further cooperation between the Nordic countries and Ukraine for the benefits of all parties.

### **Egersund Seafood**

Web-page: <http://pelagia.com/>

In 2014, Pelagia was established by the merger of Norway Pelagic AS, Egersund Fisk AS, and Welcon Invest AS. Since Norway Pelagic and Egersund Fisk were leading producers of pelagic fish for consumption, and Welcon was a leading producer of protein concentrate, fish meal and oil, currently Pelagia has two majordivisions:

1. Food (fish for consumption)
2. Feed (protein concentrate, fish meal and fishoil).

Norway Pelagic is a major player in the Ukrainian pelagic fish market. Egersund Fisk, a member of Norwegian-Ukrainian Chamber of Commerce, that owns Egersund Ukraine, was established in late 2009. Egersund Fisk exports about 10,000 tons of frozen pelagic fish per year since it has its own storage and retail store that ensures capacity, better control of product mix and flexibility of operations.

Sales are mostly in central and western Ukraine, with the office located in Kyiv. Egersund Fisk is the only Norwegian company that exports to Ukraine from Norway without any Ukrainian counterpart. Øyvind Sætren, a controller and business developer in Egersund Ukraine, states that when operating in Ukraine is it important to control the security of payments, lower currency exchange risk, establish partnerships with good knowledge of the Ukrainian market, and create prospects for further investment in the value chain. Ukraine has become an even more attractive destination for pelagic fish export, since it has joined the World Trade Organization and signed a trade agreement with the European Union. Geographically located not far from Norway, Ukraine has a large population, which has traditionally consumed many pelagic fish. This creates more opportunities for new Norwegian fisheries to expand their trade with Ukraine.

### **Ukrainian Chamber of Commerce and Industry**

Web-page: <https://www.ucci.org.ua/en/>

The Ukrainian Chamber of Commerce and Industry (UCCI) is a non-governmental, non-profit, self-governing organization, which unites legal entities and Ukrainian citizens, registered as entrepreneurs, and also their associations, on a voluntary basis. It is an organization which successfully unites traditions and innovations in its activity.

The development of the chamber in Ukraine was marked by the passing of the Law “On chambers of commerce and industry in Ukraine” on December 2, 1997. In the years of its existence, the system of chambers of commerce and industry has proved its effectiveness in business support. The central UCCI and 25 regional CCIs are part of the regional structure of the chambers of commerce and industry. Today, the system of chambers unites over 8000 members. Over 1000 representatives of business from all parts of the country receive daily professional consultations and help from chamber of commerce and industry experts in different areas.

### **The Reanimation Package of Reforms**

Web-page: <http://rpr.org.ua/en/>

The Reanimation Package of Reforms (RPR) is the largest coalition of leading non-governmental organizations (NGOs) and experts, from all over Ukraine, who have pooled their efforts to facilitate and implement reforms. The RPR also functions as a coordination centre for 80 non-governmental organizations and 22 expert groups, which develop, promote, and control implementation of the reforms. The number of coalition members is constantly growing. To ensure that dozens of NGOs can cooperate effectively, the RPR Charter has been developed. These are the rules regulating the activity of the platform, as well as internal relations and management between the participants of the coalition.

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
TARAS SHEVCHENKO NATIONAL UNIVERSITY OF KYIV  
**Faculty of Economics**  
**Department of Finance**

AZERBAIJAN STATE ECONOMIC UNIVERSITY  
NORD UNIVERSITY (NORWAY)



## **PROGRAMME**

# **XIV International Scientific and Practical Conference: World Trends and Prospects for Development of the Financial System of Ukraine**

**28–29 September 2017**

**Kyiv - 2017**

# CONFERENCE SCHEDULE <sup>1</sup>

## 28 September 2017

<b>Time</b>	<b>Event</b>	<b>Place</b>
<b>9.00 – 10.00</b>	Registration of participants	Lobby of Faculty of Economics
<b>10.00 – 11.40</b>	Plenary session	aud. 203/101
<b>11.40 – 12.00</b>	Coffee break	Main cafeteria
<b>12.00 – 13.00</b>	Plenary session	aud. 203/101
<b>13.00 – 14.00</b>	Lunch break	
<b>14.30 – 17.30</b>	Sections	aud. 203/101/704

## 29 September 2017

<b>Time</b>	<b>Event</b>	<b>Place</b>
<b>9.00 – 10.00</b>	Registration of participants	Lobby of Faculty of Economics
<b>10.00 – 13.00</b>	Sections	
	Section 1. Financial policy and performance effectiveness of the budget system of Ukraine	aud. 203
	Section 2. Corporate finance and competitiveness of the national economy	aud. 101
	Section 3. Global trends and development of the national financial and credit market under financial globalization	aud. 704
	Section 4. National financial systems under increasing globalization processes	aud. 704
<b>13.00 – 13.30</b>	Coffee break	
<b>13.30 – 14.30</b>	Conference close	aud. 203

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<sup>1</sup> Kindly note that changes to the programme might occur

**28 September 2017**

**PLENARY SESSION<sup>2</sup>**

*aud. 203 Economic Faculty  
Taras Shevchenko National University of Kyiv*

**10.00 – 11.40**

**Opening of the conference**

**Bazylevych V.D.**, Doctor of Economics, Professor, Corresponding Member of the National Academy of Sciences of Ukraine, Honoured Worker of Science and Technology of Ukraine, Dean of the Faculty of Economics, Kyiv National Taras Shevchenko University

*Introductory speech*

**Lyutyy I.O.**, Doctor of Economics, Professor, Honoured Economist of Ukraine, Head of the Department of Finance, Kyiv National Taras Shevchenko University

*Financial policy and problems of macroeconomic stability in Ukraine*

**Marchenko S.M.**, PhD in Economics, Deputy Minister of Finance of Ukraine

*Current issues and strategic priorities of public finance development in Ukraine*

**Bourmistrov Anatoli**, PhD, Professor, Head of the Department of Accounting, Nord University Business School (Norway)

*Use of scenario planning in the public sector: examples from Norway*

**Kudryashov V.P.**, Doctor of Economics, Professor, Head of the Department of Public Finances, DNU "Academy of Financial Management"

*Management of financing of the state budget of Ukraine*

**Bogolyub T.M.**, Doctor of Economic Sciences, Professor, Honoured Worker of Education of Ukraine, Dean of the Financial and Humanitarian Faculty, Professor of the Department of Finance, Banking and Insurance, Pereyaslav-Khmelnytsky GPU named after Gregory Skovoroda

*Budget policy: long-term sustainability and structural transformation of the economy*

**Krupka M.I.**, Doctor of Economics, Professor, Head of the Department of Finance, Money and Credit, Ivan Franko National University of Lviv

*Strategic priorities for increasing the effectiveness of using financial potential as a factor in the autonomy of local budgets*

**Kuliyev Rufat Atakishi oglu**, Doctor of Economics, Professor, Member of the Parliament of the Republic of Azerbaijan (Milli Majlis), Deputy Chairman of the

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<sup>2</sup> **Time requirements:**

Speeches – 15 min, discussions – 5 min.



Standing Committee of the IPA CIS on Political Affairs and International Cooperation  
(Azerbaijan Republic)

*Investment problems of the globalizing world*

**Zyanko V.V.**, Doctor of Economics, Professor, Head of the Department of Finance and Innovation Management, Vinnytsia National Technical University

*Priorities of Ukraine's financial policy in the field of innovation activity*

**11.40 – 12.00 COFFEE BREAK**

**12.00 – 13.30**

**Kovalchuk T.T.**, Doctor of Economics, Professor of the Department of Economic and Information Security, National Academy of the Ministry of Internal Affairs of Ukraine

*International Monetary Fund as a political and economic oppressor*

**Giuseppe Grossi**, PhD, Professor, Kristianstad University (Sweden)

*Global trends and national experiences on public budgeting*

**Barannik L.B.**, Doctor of Economics, Professor, Head of the Department of Taxation and Social Security, University of Customs and Finance, Ukraine

*World trends in the development of fiscal policy*

**Zhikhov O.B.**, Doctor of Economics, Professor, Kharkiv National University of Urban Management named after O.M. Beketov **and**

**Zherlitsyn D.M.**, Doctor of Economics, Professor, Zaporizhzhya Institute of Economics and Information Technologies

*The economic system of Ukraine: macroeconomic trends of functioning*

**Kravchenko V.I.**, Doctor of Economics, Professor, Honoured Economist of Ukraine, Chairman of the Supervisory Board of PJSC AKB "ARKADA"

*Finance and financial policy of Ukraine in the context of modern challenges and threats*

**Borinets S.Ya.**, PhD, Professor, Honoured Worker of Education of Ukraine, Professor of the Department of Finance, Taras Shevchenko National University of Kyiv

*On the financial component of economic science*

**13.00 – 14.00 LUNCH BREAK**

**14.00 – 17.30**

**Mishchenko V.I.**, Doctor of Economics, Professor, Professor of the Department of Economics and Management, University of Banking, Ukraine

*Management of problem assets of banks*

**Haldma Toomas**, PhD, Professor of Accounting, Tartu University (Estonia)

*Integration of national accounting system into the European framework: an Estonian experience*

**Varnalij Z.S.**, Doctor of Economics, Professor, Honoured Worker of Science and Technology of Ukraine, Professor of the Department of Finance, Taras Shevchenko National University of Kyiv

*Financial autonomy as a factor in modernizing the funding of public higher education*

**Naumenkova S.V.**, Doctor of Economics, Professor of the Department of Finance, Kyiv National Taras Shevchenko University

*Macroeconomic aspects of assessing the capital adequacy of banks in Ukraine*

**Davydenko N.M.**, Doctor of Economics, Professor, Head of the Department of Finance, National University of Life and Environmental Sciences of Ukraine

*Financial provision of agricultural lands by agrarian corporations*

**Moroz P.A.**, Candidate of Economic Sciences, Assistant-Consultant of People's Deputy of Ukraine, Verkhovna Rada of Ukraine

*Financial levers of influence on Ukraine's economic growth*

**Voronkova O.M.**, Doctor of Economics, Professor of the Department of Financial Markets, University of the State Fiscal Service of Ukraine

*Formation of revenues of local budgets: the latest trends in the conditions of decentralization*

**Baranovsky O.I.**, Doctor of Economics, Professor, Honoured Economist of Ukraine, Vice-Rector for Scientific Work, State University Banking University, Ukraine

*Modern problems of the development of the banking services market in Ukraine*

**Sidelnikova L.P.**, Doctor of Economics, Associate Professor, Head of the Department of Tax and Budget Policy, Kherson National Technical University

*Institutional principles of formation of state budget resources*

## **18.00 RECEPTION**

**29 September 2017**

**STUDENT SECTIONS<sup>3</sup>**

**10.00 – 13.00**

*aud. 203*

**Moderators:**

**Anatoli Bourmistrov**

PhD, Professor, Nord University, Norway

**Giuseppe Grossi**

PhD, Professor, Kristianstad University, Sweden

**Toomas Haldma**

PhD, Professor, University of Tartu, Estonia

**Peter B. Danilov**, MSc student, Management Control specialization, Nord University

*What potential applications does the Business Index North have for decision-makers in Nordland, Troms and Finnmark?*

**Guro Ringkilen**, MSc student, Management Control specialization, Nord University

*Why do some companies choose not to implement the concept of Beyond Budgeting but stick to traditional budgeting?*

**Tord Løken & Thommy Andresen**, MSc student, Management Control specialization, Nord University

*Management control systems' design: an example of creative organization*

**Jan G. Jenssen**, MSc student, Management Control specialization, Nord University

*IAS 41 - a fish farming budgeting nightmare*

**Krishna Kunwar**, MSc student, Management Control specialization, Nord University

*How domestic and international rules and regulations lead to changes in management control systems in the Banking Sector of Nepal*

**Vincenzo Pardi**, MSc student, Management Control specialization, Nord University

*The contribution of modern performance management systems to SME performance*

**Camilla E. Bergersen & Julie S. Lian**, MSc students, Market, Strategy and Management specialization, Nord University

*Smart tourism destination – A case study of Visit Bodø*

**Faiza Butt**, MSc student, Finance specialization, Nord University

*Microfinance and CSR*

**Andreas Nordvik**, MSc student, Market, Strategy and Management specialization, Nord University

*Norwegian companies in Brazil: the importance of building relationships to access the market*

**Muhammad Asadullah Bilal & Muhammad Kazim**, MSc student, Management Control specialization, Nord University

*What are the issues that the Pakistani banking sector is facing while implementing and tackling risk management?*

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<sup>3</sup> **Time requirements:**

Speeches – 10 min, discussions – 5 min.

## **Opening of the Programme**

by Muhammad Kazim  
Management Control specialization

We arrived at Kyiv on 24 September 2017. On 25th we started our day with a delightful breakfast at the ICE canteen. After breakfast, we went to the Faculty of Economics of Taras Shevchenko National University of Kyiv. At the beginning of the opening day, Professor Igor Lyutyy (Head of the Finance Department) gave the welcome speech and introduced us to the university and to his Finance Department. We were really excited after hearing from him. Later, Professor Anatoli Bourmistrov explained about business practices in Ukraine and about the objectives and goals of the respective tour. After hearing thoughtful talks about the business practices followed in Ukraine, we were further enlightened regarding the economic conditions and business environment of the Ukraine by the Dmytro Holovchuk, Senior Business Analyst at McKinsey & Company, CFA. He also informed us about taxation in the country. Subsequently, we were introduced to the beautiful and amazing country, Ukraine, by the speakers.

### **About Ukraine**

With a population of 44.4 million, Ukraine is the largest country in Europe. The main sources of Ukrainian revenue are oil, gas and agriculture. Ukraine mostly trades with Russia, China and the different countries of Europe. The literacy rate in the country is very high (97.4%). Labour is quite affordable due to the low wage rate. The main sectors with the highest potency in terms of businesses are IT, agriculture, fisheries and oil and gas. We were enlightened by the informative and illuminating talks by the respective speakers.

### **Tour to the University Main Campus**

We visited the main campus of the university, which is situated in the middle of the city. Taras Shevchenko National University of Kyiv is today a classic university with a distinct research profile and the leading contemporary academic and educational hub of Ukraine. With the independent Ukrainian nation arising, the university is facing new challenges and responsibilities. It was founded in 1834 and named after the famous poet, Taras Shevchenko. Today, the university is listed in the top 500 universities of the world. It comprises 14 faculties, in which 26000 students are currently being educated. In comparison to Nord University, it has a rich historical background and infrastructure. Later, we visited the museum, which showed the heritage and history of the university regarding its foundation, culture, traditions, legacy and achievements. We were amazed by the number of talented, educated people produced by this university, which has contributed much to the world of education.

### **Excursion to City Centre**

After the exciting tour of the university's main campus, we visited the different churches and places of interest in the city centre. First, we had visited Saint Volodymyr's Cathedral. It is one of the city's major landmarks and the mother cathedral of the Ukrainian Orthodox Church. Then we visited the Golden Gate in the city centre, which was the main gate to the city, and people of those times had to pay a certain amount to enter the city. Afterwards, we visited the Mykhailivsky Cathedral and Saint Sophia Cathedral, which are situated opposite each other. After roaming around these wonderful places, we reached Maidan Nezalezhnosti (Independence Square). Many events have occurred on and near Maidan Square, due to which this place has great importance and is one of the main attractions for tourists. It was very crowded and surrounded by a lot of small shops, shopping malls and different buildings.

## **Welcome Dinner**

At the end of the first day, we arrived for a welcome dinner at a secret restaurant called Ostannya Barykada. The special thing about this restaurant is that people have to put some effort into finding it, which is not simple because this restaurant is hidden. There, we were welcomed by the restaurant staff, who guided us about the restaurant and provided information about the different sections of the restaurant. The exciting thing is that one can see the whole kitchen and the preparation of all the food, which customers order; they also have all the local Ukrainian drinks. We experienced Ukrainian cuisine there, which was very delicious and different. It was a great day and we learned many informative things about Ukraine.

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

by Andreas Nordvik  
International Business and Marketing specialization

On Wednesday night, we went to the city centre of Kyiv where the Royal Norwegian Embassy is located. At the embassy all students signed in the guestbook and were warmly welcomed with some drinks. Ole Terje Horpestad (2016-) is the current Norwegian Ambassador of Ukraine, including Belarus. Alongside his counsellors, the ambassador gave a speech to the students, in which he described the embassy's purposes in Kyiv. The primary task of the embassy is to represent and maintain Norwegian interests and our nation in Ukraine, and to promote relations between the two countries. The embassy also provides advice, assistance and protection to Norwegians against the Ukrainian authorities, persons and institutions.

Further, the ambassador and two of the counsellors gave us a brief summary of – and a solid background to – the current situation in Ukraine and the tense conflict with Russia in the eastern part of the country. Their words gave us a guide to life in Kyiv and in Ukraine generally. In addition, the embassy works closely with Norwegian companies established in Ukraine, and also with the anti-corruption organization, Reanimation Package of Reforms. Ukraine has been undergoing improvements in recent years regarding corruption.

After the great speeches, we enjoyed a tasty dinner, in which Norwegian salmon was one of the dishes, and the students mingled with the ambassador and the counsellors. Moreover, the Royal Norwegian Embassy in Kyiv, and most of the other Norwegian embassies and consulates, are offering students every semester a unique opportunity to be an intern at one of the many worldwide foreign stations and gain a great insight into Norway's interests abroad.

## Exploring Kyiv on Sunday

by Muhammad Asadulah Bilal  
Management Control specialization

After the close of the Business Practice Programme on Friday, our final two days in Ukraine were free. So, everyone was free to do whatever they wanted and had in their mind for the whole week. Therefore, on Saturday we decided to spend our time with fellow students from Ukraine, which was a good opportunity for us to get to know them better, whereas on Sunday we had no plans so everyone went on with their day. Our day started with a delightful breakfast at a restaurant near the hostel which was recommended by our friend. After that, we went to the city centre, where we had to meet a friend who had been to Bodø in the previous semester. We explored the city areas, mainly walking along the riverside, which was a wonderful experience.

We then went to buy some sweets, and our friend recommended Roshen, which is a very popular company in Ukraine for chocolates and sweets. The special thing about this company is that the President of Ukraine, Petro Poroshenko himself, owns the company. The company was founded in 1874 and has operations in 35 countries around the world. It has a product line of around 350 different products and was ranked 24th in the global top-100 candy companies' ranking. Roshen's product line includes chocolate, jelly sweets, toffee, chocolate bars, caramel, biscuits, sponge rolls, wafers, pastry, and cakes. After buying the sweets, we went to Sky Mall, which is located a little further from the main city. It is a big mall with many shops of different kinds. After buying some gifts for our friends in Ukraine and Norway, we returned home and relaxed.

Then, for dinner we went to a Georgian restaurant in the city centre. It was a nice experience to taste Georgian cuisine. After enjoying our last dinner in Ukraine, we returned to the hostel, as we had to wake early in the morning to catch our flight back to Norway. So, overall, it was a very good experience for us, as we learned a lot from this trip. We mainly learned about the business environment of the country, the political situation (ongoing clashes with Russia at the border), the educational sector, and the versatile and rich culture, which is a mix of Western and Eastern societies.

## **Mezhyhirya Mansion**

by Camilla Emilie Bergersen  
International Business and Marketing specialization

After finishing our conference on Friday, we had the rest of the weekend off to do some sightseeing and experience the city. It was arranged for us to go to the Mezhyhirya mansion – a large estate that originally had ties to the Soviet Union. These days, however, it is mostly known for being the official residence of the former president, Viktor Yanukovich, from 2002 until he fled the country during the Revolution of Dignity (The Ukrainian Revolution of 2014). After Yanukovich left the country, the state gained control of the estate, and it is now used as a museum. Some people call it “a museum of corruption”, as it showcases the excessive wealth that was invested in the residence.

We met up with the Ukrainian students from the NUPSEE programme, who were kind enough to guide us around the premises. After entering through the gates, we walked to the main building, which is one of the largest wooden structures created by Honka. After taking some photographs and walking around the mansion, we strolled down to the promenade near the lake. During our time at Mezhyhirya, we saw a private zoo, a helipad, a yacht pier, an 18-hole golf course, as well as a tennis court and a small church. Reportedly, the estate also includes an underground shooting range, hunting grounds and a bowling alley.

Some students rented scooters and Segways to get around the large estate, to truly make full use of the time we spent in Mezhyhirya. Others visited the car museum, where one could see Yanukovich’s showcased vehicles. Overall, everyone agreed that it was a very successful trip. It was quite interesting to see the contrasts between the massive wealth held by figures in power, opposed to the relatively low wages and living conditions that are common throughout Ukraine.



## Ecosoft

by Guro Ringkilen  
Management Control specialization

Ecosoft is an international manufacturer of filters for water purification, founded in 1991. It maintains 8000 square meters of production and storage facilities in Germany and Ukraine. Over 1000 partners represent Ecosoft in 50 countries around the world.

We visited the company in Ukraine on Friday, 29 September 2017. At their facilities we met the operational director, Yuri Chechalyuk, the director of the product, development and support department, Rostislav Mudrik, and the director of international sales, Georgy Tsatryan. We were taken on a tour to see the storage and production areas, and were guided through the process of how different components of the products are made.

After the tour, we were presented with the firm's history and development, its products, and its general positioning in the market. Ecosoft was founded as a family-owned business, and the family still oversees the everyday activities. The idea behind Ecosoft was developed when six scholars, specializing in water treatment, met in a chemical lab. The company was then founded by Tetyana Mitchenko and Alexander Mitchenko, who today are the general director and CEO, respectively. The company started its operations in the development of highly efficient technologies for purifying natural waters in Ukraine. In 1999 they signed a partnership with Dow Chemical, and in 2010 they were awarded certification according to the international standard (ISO 9001:2008).

Today, Ecosoft provides a full range of products, from pitcher filters to industrial reverse osmosis systems. It makes products for its private label but also for external brands. The products can be divided into the following categories: drinking water filters, domestic and commercial filters, and solutions for industries. The company strives to make new products that meet its customers' needs. One example is the development of its ROburst Pro product. This product was developed in cooperation with a professional barista. By adjusting the minerals in the purified water, they could filter it to become perfect for making coffee or tea.

We were presented with Ecosoft's four competitive advantages (the 4Gs): good company, good products, good price and good people. The 4Gs are crucial factors in Ecosoft's success. By "good company", they mean their financial stability and significant experience in the industry. They have a wide range of high-quality products at competitive prices. Ecosoft supports its partners in sales and maintenance. Furthermore, it provides professional education, marketing and technical assistance.

From our visit, we learned how a company can grow to be one of the leading companies within its own industry, and that this success may consist of many different factors: in this case, especially with the help of people with the right competence but also through the development of products that are useful or even necessary for a major part of the population.

## Obolon

by Jan Gunnar Jensen  
Management Control specialization

Obolon is a Ukrainian brewery, located just outside the Kyiv city centre, that produces and sells alcoholic and non-alcoholic beverages. Czech specialists built the brewery, which went into production in 1980. It sells its merchandise to 33 different countries.

In 1992, Obolon became the first Ukrainian company to become privatized in independent Ukraine. Obolon is the biggest brewery in Europe, when it comes to physical volume, with 96 different tanks, which can contain up to 600,000 litres of beer per tank. The production cycle takes up to four weeks, which means they can produce up to 50,000,000 litres of beer per month.

When we first arrived at the brewery, we were met by our guide and given a quick security briefing. Then we were taken into a changing room, where we received green overalls for use throughout the excursion. In a meeting room we saw an informational film about the company and its history.

After the film, we toured the brewery and got to see the entire production, from cooking the barley to filling the bottles. The production is a very delicate procedure, and the brewing takes place in tanks that are specially made for that purpose. As we toured the brewery, it was made quite clear to us that we were not to disturb the production workers during the excursion.

Obolon has several certificates of international standards, including in quality management, safety management, environmental management and occupational health and safety systems. The level of hygiene was very high, and we could smell the chlorine scent from the cleaning of the brewery.

After the tour around the brewery, we returned to the changing room to collect our belongings and then went to the tasting room. There, we got to taste several products, with or without alcohol. The guide told us about the variations between the different types of beverages, as well as teaching us how to fill glasses, what kind of glasses go with different kinds of beer, how to check whether the beer is of good quality and how the beer should be consumed.

After the tasting, the tour was over, and we went to the souvenir shop to buy either beverages or different types of glass. I asked the tour guide whether they have had any major changes in their way of doing business in the last year, but they have been working in the same way for years, only expanding into Russia on a licence for production in Moscow. This will give them an advantage in selling their goods in Russia.

Another smart move by Obolon is that they have their own malt production. They have a plant that is able to produce 120,000 tons of malt each year. This gives them an advantage, since they produce their own input factors to the production of beer. Obolon sells both alcoholic and non-alcoholic beverages, and their soda, Zhivchik, is one of their products that gives the highest revenues.

Obolon is very considerate when it comes to recycling waste and bottles. They use recycled plastic in their bottles and, already by 2009, 86% of all the waste from the brewery was recycled. Obolon's mission statement is: "We work every day to be the first and make sure nobody on the planet is thirsty".

## Farmak

by Julie Simonette Lian  
International Business and Marketing specialization

Farmak was established in 1925 and has since, for almost a century, been working for the health and welfare of the people. The company invests a great deal of time and resources into their business plan, with the purpose of pursuing an innovative technology strategy. This has paid off for the company, as in 2010 Farmak became a sales leader in the domestic pharmaceutical industry and has kept this leading position for the last seven years. As of 2016, the company holds approximately 6.5% of the market share in Ukraine among all manufacturers and 16.8% among domestic manufacturers of medicinal products. However, Farmak not only operates within Ukraine, it also exports to countries abroad – primarily to the CIS countries and the European Union. The export of Farmak products amounted to approximately 24.6% of products manufactured in Ukraine in 2016, and these were exported to 20 countries around the world.

Farmak's product portfolio consists of a wide range of medicinal products; as of today, the list contains more than 350 products of different therapeutic areas and dosage forms. This list is continuously increasing, as the company aims to develop up to 20 new products each year. This goal, amongst others, is made possible thanks to their profit, as they try to spend approximately 7% of this on further development. Research and development is highly valued at Farmak, and this year they won two grants under the Horizon 2020 Framework Programme for Research and Innovation.

During our visit to Farmak, we were given a tour around the production line of nasal spray and eye drops, by Tetiana Chekhun from the quality control unit. Before the tour, we had to put on some special clothes to prevent dirt from being brought into the production unit from outside. It was a relief to see that they took their precautions seriously. During the excursion, we saw the production unit facilities, as well as the employees' working conditions. It was quite interesting to see how one of the leading pharmaceutical companies in Ukraine handles its production and, again, it was good to see how careful they are throughout the production process – from beginning to end.

The excursion took us through a 'journey' of the production procedures of nasal spray and eye drops, all starting with the process of purifying water. This procedure took place in a very warm and noisy room, where water was brought in through small pipes and then went through several stages to be purified. Due to hygiene restrictions, we were not granted access to any of the other rooms, but Ms Chekhun showed us the different stages of production and we could observe the various processes through windows. We got to see and feel the cleanroom, which is a room with pressure differential to prevent cross-contamination. Further, we were given the opportunity to see the process of bottling nasal spray. Most of this process is done mechanically, but some employees add new bottles to the machine and some ensure that the cap is placed on the bottles and that they are correctly labelled.

Overall, it was interesting to see the whole process and all the resources that are used in the production of different drugs.

Farmak is a company with approximately 2500 employees, including management. According to Nadia Yakubets from the PR department, Farmak treats all its employees as a big family, and the firm tries to build a relationship with all its employees – this is done through mutual responsibility and trust. Ms Yakubets claims that much attention is dedicated to the working environment to ensure that every employee is being seen and heard. To maintain the good work atmosphere, Farmak has initiated two ‘traditions’: every day all the employees meet up at 8.00 and sing the company song together, and on Fridays all the workers get to wear their traditional clothing to work.

The company not only cares about its employees but also about its employees’ families. Ms Yakubets informed us that, at New Year, all the employees’ children receive a gift from Farmak and, during the summer, camps are arranged for the children. Farmak also organizes yearly family Olympics, and Ms Yakubets elaborated this by explaining that Farmak wishes to take part in the maintenance of a healthy lifestyle for its employees and their families. In other words, the company’s focus is on compassion and unity – something reflected in the company’s slogan – “Farmak; Caring for your health and you!”

Moreover, Farmak is actively involved in solving social challenges in Ukraine, and their latest big social project was dedicated to the 90th anniversary of Farmak. To celebrate Farmak, a project named “Foster grandchildren” was launched, with the aim of supporting lonely senior citizens. This project was implemented in partnership with and supported by the Podilsky district organization of the Ukrainian Red Cross Society in Kyiv. For the occasion, a charitable book, *To Live. Understanding Kyiv*, which is a book of memories about the city of Kyiv, co-authored by 22 of the city’s eldest residents, was launched.

However, this is not the only social project that Farmak has been involved with. As a socially responsible company, Farmak and its employees do their fair share to be socially responsible. Amongst other things, they arrange annual blood donations; this year the company managed to recruit over 300 volunteers and around 150 litres of blood were donated. Ms Yakubets also informed us that Farmak is part of a “Green office project”, which involves recycling paper, batteries and clothing. For clothing that is used in the laboratories – zippers are removed and recycled separately. The company also provides environmental education for its personnel and is a partner of the campaign: “Let’s make Ukraine clean together”. Overall, Farmak appears to be a company that operates totally according to its mission and vision.

## Reanimation Package of Reforms

by Krishna Kunwar  
Management Control specialization

The Reanimation Package of Reforms (RPR) claims that it is the largest coalition of leading Ukrainian non-governmental organizations, which came together to pool their efforts to facilitate and implement the reforms in Ukraine. It works as a coordination centre for around 82 NGOs and 22 expert groups, whose main focus is to develop, promote and control the implementation of reforms that are taking place in Ukraine. Its main priorities for 2016–17 relate to reforms in the judiciary, anticorruption, decentralization, economic, public administration, law enforcement agencies and election law, divided into 22 groups.

In our Business Practice trip to Ukraine, we had the opportunity to visit RPR's office and meet its representative. In his formal presentation, the representative talked about the background of the organization, its function and its current affairs. According to him, the RPR was established after the 2014 Ukrainian revolution to remove the corrupt government, led by former President Viktor Yanukovich. In this protest, a great number of people sacrificed their lives under the brutality of government forces. Finally, the power of the people managed to remove the corrupt government. With the removal of the old government came the challenge for the new government with new reform activities in different governmental bodies and sectors.

The RPR started its initiation during the revolution of 2014 and, after the revolution, when the new government and parliament were starting to work again, the RPR printed its agenda or the agendas of civil society formulated by its team of experts, after consultation with people and social stakeholders. The agendas contain a number of draft laws and the reasons for implementing those laws. They put those agendas in each of committee of parliament, along with street demonstrations, as the pressure to adopt the right agendas was advanced by the people.

By summer 2014, almost 30% of the Ukrainian population knew about the initiative taken by the RPR in the reform process. They have road maps in different sectors for the reforms, which comprise 80% of the new reforms suggested in parliament.

Now the RPR works as the stakeholder for the reforms, providing suggestions and putting pressure on the government regarding reforms. It claims to have played an important role in the reform process of Ukraine to date, despite some failures, and is hopeful to continue with new reform instruments.

The RPR believes that it has gained a good reputation among international organizations, such as the IMF, which trust it and even ask for its insights to gain a true picture of the situation before talking with the government, on some specific matters.

The challenges that RPR currently faces concern reforms of public civil services, as there are large number of civil servants, who are still influenced by the Soviets or the old vertical structure of authority, and a newer generation, which is trapped in those vertical authority structures.

The RPR representative further clarified that the RPR has three criteria to ensure whether specific reforms happen or not. These are:

1. **Capacity of RPR** itself in terms of availability of experts, funds and people to provide analytics and resources
2. **Partners in power or government** such as cabinet ministers who push for the laws

### 3. **Political situation** of the country

According to the RPR representative, the most successful reforms that have been implemented by the government, under the initiation of the RPR and other major stakeholders, are in the health sector, with the introduction of new criteria for the sanctioning of funds to hospitals. The new criteria are based on the medical service provided to the number of patients rather than just the number of visitors. They now provide money to those health institutions that actually serve patients with proper registration and tracked records. The government also started to implement three levels of health facilities: namely, primary, secondary and specialized health services.

Similarly, the RPR is fighting for reforms in the Judiciary System regarding the appointment of judges to the Supreme Court. It demanded that, in addition to excellent knowledge, the candidate must pass a proposed psychological and integrity test, which must be conducted by the public integrity council. However, its suggestions have not been taken into consideration as per their expectation. The RPR also openly accepts that it faces challenges in connection with law enforcement agencies such as patrol police, etc. It is also fighting corruption by strongly supporting the establishment of an anti-corruption court to investigate and persecute high-level corruption.

Some incidents highlight the RPR's failure to provide adequate solutions for the reforms of the public administration service, especially law enforcement agencies. However, it is hopeful of working with them in its reforms and continues its efforts to consider their suggestions in the near future.

The RPR representative provided various information regarding the reforms in different sectors, which we found very informative and interesting. I believe, with this information and its future plan and road maps, the governmental system will eventually move towards the path of progress, which will help the overall social and economic progress, as well as other aspects, of Ukraine.

From visiting the RPR, we learned many things about the Ukrainian political system, its current situation and future plans. Similarly, we learned how stakeholders come together for the attainment of common goals and the welfare of the people, and how the political system, public administration, etc. are transforming towards a fair and effective system. We learned that, with the power of the people and willingness to do well, one can achieve difficult goals, and, with the collective effort, we can transform the family, society and the whole country for the betterment of all.

## Visit to the Itera Office in Kyiv

by Peter Bakkemo Danilov  
Management Control specialization

Itera is a Norwegian company, founded in 1995, and listed on the Oslo Stock Exchange. With offices in Oslo, Stockholm, Copenhagen, Bratislava and Kyiv, Itera is an IT company that delivers solutions in business intelligence and big data, consulting and strategy, hosting and operations and application management, among other services. Firstly, Igor Mendzhevski gave us an introduction to Itera's business model and its hybrid delivery model, then Liliya Pogorila, the HR director, told us about its internal courses and its efforts to maintain and attract competence; finally, Anastasiya Pozynich, the marketing manager, told us about the IT market in Ukraine. For me, it was interesting to learn about a Norwegian IT company doing business in Ukraine, and the hybrid delivery concept was new to me.

In 2008 Itera opened its first nearshore office in Kyiv. The Norwegian and Ukrainian business cultures are quite dissimilar, with one of the biggest differences being the degree of power distance: it is 31 in Norway and 92 in Ukraine. Of international ventures, 70% fail due to cultural differences, and Itera is well aware of this. The company is constantly working to improve its cultural intelligence, which can be defined as: "the capability to relate and work effectively across cultures". This means that Itera has to adapt its management control system to the cultural differences; it does this by applying a hybrid delivery model. Different nationalities are combined in its team and focus on effective cross-border collaboration, agility and transparency. It is also careful about collaboration security and focuses on retention and knowledge management. Itera uses a holistic performance evaluation approach. Each department evaluates each other in order to get the different departments to communicate and work together. Each employee is evaluated twice a year, when the employee's achievements, gaps, objectives and career goals are assessed. Itera wants to create incentives for the employees to remain in the company in order to keep and attract the highest and best competence. It does this by providing internal courses in management, international business and technical skills, which Itera has named "The 3D career approach" (42.37% of their personnel is senior).

Itera is trying to reduce the horizontal differences between the employees of different nationalities by creating a united company culture with the vision statement: "One Itera".

Ukraine has a highly educated population with low wages, so, for an exporting IT firm like Itera, Ukraine is a good fit; there are, however, several obstacles and problems in Ukraine. Ukraine does not come out well on the Transparency International Corruption Index, ranking at 131st in 2016, the same rank as Russia and Kazakhstan and below countries like Malawi and Pakistan. The good news is that Ukraine has been scoring more highly on the index each year since 2013. There can be huge risks for companies – and maybe especially Western companies – operating in countries with this high level of corruption, and Itera is careful. Itera has zero tolerance for corruption and therefore does not provide services to the public or the private sector in Ukraine, only exporting services to countries where Western business standards are the norm. Itera's goals for 2020 are 60% nearshore activity and 30% annual revenue growth. The Ukrainian IT market grew by 12% during 2016 and, as long as the political situation remains stable, the future looks bright for Itera in Ukraine.

## Egersund Seafood

by Thommy Andresen  
Management Control specialization

Egersund Seafood's second outlet in Kyiv, following its establishment in 2009, is located in the fashionable shopping centre, TSUM, in the centre of Kyiv (Egersund Seafood n.d.).

The Norwegian establishment of Egersund Ukraine was an obviously tough task, and they faced major challenges with corruption. Shipments of fish were stopped at the border and fees were required to release the products. For many companies, this would be normal for trading in a country like Ukraine and many would just pay the fee and regard it as an additional cost. This can have major economic consequences for the establishment but, in the long term, this will also go beyond the interests of the country. Egersund has a view on corruption: taking a stand against it for their own commercial basis and for future trade in Ukraine (Vakulenko 2017). The establishment therefore received assistance from The Trade Council and the Norwegian embassy.

Egersund Ukraine is a fish import company, which sells Pelagia products on the Ukrainian market. Pelagia AS is a leading producer of pelagic fish products for human consumption and an important supplier of essential ingredients in all kinds of fish- and animal feed: protein concentrate, fish meal, and fish oil. The company is owned by Austevoll Seafood and Kvefi AS (Pelagia n.d.). Products exported to Ukraine are sold exclusively in their own outlets.

“Opening a business in Ukraine is close to impossible for foreigners alone,” says marketing director of Egersund Seafood Ukraine, Konstantin Medvedev, who presented the Egersund Seafood brand shop in Ukraine to us. “As an investor and a foreign company, you rely on working with local resources that have the network, the language, and that know their way around the system. Such an investment will be associated with some fears, but it is important to see this as a positive as you turn this fear to your advantage,” he continues.

The new store in TSUM was opened in 2017 and is aimed at the most economically strong customers. “This is not an easy task,” says Medvedev. “Ukraine is experiencing tougher times than a few years ago. Average monthly wages in Ukraine are between 6000 and 9000 hryvnia [2000 – 3000 NOK], and after a typical rent of just under half, they are left with little to indulge in luxury” (Mongstad 2017). Norwegian salmon is priced far above what is usual on a Ukrainian dinner table. In this market, US imported herring (sild) or hake (Lysing) is sold at one tenth of the price.

The quality Egersund Seafood wants to deliver in this segment requires fresh raw materials, which in turn requires quality in every aspect from production to the delivery in Kyiv. Because of this, the products are delivered twice a week by plane, and without intermediaries, so that shipments do not have to be salted or frozen.

Salting the fish will deteriorate the quality, but smoked fish is used for the sake of taste in some products; in the salad bar we visited, fish is cooked in a cold clove to get the right taste. But it is especially important, with the fresh and raw materials in sushi, to be careful about the quality of such sensitive products. Fish is a product that is very vulnerable to deterioration, so goods will never be lying over the weekend to be sold on Monday.

“When you go in to a high-end market, there is little room for making mistakes. A brand like Egersund Seafood and in such a segment, is dependent on how the customer perceives us in our presentation. We must provide high quality impressions in everything we do, and the product as



a whole is comparable to Apple's products, where a quality compromise can ruin brand build-up for years. Would anyone have paid a premium price for a Chinese-made Mac, even with the same technical features?" Mededev asks rhetorically.

Therefore, they always remain steady and are humble about any errors that should occur. "Fortunately, this has not happened until now," he says. The market experienced a fall in 2014, when wages and the currency fell. This was of course unfortunate for a newly established company, but Egersund did not experience as dramatic effects as most others. -Who will change their preference? Price is not a big issue in such a segment.

All marketing, except for local signage, takes place through recommendations in social media. In order to do this, everybody must support each other. These are the metrics of success and the basis for producing top quality.

This kind of quality imposes demands on employees, who, with appropriate backgrounds, receive thorough training in their employment; employees receive continuous further education. On the conclusion of this presentation, we received lunch from Egersund Seafood, on this occasion the most quality-sensitive product they serve: sushi. We also noted that the staff's English skills were not that good, suggesting their clients are mostly regional. Hopefully this will improve in the future and attain the quality of their sushi!

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## Ukrainian Chamber of Commerce and Industry

by Tord Skotmyr Løken  
Management Control specialization

The Ukrainian Chamber of Commerce and Industry (UCCI) is a non-governmental, non-profit, self-governing organization. Established in 1995 after the independence of Ukraine, the UCCI established many departments all over Ukraine. It has the goal of making a better environment for doing business in Ukraine, with a focus on entrepreneurial and small enterprises (85% small/medium and 15% large companies). The UCCI provides a register of reliable partners, market analysis, guides and consultations, and practical help in carrying out trade and economic operations in inner and outer markets and much more.

The UCCI tries to improve cooperation between other countries and Ukraine, specially countries in the EU. Their job is important for the future growth of the economy and the development of the country. Ukraine has great potential for economic growth: it is strategically located, with a well-educated labour force, large domestic market and access to a variety of resources, but it faces several problems, specially corruption and high national debt, that make it risky for investors to invest in the country.

Three representatives from important departments talked about their different factions and roles within the company. The first representative was the director of the Department for International Cooperation of the Ukrainian Chamber of Commerce, Gennady Boldir. He has worked for the UCCI since 1998 and had the job as a vice president of one of the regional chambers. He talked about the relationship between the Norwegian and the Ukrainian chambers and about the history of the UCCI. In 2015 the Norwegian-Ukrainian Chamber of Commerce organized a business conference in Kyiv that focused on agriculture.

He mentioned that the UCCI has three main goals/functions: representation, providing services for entrepreneurs and performing tasks for the government. His department is the foundation of international relations/cooperation; it has a relationship with Europe and Norway and he had recently been on a business trip to Norway.

The next representative, Alexander Kaipetskiy, talked about the investment climate and opportunities in Ukraine. He works on investment promotion activities, and his main goal is to attract foreign investors and to provide them with projects, opportunities and consulting in different sectors. The focus is on small and medium enterprises to help them obtain funding. The UCCI has many different projects, seminars, training courses for employees and programmes to help SMEs. It had a sizeable relationship with Russia, but the conflict has made it switch its focus on to countries in the European Union.

The final representative was from a department that works on solving problems clients face. The UCCI is currently working on many different projects all over the world and it has representatives in many of the large countries around the globe. The most important task is to legitimize Ukrainian companies, by helping them with corporate culture, the implementation of social initiatives and to obtain funding. It was also interesting that each of the speakers thought that his respective department was the most important one.

Cyber-attacks are an increasing concern for many organizations, and it is easy to not take it seriously enough. The UCCI has recently established an anti-crisis centre with specialists that can help businesses that have been attacked and prevent possible future attacks. We ended the visit with a tour of the premises/venue where conferences are held; it was of high quality, with space for many people.

## Conference in KNU (presentation of POPP)

by Vincenzo Pardi  
Management Control specialization

On Friday, 29 September 2017, we students of Nord University arrived at the Faculty of Economics at Taras Shevchenko University at 10.00 in the morning to present the proposal for our master theses (Popp), which formally concluded the project: Business Practice in Ukraine 2017, Private and public realms of the Ukrainian economy.

After having been accredited at the desk in the main entrance and received a badge, we took a seat in hall 203 on the first floor of the building. We were seated in a scattered order around a large oval table, creating a pleasant environment of professors, bachelor students, master students and PhD students. In fact, in the classroom beyond us, the students from Nord University, was another group of students representing the Finance Department, who also presented their own theses.

After an introductory speech, made by Professor Bourmistrov, assisted by the PhD candidate Veronika Vakulenko, under the coordination of the professors and supervisors, we began to discuss our ideas on our future theses.

The students were from different backgrounds and, hence, presented their theses in different fields like Management and Control, International Marketing and Finance.

We proceeded, alternating our exhibitions with those of our colleagues from Taras Shevchenko University. At the end of each presentation, the professors and supervisors gave their impressions on the topic, asking several academic questions and starting a dialogue with the student, following which they often came out with corrections and possible new insights into the specific topic, in order to improve the candidate's idea.

The discussion continued with a great deal of conversation until 11.30, when there was a break. We, Nord University students, followed the Ukrainian students into the cafeteria, where we spent time commenting on the presentations and discussing our impressions of the conference in front of a cup of coffee. We also deepened our relationship with the Ukrainian students, talking about cultural diversities and common interests and, in the end, we planned to go for a pizza and a drink together at the end of the conference.

At 12.00, we returned to work and continued with the presentations. At 13.00, all 13 students from Nord University and four Taras University students had completed the presentations. It was a very useful discussion that shed light on our research and challenged us, in order to improve our public-speaking skills.

Then, there was a closing ceremony for the Business Practice Programme in Ukraine, in which Professor Igor Lyutyy, the head of the Finance Department, gave a closing speech, thanking all the participants, and a certificate was awarded to each student. A photographer was also instructed to immortalize this moment and, in general, the most salient moments of the event.

At the end of this ceremony, we left the building to take souvenir photos in front of the university with all the participants.

We concluded this pleasant experience by making an appointment for an informal dinner, that same night, at a great restaurant in Kyiv city centre.