Turība
Biznesa augstskola

Journal of Turiba University

Acta Prosperitatis

10

ISSN 1691-6077

Journal of Turiba University

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No. 10

ISSN 1691-6077

Turība
University

Riga 2019

Journal of Turiba University
Acta Prosperitatis No. 10

Publisher Turiba University, Ltd.

Head of Publishing House **Daiga Rugāja**

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CONTENT

PREFACE

The Scientific Journal of Turiba University Acta Prosperitatis is a place to read thoroughly researched, quantitatively expressed, and qualitatively rated research articles. It is about the application of scientific study for creating innovative models for reliable prediction and control of the world where we live in, the application of those models to communities and organizations. We want to know the truth about the best way to live and feel better. We all hope that Acta Prosperitatis will delight you, provide new insights, lead you on to new things, and discover new possibilities. Every article which you find in this volume has been thoroughly researched and includes real perspectives. We truly believe that there are articles on what we think you will want to read. In addition, you may have singlehandedly or together with colleagues conducted some fascinating, great research, which can make the world around us better and our journal may be the right place to publish and deliver your research, proposals, and innovative ideas to your peers and the society.

Ēvele Viola and Anda Komarovska, in their article ”Effective Professional Language Learning’’ put forward the idea of developing and designing easy to use and contemporary study material that offers the possibility to acquire and practice various language skills, based on the existing language level. In their research, they evaluate the online “Language for Special Purposes” course using a face-to-face questionnaire, data processing and analysis.

Māris Jurušs, Linda Roze, and Madara Lūka, in their article “Impact of Value Added Tax on Restaurant Services” evaluate the value added tax incidence, specifically the impact of value added tax on restaurants, as an example of a labor-intensive industry. Their research results show that, in order to minimize the negative impact of value added tax incidence, a reduced value added tax rate may be applied to the final services provided by restaurants.

The level of financial literacy of Lithuanian high school students has been investigated by Legenzova Renata, Asta Gaigalienė, and Gintarė Leckė in “Impact of Parental Financial Socialization Factors on Financial Literacy of Lithuanian High School Students”. The results revealed that the level of financial literacy of the surveyed high school students is not more than average.

The basic insight into the current situation in tourism and hospitality education in China and Latvia based on the research findings involving two tertiary education institutions in Latvia and China in 2018–2019 is uncovered in the article “Chinese and Latvian Tertiary Tourism and Hospitality Education Graduates’ Professional Competence” by Luka Ineta, Agita Donina, Li Ping, George Ubbelohde, Wang Lingli. Such similarities in both countries as a field knowledge and professional competences have been discovered.

Ruskulovs Dairis, Lūka Madara, and Šulca Romēna, in their article "Assessment of JSC Air Baltic Corporation Competitiveness in the Baltic States" analyse the level of competitiveness of Air Baltic in the Baltic States. The results show that expanding to Estonia and Lithuania has stabilized the financial state of Air Baltic, allowing the authors to conclude that Air Baltic is competitive in the Baltic States' airline market, because it offers various routes, services and connecting flights for a moderate price, which allows passengers to get almost anywhere in the world.

The research article by Tamutienė Lina and Matkevičienė Renata, "Quality in Sector of Higher Education: Comparison of Communication of Criteria for Quality Assurance in Webpages of State Universities in Lithuania and Latvia" assesses the links between quality issues with the expression of dynamics and changes in higher education institutions. Theoretical and empirical research presented in the article demonstrates that the statements on quality that are formulated in strategic documents of the state universities correlate with the understanding of quality presented in documents regulating activities of higher education institutions.

The article "The Role of Social Media During and in the Aftermath of a Terrorist Attack" by Vaivode Laila and Ammar Saer analyses government tactics and strategies applied in dealing with social media in order to manage emergencies and minimize consequences triggered by terrorist attacks. Researchers offer guidance to authorities and public agencies in order for them to manage consequences and impacts of terrorist attacks by utilizing social media for the sake of public interest and security.

Vinklere Daina and Rancāne Daira Rasa, in their article "Foreign Students as a Contributing Factor for Tourism in Latvia" assess the international students as a contributing factor for tourism in Latvia. The authors reveal that international students contribute to tourism by taking part themselves, by attracting other visitors and by promoting a destination.

Co-editor-in-Chief,
Ivars Namatēvs

EFFECTIVE PROFESSIONAL LANGUAGE LEARNING

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Abstract

In the contemporary world under the conditions of a severe competition the development of tourism is rapidly growing and creates new challenges: one of these is to acquire not only new foreign language skills, but also intercultural skills that play a particularly important role in the everyday life of those providing efficient customer service. Therefore, an idea was created to develop and design easy to use and contemporary study material that offers a possibility to acquire and practice various language skills, based on the existing language level.

The goal of the study is to find out how students evaluate the created online Language for Special Purposes course.

The present study is conducted in the framework of Erasmus+ project "Language Skills and Intercultural Issues in the Hospitality Industry: Unity in Diversity in the EU Labour Market"; it deals with situations in the hotel and catering industry.

The theoretical framework comprises the theories of language teaching/learning for adults and for online learning.

The research methods: analysis of theoretical literature and resources, face-to-face questionnaire, data processing and analysis.

An online platform is a valuable learning tool not only for tourism and hospitality students or for those employed in tourist information centres, but for anyone interested in traveling across the borders of their country. The suggestions elaborated will help learners to enhance international collaboration more efficiently.

Keywords: *Language for Special Purposes* (LSP), lifelong learning, knowledge, skills, teaching methods, online platform

Introduction

According to recent statistics, there is a rapid growth of the tourism industry in the world. Here are some of the recent trends: Highest growth in international tourist arrivals since 2010; recovery of destinations suffering from security challenges in recent years; economic upswing resulting in strong outbound demand from major source markets. Over the last seven years, total tourist international arrivals have grown by 7%; total international tourism receipts by 5 %. As for regional results, arrivals in Europe, the world's most visited region, have grown by 8 % Travel demand increased from virtually all Europe's source markets, both inside and outside the region, fuelling inbound growth across Europe. (UNWTO, 2018)

The growing trends in the industry of tourism motivate young learners to choose tourism and hospitality as their future career.

The largest Faculty at Turiba University is the Faculty of International Tourism, and students acquire two compulsory languages – English and a second language – German, French, Spanish or Russian. The can be explained with the tourism development in the country and internationally.

Since, language skills play a crucial role in students' future employability, the University provides students the opportunity of acquiring *Language for Special Purposes* (LSP). It has to be added that, students at Turiba University are motivated to learn English for professional and academic purposes, and teachers are responsible for giving the students help with gaining knowledge and skills which are necessary to achieve their aims.

Most students at Turiba University (TU) have specific requirements concerning their professional language. Students want to communicate in English with certain target groups about professional topics, to publish articles in scholarly journals and participate in international scientific conferences.

Creating the course of *English for Special Purposes* (ESP) is a never-ending process. Teachers are expected to cooperate with students and professors of their specialty courses to create the syllabus and get better teaching tips to fulfil the students' needs.

Students will learn professional language better if they work with materials which they find interesting and relevant for their professional work. The traditional roles of teachers and students must be changed. Teachers have to encourage students to take responsibility for their own learning. They have to support students in the process of gaining knowledge and skills which are necessary to achieve their aims. Teachers have to provide students with everything they need and inform them about career growth and future prospects in a particular field. What is more, in our society education is considered as a continuous process. Great emphasis is put on lifelong learning – to improve knowledge and skills needed for employment and personal fulfilment, therefore the language learning course has to comply to these requirements as well.

Considering all the above-said, an online learning course "Language Skills and Intercultural Issues in the Hospitality Industry: Unity in Diversity in the EU Labour Market" that deals with different situations in the hotel and catering industry, offices and conferences, etc. was created by language teachers of Turiba University in cooperation with their international partners.

The created learning course is a good additional source for students' autonomous learning. The amount of contact hours for language courses is limited, therefore such online courses are helpful in enhancing students' language skills.

Consequently, this research focuses on the importance of effective online language learning practice gained in an LSP course, based on the above-mentioned project.

1. Theoretical framework

The theoretical framework comprises theories of language teaching/learning for adults and for online learning.

There are two main objectives for teaching/learning foreign languages: personal growth and professional growth. "Languages mean Business", one of the main reasons why thousands of European companies lose out on concluding deals and contracts is their lack of linguistic and intercultural competences (Education and Training, n.d.)

There are three main factors that need to be addressed when designing LSP course materials: criteria for implementing or modifying materials, the subjective criteria on what teachers and students want from the material, and the objective criteria which is what the material really offers (Hutchinson & Waters, 2009). Learners, especially in courses that are oriented for adults who already work in that field, are experts in the field. In this case the teacher is not only obliged to develop a learner-centred curriculum and to find the best methods, but also to piece together curriculum materials needed to reach the learners' objectives. There are some factors that shape the kind of materials used in LSP: 1) topic or speciality, 2) learners' situation, 3) general and specific proficiency in language of study at entry and exit levels, 4) the students' previous educational and cultural experience, 5) types of skills to be developed (reading, writing, speaking or listening), 6) expected outcomes of learning goals. (Tomlinson, 2008).

As it is evident from the theory described, teachers may use different kinds of teaching methods – authentic texts, parts of general English texts related to the field of their profession, listening tasks as well as videos.

The teaching process can benefit from a teacher who treats learners as adults and is a good person – intelligent, creative, sincere, energetic, and warm towards others (Wheeler, 2000).

Students and teachers must have a clear picture of the aim and tasks at the beginning of the course.

Language teachers do not teach only a language but also the subject to a certain extent.

Robert-Alain de Beaugrande believes that teachers have to pay more attention to specific purposes and less to the language. The content of the course should be related to the field of interest (De Beaugrande, 2000). Students want to learn the material which will be useful to their profession (Pratt, 2002).

In order to learn the language, various researchers suggest teaching the course as close to the workplace as possible. They (MacDonald, et al., 2000) think that the best place for learning is the actual workplace rather than a classroom.

Moreover, students should be prepared for the realities (Mavor & Tayner, 2001).

Considering the above-said, several practical approaches to acquiring a foreign language have been developed and used in the target course, among them – case study, problem solving approach, Web Quest, online learning and interactive maps.

Case study is an effective way of learning. The founder of the case study was Christopher Langdell (1826–1906). Case study is a strategy (methodology) for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence (Lūka, 2018).

There are four common case study approaches (Ridder, 2017; Welch, et al., 2011):

1) social construction of reality – represented by Robert E. Stake (Stake, 1995);
2) no theory first – type of case study design, represented by Kathleen M. Eisenhardt (Eisenharrdt, 1991);
3) gaps and holes – following Robert K. Yin's guidelines and making positivist assumptions (Ridder, 2017);
4) anomalies (something that derives from what is standard, normal or expected) – represented by Michael Burawoy (Burawoy, 2009).

In the target course the emphasis is on social construction or reality because it is much easier to learn using real-life examples. Case study can be done individually or in a small group. Students can also share their ideas with other members of the group.

The case may be accompanied by some recommended reading, and it may require some preparatory reading as well (Lūka, 2018). Therefore a case study gives an opportunity not only to practice a foreign language, but also to develop professional skills and problem solving skills.

Online learning opens new possibilities for learning that suits the 21st century and working professionals. It has become the main form of distance education and is based on the Internet. Students can choose any course or program. It is very convenient because they can create their own learning schedule. They do not need to attend lectures.

Online learning opens great opportunities for everyone who wants to learn something. (Rudestam & Shoenholtz-Read, 2009), therefore the target course may be suitable to anyone wishing to develop their language competence.

Problem-solving skills are necessary in all areas of life, and classroom problem solving activities can help students to solve problems in real life. According to Stella Corttell to solve the problems it is required to:

1) define the task clearly;
2) set priorities;
3) develop the strategy;
4) use experience from similar problems;
5) set targets;
6) develop an action plan;
7) be motivated;
8) check regularly whether you are meeting your targets;
9) evaluate the performance. (Corttell, 2005)

Problems can be easy or difficult, simple or complex but the most important thing is to find ways to solve them. The problem-solving tasks included in the target course are associated with intercultural problems, thus they contribute also to the development of learners' intercultural competence.

Another type of tasks – web Quests, used in the target course, may be considered a combination of a case study and project work. In fact, web quest is an inquiry-oriented online tool for learning. It is a classroom-based lesson in which most of the information comes from the World Wide Web. Bernie Dodge, a professor of Educational Technology at San Diego State University and the author of the Web Quest model, claims that web quests:

1) are built around resources which are selected by the teacher. Students spend time using information, not looking for it;
2) can be as short as a single class period or as long as a month-long unit;

3) usually involve group work, with division of labour among students who take on specific roles. (Dodge, 2001)

The introduction stage introduces key vocabulary and gives background information on the topic. *The task section* explains what the learners have to do (for example, to organize a business trip to an English speaking country). *The process stage* guides the leaners through a set of activities (grammatical, lexical …). *The evaluation stage* involves teacher and self-evaluation.

Web Quests are very motivating and develop research, analytical and word processing skills.

Additionally, interactivity is important in online teaching/learning. The target course includes also specially created interactive maps that may be used to broaden students' general knowledge as they contain lots of links with useful field-related information, as well as to develop certain lexis and strengthen students' speaking skills. As argued by Novak and Canas (2006) interactive maps are widely used in distance learning and are helpful to learners and informative to teachers. The design and implementation of software, interactive instructions, graphical visualisations of knowledge about a topic, in which the concepts of a subject are related to each other result in a better learning process. Colours and message boxes instruct the user and help teachers receive a report about students' mistakes in order to understand which part of the course should be developed (Novak & Canas, 2006). Moreover, students can also create their own story about a special place and share it in a creative way, consequently fostering their creativity that is very significant to operate in the contemporary and future labour market.

To sum up, all these methods help students to improve their professional language skills and gain more understanding in their chosen field.

2. Methodology

The context of the research

An interactive language learning course "Unity in Diversity" was developed that offers an online learning platform esolams.eu/unity/ as well as the online tasks of the program: case study tasks, problem solving tasks, web quests and an intercultural course; introducing smartphone apps, interactive cards, and explaining how all this can be used in practice in order to develop the learner's language, intercultural and digital competences.

Nine partners were involved in this project: two vocational schools – Turisticka i ugostiteljska school from Dubrovnik, Croatia (project manager); *IPSSA Nino*

Bergese of Genoa, Italy, two professional higher educational institutions – *Ekonomska sola Murska Sobota,*, VSS from Slovenia, and *Vyšší odborná škola, Střední průmyslová škola a Obchodní akademie, Čásla*v from the Czech Republic; three higher educational institutions – Turiba University, Latvia, *Universitatea Sapientia din Cluj Napoca*, Romania and Vilnius Business College, Lithuania; Provincial Education Directorate from Turkey *Kutahya MEM*; finally *Primrose Publishing*, an enterprise from the UK. The project period: 2016–2018.

Project outputs

The project has been created to acquire the course in 16 languages of European countries – English, Croatian, French, German, Greek, Hungarian, Italian, Latvian, Romanian, Slovenian, Turkish, Lithuanian, Swedish, Czech and Spanish, plus Russian, which is undeniably important in the international tourism industry.

Depending on the individual level of language skills, several modules are offered, such as: hotel (reception and business centre), restaurant, restaurant kitchen, office, as well as city orientation – languages for lower level A2/B1 users; while top-level B2/C1 language level students are offered the following modules: catering service, intercultural communication, financial management, conference and business tourism, etc.

Purpose of the research

To research how students evaluate modern, 21st century online language learning environment that is as close to the actual workplace as possible, to focus on case studies and face-to-face tasks.

Research question

Taking into account the above-mentioned information, the authors proposed a research question: how an online learning platform, developed by language experts, can fulfil the learners' needs, and how the platform is evaluated by language learners.

Research methods

The quantitative approach has been selected to obtain a general view from a wider audience:

1) Analysis of theoretical literature and sources, where the necessity to offer new approaches to modern 21st century language learning possibilities, particularly distance education, has been offered;

2) A face-to face questionnaire. The questionnaire contained information about the course participants (the languages that they speak and their level; the field of their studies; which age group they represent, etc.); how useful they found the offered learning platform in general; which modules the learners completed (Hotel reception; Restaurant; Hotel business centre, etc.); which skills were developed; which tasks they found most useful (focusing on case studies and face-to-face tasks), etc. In addition- the learners were asked to give their own commentary;
3) Methods of data processing and analysis (descriptive statistics).

Stages of the research

1st stage: the exploration of the research context, analysing literature and other theoretical sources.

2nd stage: Course piloting was done by students. The project was practically used in English language classes, after which the students were offered questionnaires to be filled in.

- Summarizing the data;
- Evaluating the results;
- Making conclusions and offering suggestions.

Duration of the research: autumn 2017.

Area of operation- English language classrooms and computer labs.

Sample of the research

The sample of the research comprised 97 respondents who participated in the project and filled in the questionnaires.

1) Age of the respondents- most of them – 56% represented the age group from 20 to 25 years, followed by another bigger age group with 40% users. The others were older than 25.
2) Area of studies – as the online tasks are firstly aimed at those engaged in the industry of tourism, the absolute majority of the learners were studying Tourism management – 79% and Events management – 17%.
3) In terms of the language level: all language levels were represented by the respondents (see Figure 1).

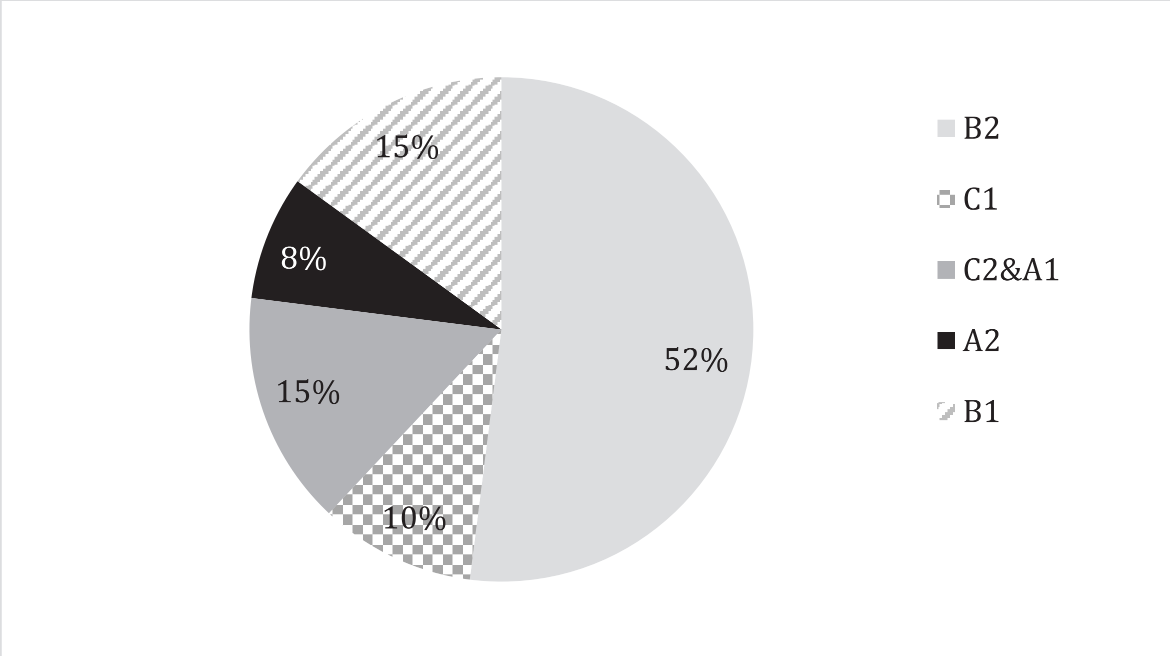

Figure 1. **The percentage of the respondents of different language levels**

The biggest part of the students who participated in the questionnaire, represented the B2 level – 52%; followed by 10% of C1 level users, 15% of B1 level users, 8% of A2 level users and only an insignificant number of C2 and A1 level users.

3. Findings and discussion

Evaluation of the Learning Platform

The learners' evaluation regarding the Learning Platform in general is as follows.

The absolute majority of the students or 94% found the Platform useful, visually appealing, interesting, interactive and creative, etc. There were very few respondents who gave a negative evaluation of the Platform, which is 5%.

Most students were ready to suggest the platform to other learners.

The high rating of the Platform in the students' survey shows that a suitable and modern method of language learning has been successfully developed: students appreciate being offered real-life situations, the chance to choose one's individual work rhythm and speed, as well as the opportunity to work independently and test themselves.

Evaluation of O1–A2/B1 English language course

97 students performed tasks on O1–A2/B1 modules (Hotel reception; Restaurant; Hotel business centre; Restaurant kitchen; City (getting oriented); and Management offices) as well as on O2–B2/C1 modules (Hotel front office; Catering service;

Conference and Business services; Off-site services; Financial management; Hotel management; Intercultural module and Country module), and were asked to fill in a questionnaires regarding their own evaluation of the tasks.

Most students or 72 (out of 97) who worked with A2/B1 modules found the tasks useful, easy to understand, interesting, creative and interactive, which makes 95 % out of the total; the tasks, in the opinion of these students, are reported to have developed their listening, reading skills and grammar habits, and have given additional vocabulary on the topic, for example: "I really liked the tasks, because they helped me to find the right answer to repeat all my knowledge. I also learnt new vocabulary and enriched my skills.", and "I really liked the module. It is a different way of learning while testing your knowledge by giving the right answers."; "I like everything in this testing and it is very beneficial to increase your listening skills. It is a very good way to learn something new and different techniques of study."

Few students were generally dissatisfied with the platform, whereas the critical comments from 66 % of the respondents were mainly aimed at the poor organizational side of the Platform, for example: "I would like to mention that the program is a bit useful but I think it should be more difficult and more informative"; "I liked the creativity of the tasks. But there are no pictures"; "The video of the listening task was not working and I couldn't complete the task and left it blank", "I liked it very much but sometimes the tasks did not accept the words that were translated correctly."

It should be noted that the platform is still in the development phase and is in some way an experiment, so its designers re still in the process of identifying technical errors and correcting the errors detected. In this respect, the students' survey is an excellent tool to identify and correct the errors. However, the main directions are appropriate.

Evaluation of O2–B2/C1 English language course

Similar answers were received from those 63 students (out of the 97) who worked with B2/C1 modules: 93% of them were mainly positive about the offered tasks, moreover, they were given more complicated tasks, namely, case studies, face-to-face tasks, which most learners found interesting, creative and useful. The comments: "I found the tasks useful and interactive. The logical flow of information was very orderly. It was also a very creative task for me, especially quizzes"; "You can learn a lot of information and test yourself. So creative and interesting."; "The project is very positive and interesting. I think every student can take enough knowledge and it helps to improve the students' comprehension about a language, it is good for the skills as well, not only the language."

The more critical comments: "Sometimes there are problems with understanding words (professional terminology)"; "It was an interesting test for me but not useful, there are too many mistakes on the system. I suggest rectifying it"; „It was an interesting system with a good design. But there are lots of mistakes such as grammar and system mistakes. Listening exercises were not so professional. I suggest improving the system work, grammar in tasks", "The video didn't play properly. I had to copy the site and go to a different tab to watch it", "Sometimes the system doesn't work good enough. Web page is very good for those who don't like reading books and doing a lot of grammar", etc.

As we can conclude from the answers, learners with a higher level of language proficiency appreciated a higher degree of complexity of the tasks offered as well as the opportunity to learn professional skills, not only improve the language level. The critical remarks, like in other modules, were mainly focused on the technical deficiencies of the Platform.

B2/C1 module offered *case studies and face-to-face tasks*. The authors put an emphasis on the learners' evaluation of these tasks, as they were done by students with more advanced language skills. These tasks offer a more challenging approach to the language learning process and are more creative, practice problem solving skills. Most students appreciated these tasks, found them useful, interesting and creative. "I learnt how to behave in face-to-face interview and also I took many useful things from this platform. I learnt new words as well. I will use this platform in the future for my children." "I like that I can improve my language skills. I like that tasks were different and I could choose what to do."

There were a few negative comments though: "The only negative comment what I can say, that it was hard for me to read the tasks in a computer, it wasn't comfortable to see everything, like I would do that on paper." "It was a bit difficult to navigate from task to task, since I was thrown back to the beginning, so I had to search my tasks again many times, so that should be improved. I found it useful, however I am not enjoying doing tasks online, I prefer doing them on the printed paper" (see Figure 2).

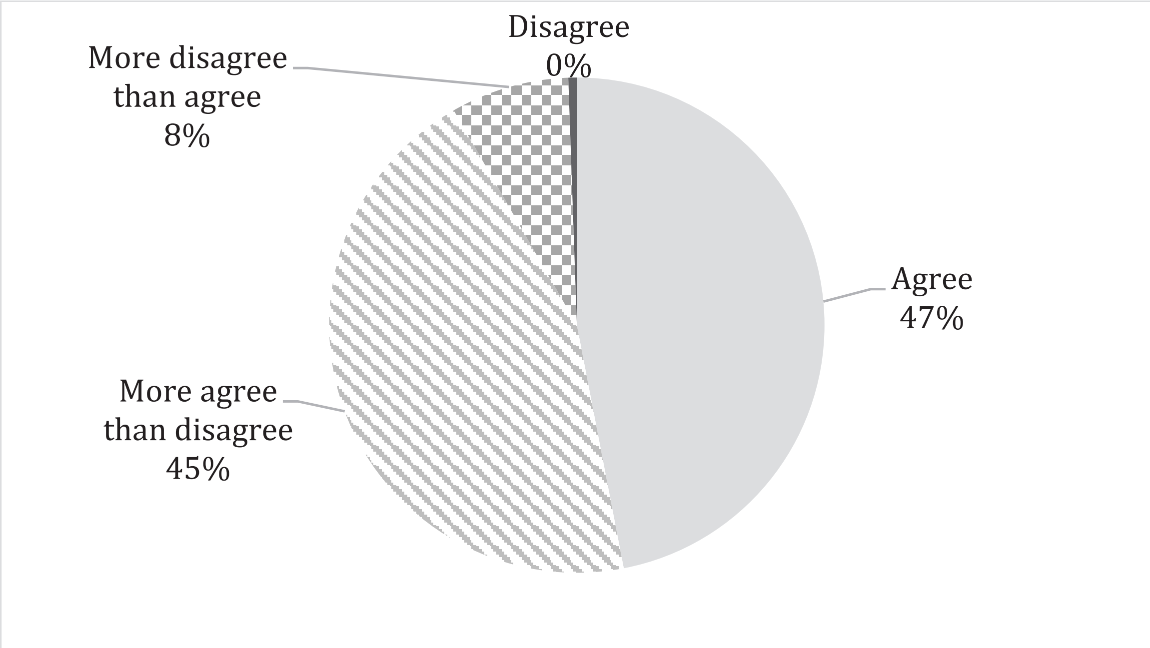

Figure 2. **Evaluation of case studies. The percentage of the students, who agreed / more agreed than disagreed / more disagreed than agreed / disagreed to the statement "I found case studies useful / interesting / creative"**

As we can conclude from the students' comments, the problems were mainly connected with the technical aspect of the offered tasks (see Figure 3).

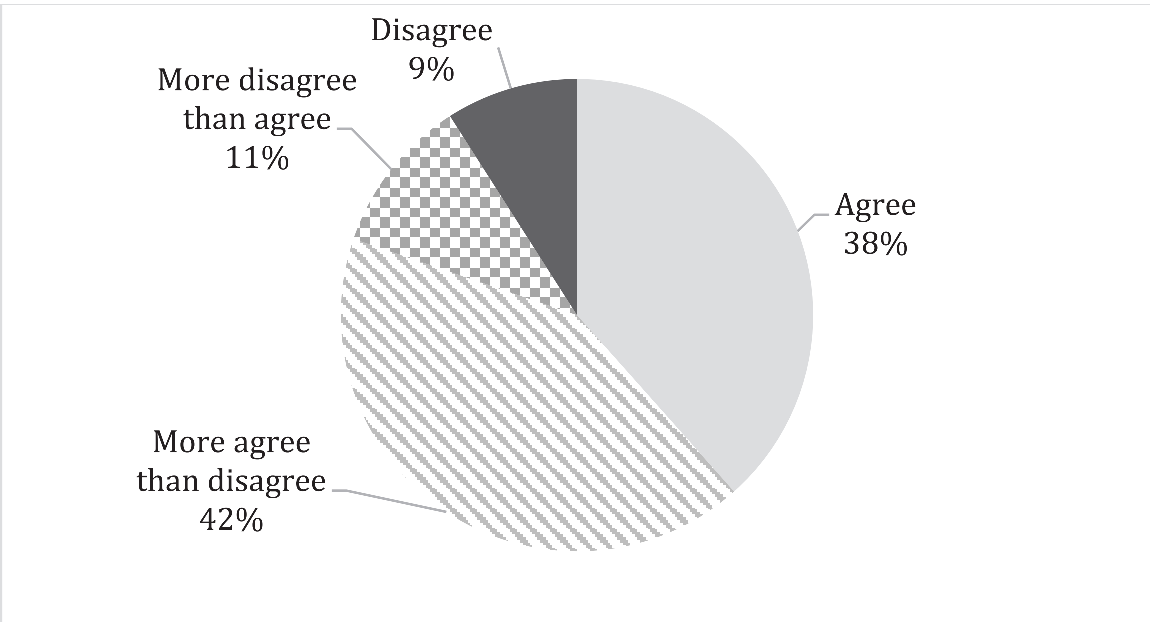

Figure 3. **Evaluation of Face-to-face tasks. The percentage of the students, who agreed / more agreed than disagreed / more disagreed than agreed / disagreed to the statement "I found face-to-face tasks useful / interesting / creative"**

The learners' evaluation of the case studies and face-to-face tasks and the Platform in general bring the authors to a conclusion that the Platform is generally well designed, however, it requires lots of further improvements and is still incomplete, with a significant number of technical errors.

However, the main purpose of creating the online language learning Platform has been achieved. The respondents appreciated the creative, unique approach to the language learning process, focusing on an individuals' own pace of acquiring new information and the possibility to do it independently.

Conclusions

Most learners appreciated the tasks that offer modern, non-traditional ways of learning languages, and involve students in interactive, real-life situations that attract students' attention and raise their motivation.

An online platform could be a valuable learning material not only for tourism and hospitality students or for those employed in tourist information centres, but for anyone interested in traveling across the borders of their country and feeling the desire to socialize with people from other countries. It opens great opportunities for learning that fits the 21st century and everyone who wants to learn a professional language.

Teaching styles and different types of methods motivate students for lifelong learning.

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IMPACT OF VALUE ADDED TAX ON RESTAURANT SERVICES

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Abstract

Restaurant services are one of the most demanded tourism products with high competition in terms of price and quality. However, the high incidence of labor taxes and value added tax directly impacts the final price of goods, forcing restaurants to operate in a shadow economy to keep their prices lower. The aim of the research is to assess how value added tax incidence is related to labor costs, specifically the impact of value added tax on restaurants, as one of the examples of a labor-intensive industry. The research concludes, that value added tax has a more negative impact on labor-intensive companies, because in-put value added tax (from purchased goods and services) is deducted proportionately less, as it is not charged and, therefore, deductible from labor costs. As a result, restaurants have a higher value added tax incidence than other less labor-intensive industries. The high value added tax incidence stimulates tax non-compliance and overall loss to the national economy. The research suggests that, in order to minimize the negative impact of value added tax incidence, a reduced value added tax rate may be applied to the final services provided by restaurants.

Keywords: restaurants, value added tax, tax incidence, labor intensive, tax evasion

JEL code: H21, L83

Introduction

Restaurant services depend on many factors that affect demand, such as living standards, population, tourism development, the size of the country, and supply, for example, labor costs and taxes. Restaurant services as a part of the tourism and hospitality industry are often regarded as export services, because it is often tourists rather than locals who use the restaurant service, especially in tourist destinations.

Europe, compared with other parts of the world, is the number one destination in terms of international tourist arrivals. In 2017 there were 672 million international tourist arrivals in Europe (51% of world's tourists) with a growth of 8% since 2016 (UNWTO, 2018). However, it is important to note, that tourism is not developing equally within Europe. For example, in terms of numbers of arrivals, Southern Europe receives 20% of world's tourists, while Northern Europe only 6% (UNWTO, 2018). At the same time, the industry, including leisure opportunities, hotel services, restaurants and other tourism facilities, are more developed in Northern Europe (Rihova, 2018). This influences also the price of services, including restaurants.

Further, exploring some of the most popular European tourist destination GDP revenues, it can be noted that tourism, including restaurant services, is very important for Southern European countries, such as Croatia (18.1%), Malta (13.4%) and Cyprus (12.7%) (Popsa, 2017). However, in Nordic countries, such as Finland or Sweden tourism is not as important in terms of revenues to GDP, the contribution to GDP there is around 2.5% to 2.7%, while in the Baltic States it is a bit higher, for example, in Latvia and Estonia tourism contributes 4.2% to GDP (OECD, 2018.) The restaurant service is also a source of employment in the service sector in many EU Member States. In the EU more than 8.1 million people are employed (Eurostat, 2015), in Latvia tourism contributes 8.91% to total employment (EOCD, 2018). This proves that, even though tourism is a relatively small industry in Latvia, its contribution to the economy is very important, since it provides jobs to one tenth of the working population.

However, there are also various problems. Comparing data on restaurant turnover between countries, the higher the living standard of the country, the more people can afford to eat at the restaurants. So in countries with lower standard of living, the business of restaurants is less profitable, because less demand puts pressure on prices, competition and income. As a result, restaurant businesses often try to avoid taxes in order to reduce their costs. It is also beneficial for tax avoidance that restaurants mainly provide services to private parties, and moreover, cash settlements are in place; so it is easy not to show legal income and use it for illegal employment, thus not paying taxes.

Businesses in the restaurant sector have a high share of labor costs in operating revenue (see in Table 1). It is based on the fact that the costs of restaurant services are mostly because of manual labor, and the high wage taxes increase labor costs.

Table 1

Labor costs and VAT on restaurants in the eu countries

Country	Costs of employees as % of Operating revenue	Labor tax incidence, % from net wage	Standard VAT rate, %	Restaurant services VAT rate, %
Austria	39	74.0	20	10
Belgium	54	**117.1**	21	12
Bulgaria		52.6	20	20
Croatia	27	**85.7**	25	13
CY		16,9	19	9
Czech Republic	27	69.1	21	21
Denmark	39	**91.1**	25	25
EL			24	24
Estonia		51.8	20	20
Finland	33	**80.3**	24	14
France	34	67.4	20	10
Germany		76.4	19	19
Hungary	28	72.9	27	18
Ireland	30	29,7	23	9
Italy	28	**89.7**	22	10
Latvia	36	74.3	21	21
Lithuania		65.1	21	21
Luxembourg	70	47.8	17	3
Malta		26,4	18	18
Netherlands	42	49.0	21	6
Poland	18	68.4	23	8
Portugal	29	55.4	23	6
Romania	25	68.0	19	19
Slovakia		74.2	20	20
Slovenia	30	76.1	22	10
Spain		61.9	21	10
Sweden	36	68.4	25	12
UK		35.8	20	20

Resource: Costs of employees as % of Operating revenue 2016 – Amadeus data base); Avalara VAT Live 2018 VAT rate for EU countries; Eurostat database "Labor cost levels by NACE Rev. 2 activity" KPMG "Employer social tax rates" 2017.g.

To support the development of labor-intensive services, such as small repair services (bicycles, shoes, clothing etc.), renovation and repair of private dwellings, windows cleaning, domestic care services, hairdressing (Smyth, 2009), EU countries can apply reduced VAT rates in some sectors and areas, including restaurant services (Council Directive 2006/112/EC). The EU countries are free to choose whether to apply the reduced VAT or not and to which sectors to apply. The application of a reduced VAT rate to restaurant services is used in 16 EU countries, which apply a reduced VAT rate to restaurant services, for example, Croatia, Finland, France, Netherlands and Poland (see in Table 1).

However, there is a need to look more into the issue of labor costs in restaurant services, because hospitality is a labor-intensive industry. Companies with the same turnover may still have a different VAT burden as they may have a different proportion of profits, depreciation and labor costs. Regardless of technology development, the human factor in public catering will remain unchanged and so will the labor costs, especially at higher-end restaurants that provide full service. So, the question arises, whether reduced VAT rates can solve the problem of restaurants having too high labor-costs in order to operate completely legally.

Therefore, the aim of the research is to assess how value added tax incidence is related to labor costs, specifically the impact of value added tax on restaurants, as one of the examples of a labor-intensive industry.

The hypotheses of this research are:

1) the taxpayer labor costs are closely related to the VAT incidence: the higher the non-deductible VAT on labor and the non-deductible in-put tax, the higher is the VAT final tax incidence;
2) reduced VAT on restaurants reduces the incidence of VAT: because reduced VAT on end products reduces the negative impact of the labor cost ratio on in-put VAT, thus increasing the input tax;
3) the reduced VAT rate for restaurant services is fiscally neutral to the state budget as the reduced VAT burden allows the industry to increase labor costs or other costs, as well as to increase the turnover in the long term and develop in general, thus compensating for the budget deficit of VAT with labor tax increases and VAT payments increase in turnover.

The objectives of the research are to study the experience of other countries in reducing the VAT rate in the catering industry, to study the opinions of foreign experts, to determine the correlation between labor costs and VAT incidence, to assess the impact of the reduced VAT rate on VAT incidence in restaurants, specifically using the example of one country – restaurant businesses in Latvia.

In the research authors have used such methods as descriptive theoretical research, statistical analysis and credit calculation methods.

1. Literature overview

One of the most important functions of VAT is the fiscal function. The state budget is the main fiscal policy instrument in each country. This is the most important part of the government whose main task is financing of public goods. Taxes account for the largest revenue in the state budget and VAT accounts for the majority of tax revenue (Hajdúchová, et al., 2015). VAT is mainly a fiscal function, which is the main source of budget revenue in most countries. At the same time, the shadow economy, especially in the form of corruption and tax evasion, in many countries leads to tax cuts, which in turn reduce VAT efficiency (Sokolovska & Sokolovska, 2016).

VAT has become an important tool for fiscal policies in EU Member States. Although the EU market is more concerned with reducing market disparities between Member States and applying a single VAT system, Member States are still trying to use reduced VAT for certain goods or sectors (Copenhagen Economics, 2007). By way of derogation from the fiscal principle, many countries apply reduced VAT rates. This allows countries to regulate the economy and influence the market, such as prices, employment, business development and economic growth.

There are theoretical elements in favor of reduced rates if certain conditions are met. They show that targeted reduced rates in targeted industries can offer some benefits, for example, when many low-skilled workers are employed in the local service sector. A reduced rate can provide an incentive to reduce illegal employment to a legal extent. This may slightly distort cross-border trade in the EU single market, as the country of origin principle applies to most supplies of goods to consumers, and that can lead to a scourge that consumers will choose to buy products in a country of low VAT rates. However, this does not mean that reduced rates should only apply to locally supplied services (Copenhagen Economics, 2007).

Reduced VAT can stimulate the consumption of certain commodities, as their prices are lower (Wikander, 2013). In France, for example, by reducing taxes, turnover increased as compared to the previous period, the number of visitors to traditional restaurants increased (Charity, 2010).

As mentioned above, restaurant services are closely related to tourism. However, tourism is highly price sensitive. And taxes that affect price formation together with VAT have the greatest impact on tourism and prices (Dombrovski & Hodžić, 2010). For example, the high VAT rate in Ireland hindered the growth of the tourism industry (Caterer & Hotelkeeper, 2011). According to the Irish Hotel Federation, the current VAT regime for hotels and restaurants in Ireland was "one of the worst in Europe" and was an obstacle to tourism development.

Reducing VAT rate contributes to the Ireland tourism industry, depending on the extent to which tax cuts are passed on through price reductions (Caterer & Hotelkeeper, 2004). VAT has become a price parameter for tourist flows. According to the tourism industry, reducing VAT rates is an important competitive factor also in the Italian economy. For example, the reduced VAT rate on hotels and restaurants in Italy increased employment by sector and region. This increased the gross core investment and employment of the industry. In addition, it is important to note that this has had an indirect effect in other sectors, mainly in wholesale and retail, agriculture and other public and social services (Manente & Zanette, 2010).

Reducing VAT can affect both price reductions and employment growth (O'Connor, 2013). Experience in Sweden showed that reducing VAT rate on public catering increased wages and new job vacancies in the industry (Impact of the VAT reform on Swedish restaurants, 2015). In Finland, the number of people employed in the catering industry increased significantly within six months after the introduction of the new VAT rate (Harju, Kosonen & Skans, 2015).

Reflecting changes in VAT rates in prices depends on both the specificities of the country concerned and the specific groups of goods affected by the change in the VAT rate, such as flexibility in demand for goods, the existence of substitution products, the level of competition in the sector, etc.Demand elasticity is a decisive factor in determining the impact of changes in the VAT rate on prices and the possible creation of new jobs. Highly flexible demand has greater potential in terms of lower prices, increased demand and consequently the creation of new jobs. The more sensitive people are for price changes, the stronger is the effect of reducing VAT rates (Pilvere & Nipers, 2012).

To address the problem of unemployment, EU Member States were allowed to experiment with the application of a reduced VAT rate to labor-intensive services and to assess its impact on job creation. Such a reduction was designed to reduce the willingness of the companies concerned to start or continue to operate in the shadow economy. Different incentive measures can be used to reduce the scope of the shadow economy, such as temporarily exempting value added tax for labor-intensive products (Schneider, 2016).

The positive result from reduced VAT was observed in Sweden where in 2012 the VAT rate for restaurants and catering services was reduced from 25% to 12%. In 2012 and 2013 employment in this sector increased by 8% and 6% respectively. (Tillvaxtanalys, 2015) A similar observation was in Ireland, when the reduction of the VAT rate in 2011 caused 490 new jobs in the restaurant sector in just two months (Earls, 2011). The analysis estimated that social welfare savings from direct employment amounted to around EUR 620 million

(Restaurant Association of Ireland, 2016). Also in France new jobs were created following the reduction in VAT rates (Hotrec, 2017).

To assess the impact of reduced VAT rates, it is necessary to assess whether and how the VAT reduction affects the price reduction. In Finland, for example, the VAT rate on catering and restaurant services was reduced from 22% to 13% and the impact of VAT reductions on restaurant catering services was assessed using the Difference-in-Difference (hereinafter – DiD) method (Harju, Kosonen, 2011). With this method the study-group monitored Finnish restaurant prices before and after the VAT rate change, and two control groups were used – Estonian restaurant prices and Finnish hotel prices. The results of this study showed that, because of the rate cut, the prices in restaurants were reduced by an average of 2.1%. The expected reduction, with the full adjustment of VAT rate changes, should have been 7.4%. Thus, the actual price reduction was only a third of the potential. In addition, it was noted that around one third of the restaurants reduced prices for the full amount of the VAT reduction, while other prices practically did not decrease, indicating significant differences in the response of traders to changes in the VAT rate. Thus, it allows to determine the degree of pass-through (Harju, Kosonen & Skans, 2015).

The literature review shows that in many cases of other EU countries prices decrease after the change of taxes, but not in the total amount of tax cuts. In addition, the impact may vary, for example, with a higher trend of price reductions in the most popular restaurants (Simola, 2012). The impact may be different, both in terms of region, size and other aspects, for example, whether restaurants are in a large chain (franchise) or independent (Harju, Kosonen & Skans, 2015). A separate part of the suppliers will not reduce their service prices, but the funds released by reducing tax liabilities are mainly invested in the modernization of equipment at the premises of service providers (Randova, Krajnak & Friedrich, 2013).

2. Methodology

The literature research confirms the positive impact of VAT on the economy like job creation and that growth in general should be identified as directly linked to labor costs and the impact on costs. However, to test the results of the literature research further, authors use the credit method to propose their own specific calculation methodology.

In practice VAT is applied on the basis of the credit method (Council Directive, 2006/112/EC), which means that input tax on goods purchased and services received is deducted from the output tax. The following formulas 1, 2 and 3 can be used for calculations:

$$T_F = T_O - T_I \qquad (1)$$

$$T_O = B_O \times R_O \qquad (2)$$

$$T_I = B_I \times R_I \qquad (3)$$

Where:
T_F is actually payable tax (currency units);
T_O is out-put VAT (currency units);
T_I is in-put VAT (currency units);
R_O is out-put VAT rate (%);
R_I is in-put VAT rate (%);
B_O – volume of final output (taxable with out-put VAT);
B_I – volume of intermediate consumption (taxable with in-put VAT).

The use of credit method for calculation of tax ensures the neutrality of VAT for the taxable person, as VAT is transferred to the final consumer. However, it is a custom for businesses to pay a part of the costs that are not subject to VAT or deducted. One of such significant cost items is labor costs.

To explain, VAT is applied to the added value by the taxpayer. The added value is mainly generated by profits, labor costs and depreciation. Profit is the most important part of added value for VAT. This is in line with the meaning of VAT. In addition, profit is also a subject to profit tax, calculated on the basis of net turnover (excluding VAT), so it does not create double taxation both on VAT and CIT.

Depreciation applies to purchase of equipment and fixed assets. Since those are subject to VAT, they are deducted as in-put tax and, consequently, the depreciation costs do not adversely affect the VAT burden. On the contrary, the higher the cost of depreciation in added value, the better for the taxpayer, because it deducts more VAT. The exception is bank interest rates, which, as a financial service, are not subject to VAT and therefore are not deductible as in-put tax.

In contrast, labor costs increase the VAT burden. On the one hand, labor costs are an integral part of the added value, on the other hand, those are the costs, that are not subject to VAT at the previous stages, without deducting the VAT paid in advance (as in-put tax). If the VAT philosophy justifies its application to profit, then there is no reason for the labor force to apply VAT. The higher the labor costs form part of the added value, the less VAT can be deducted from the calculated VAT (as in-put VAT). Thus, the tax-payer absorbs the VAT and pays it in the budget. It is therefore contrary to the principle of VAT neutrality. It creates a regressive VAT burden, as revenue increases as sales increase, but labor costs increase at a slower manner. Consequently, a situation arises where the increase in profit or depreciation costs reduces the negative impact of labor costs on VAT deduction and the relative burden of VAT decreases. So, the greater the share of the company in the added value of the labor costs (not profit or depreciation costs), the relatively higher the VAT burden, or vice versa.

It should be noted that the restaurant industry is by nature labor intensive, which also determines a relatively higher total tax burden in the sector. In other words, employees in labor-intensive industries or manual labor create much higher costs for businesses in the form of taxes. For example, automation reduces the need for other costs such as work safety, social needs, and so on. For a practical comparison, let us take a fully automated robot factory, where all the work is done and added value is generated without labor costs or with very low costs and a company where all the added value is generated by the human work process. Then, in the first case, taxes could be minimal, whereas in the second, even VAT would be essential, as in-put tax could be minimal and therefore high final VAT burden.

Figure 1 shows the correlation between VAT income and labor costs. The higher the labor costs are in the total costs, the higher the VAT incidence (curve a, Figure 1).

There are two options to reduce VAT incidence. One of the options is the reduction of labor costs (see Option A, Figure 1). This can be done, for example, by increasing turnover and profit or by reducing the proportion of labor costs in total costs. However, this increases the cost of the service and reduces competitiveness and, hence, it is difficult to implement. Another way to reduce labor costs is by employing cheaper labor. In fact, companies use this option illegally, gaining undeclared income that is channeled to illegal labor (as envelope wages). The legal solution is that the government reduces labor taxes, but this would distort the overall competition with other industries.

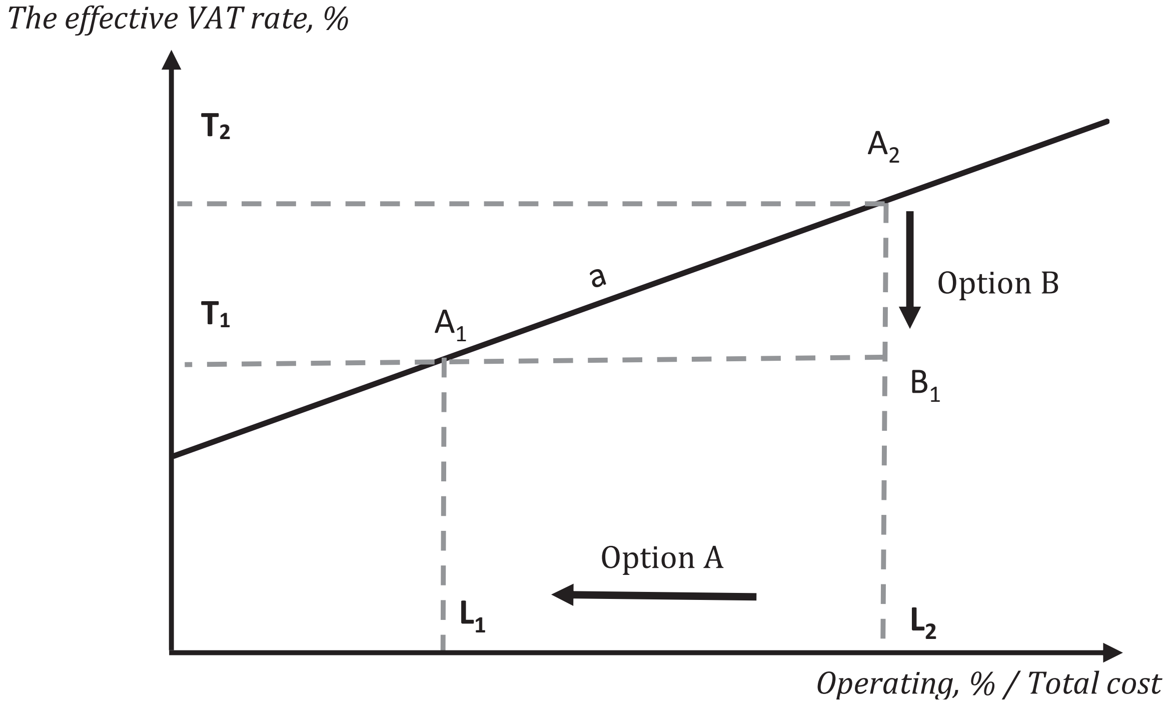

Figure 1. **VAT incidence and labor cost** (by the authors)

Another alternative is to reduce the VAT rate on the final products (see, Option B, Figure 1). This will reduce the VAT incidence without reducing labor costs. In particular, if a lower rate of tax is applied to the final price but the same high rate of tax is retained for intermediate consumption, the company deducts more in-put tax, thus paying less (out-put) VAT.

For the purpose of determining the impact of the change on tax incidence, for the calculation of the effective rate, authors have designed the following formula 4, which is obtained from formula 1 (see Formula 4).

$$R_{EV} = \frac{T_F}{B_O} = \frac{(T_O - T_I)}{B_O} = \frac{(B_O \times R_O) - (B_I \times R_I)}{B_O} = R_O - \left(\frac{B_I}{B_O} \times R_I\right) \quad (4)$$

Where:
R_{EV} is the effective VAT rate (%);
T_F is actually payable tax (currency units);
T_O is out-put VAT (currency units);
T_I is in-put VAT (currency units);
R_O is out-put VAT rate (%);
R_I is in-put VAT rate (%);
B_O – volume of final output (taxable with out-put VAT);
B_I – volume of intermediate consumption (taxable with in-put VAT).

Thus, in contrast to the tax actually paid, which was calculated based on the credit method, it is important to understand that for the calculation of the effective rate the ratio between intermediate consumption and output should be taken into account.

3. Results

To understand how the tax burden specifically affects the restaurant services, authors use the newly developed methodology to assess the impact of VAT on restaurants in Latvia and the possible effective rate, if VAT would be reduced, using Option B (see Figure 1). In order to do so, authors analyze the information on taxpayers on restaurant services (see Table 2).

Table 2

Information on taxpayers whose principal activity at the time of data compilation complied with Nace rev. 2 code 5610, broken down by the amount of turnover declared in the annual report

Turnover size	Total trans-action value, thsd. EUR	The input tax, thsd. EUR	Out-put VAT, thsd. EUR	Amount due in the budget, thsd. EUR	Amount refundable from budget, thsd. EUR	Turnover, thsd. EUR	Profit, thsd. EUR	Loss, thsd. EUR
Turnover 0 EUR	1.69	77.55	10.93	0.26	66.89	0.00	121.91	566.23
From 0.01 till 10 thsd. EUR	414.05	136.44	100.15	22.07	58.37	647.68	46.08	670.67
From 10 thsd. EUR till 50 thsd. EUR	4887.83	1028.79	1067.99	227.24	188.04	11 242.79	455.26	2702.83
From 50 thsd. EUR till 100 thsd. EUR	12 050.62	1991.39	2540.19	724.67	175.86	13 540.25	316.25	2388.69
From 100 thsd. EUR till 250 thsd. EUR	52 304.19	8697.24	11 125.15	2837.18	409.27	42 282.35	1263.97	4119.46
From 250 thsd. EUR till 500 thsd. EUR	53 756.29	8190.49	12 066.38	4000.65	124.76	53 517.26	1809.39	3359.97
From 500 thsd. EUR till 1 million EUR	66 966.21	10 096.38	14 941.47	5086.49	241.40	66 294.94	2464.27	2761.39
From 1 million EUR till 5 million EUR	96 395.35	13 783.24	22 037.17	8326.69	72.76	97 987.51	3401.05	1841.59
Above 5 million. EUR	134 192.09	17 915.26	29 612.17	11 696.91	0.00	132 851.98	5733.83	557.57

Source: State Revenue Service, 2018

The data obtained from Table 2 reflect the macroeconomic data required for the core business of the restaurant services to be able to calculate potential changes in the effective VAT rate. Using available data, it is possible to estimate the effective VAT rates that will be generated for both the output VAT and the input VAT.

Based on calculation (see Table 3), reducing the VAT rate for restaurant services from 21% to 12%, the potential effective rate of VAT will decrease from 13.4% to 8.2%, i.e., by 39%.

Table 3

Potential vat effective rates resulting from industry data

Variations in VAT rates for restaurant services	Effective Rate for Calculated Tax	Effective rate for input tax	Effective rate for industry
21%	20,69%	19,97%	13,4 %
12%	15,45%	19,90%	8,2 %

Source: Authors' calculation on the bases of data by the State Revenue Service, 2018

Such a scenario is expected to have a zero fiscal effect, continue to be assessed with actual action to raise the average wage in the restaurant services.

By obtaining data on the number of employees, both gross and net income, as well as the number of employees, it is possible to calculate labor costs by applying a reduced VAT rate of 12% (the reduced VAT percentage defined in the VAT law) using the formula (5):

$$D_I = \frac{(N_I \times I_b \times \mathrm{P}) + (N_m \times I_n \times \mathrm{P})}{2} \quad (5)$$

Where:

D_i – average labor cost (currency units);

N_i – average of employees at the general taxpayer's employer;

I_b – average gross income;

P – applicable VAT rate;

N_m – average of employees at micro business tax (MUN) payer employer;

I_n – average net income.

In order to use the developed formula, authors of the research in Table 4 present the data by the SRS on the number of employees in the sector and the average income (see Table 4), as a result of which the average labor cost in 2017 was calculated by applying a reduced VAT rate of 12%. According to the calculations in Table 4, the highest labor costs (EUR 36 716.09) would be compiled for enterprises that, according to the turnover declared in the annual report, are above EUR 5 million. EUR (see Table 4).

Table 4

Information on taxpayers' indicators for the 2017 by the amount of turnover declared in the annual report (VID informative material, 2018)

Turnover size	Average Gross Income of Employees at General Taxpayer Employers	Average Net Income of Employees at Employers of MUN Payers in 2017, thsd. EUR	Average of employees at the general taxpayer employers	Average of employees at MUN payers employers	Labour costs, thsd. EUR (Formula 3.1, applying VAT **12 %**)	Labour costs, thsd. EUR (Formula 3.1, applying VAT **21 %**)
From 0.01 till 10 thsd. EUR	165	230	148	104	290.04	507.57
From 10 thsd. EUR till 50 thsd. EUR	239	397	847	603	2650.94	4639.15
From 50 thsd. EUR till 100 thsd. EUR	279	416	1 147	103	2177.17	3810.04
From 100 thsd. EUR till 250 thsd. EUR	340	380	2656	13	5447.88	9533.79
From 250 thsd. EUR till 500 thsd. EUR	378	-	2527	-	11 462.47	20 059.33
From 500 thsd. EUR till 1 million EUR	441	-	2501	-	13 235.29	23 161.76
From 1 million EUR till 5 million EUR	528	-	3606	-	22 847.62	39 983.33
Above 5 million EUR	743	-	4118	-	36 716.09	64 253.15

Source: Authors' calculation on the basis of data by the State Revenue Service, 2018

According to the calculations in Table 4, authors conclude that applying a reduced VAT rate of 12% benefits all enterprises in the Latvian economy, which are included in the annual turnover of 0.01 to above 5 million EUR, the labor cost reduction is 42.86%. As a result, a reduced VAT rate of 12% would allow the restaurant industry to increase labor or other costs or, in the long term, increase turnover and develop in general, thus offsetting the VAT losses caused by the budget.

Thus, the hypothesis of the study that the reduced VAT rate for the catering industry is fiscally neutral to the state budget, as a reduced VAT burden allows the industry to increase labor or other costs, as well as to increase turnover and develop in the long term, thus offsetting the VAT shortfall with the increase in labor taxes and VAT increase from turnover – has been confirmed.

In general, authors conclude that the introduction of a reduced VAT rate for catering services reduces the burden on labor. Of course, there would be pressure on the state budget, as the amount of VAT payable would decrease in the budget, but by achieving a fiscally neutral effective rate (without applying a reduced VAT rate on excisable goods), industry companies would refute it with a rise in turnover, an increase in the industry's wage, legalization of the wage fund, with the legalization of the shadow economy.

4. Discussion

Although changes in the VAT rate have a social impact, such as a reduction in the VAT rate, the dual VAT system for labor-intensive industries such as tailors, shoemakers and hairdressers, with a view to stimulating employment, for example, in the Netherlands, needs to be assessed as the redistribution target can also be achieved in other effective ways. Moreover, the dual rate system distorts the economy and increases administrative costs (European Parliament, 1998).

Alternatively, significant improvements could be made to facilitate labor availability and reduce administrative burdens, such as revising high labor taxes. According to the Latvian hospitality industry standpoint, restaurant owners would gladly pay all taxes, if their burden was commensurate with their real ability to pay, therefore, tax optimization could be used for survival rather than for profit. As a result, the application of a reduced VAT rate would make it possible to bring the country's tax burden closer to the real solvency of the sector. First of all, the funds that would be saved at the expense of VAT reduction could be channeled into the legalization of the wage fund. Secondly, restaurant owners would be able to devote more time to the development of restaurants, which would lead to increased turnover and higher VAT revenues to the budget and, in addition, emerging out of the shadow economy.

Regardless, authors believe that alcohol must be excluded from the VAT reduction because there is no logic to reduce VAT but to apply excise duty. As alcohol sales account for about 30% of industry revenue, assuming that all excise goods (including soft drinks, coffee, etc.) will account for about 35% of turnover. Following this scenario, reducing the VAT rate for catering services from 21% to 12%, the potential effective rate of VAT will decrease from 13.4% to 8.2%, thus actually by 39%.

It should be noted that before reducing VAT on restaurants the impact of the tax burden on different target groups of consumers, such as people with different levels of income should be assessed. Research shows that the highest income quintile is spending almost two and a half times more on outsourcing food services than on the lowest quintile group. This shows that if tax changes do not reach their goals of increasing demand and employment, it becomes only a subsidy for the largest income groups. While additional information on demand and supply characteristics and impact on employment is needed, to assess the overall success of the reform, only changes in consumer prices alone provide valuable information on the impact of potential demand (Varjonen & Aalto, 2010, 40).

The introduction of rates should be simple, and it is not advisable to vary the rates for different products or by the purpose of use (for example, only for locally sold food or for local consumers). Such an approach with different VAT rates created chaos in Hungary. It was also found there that it would not change prices, but the savings would be invested in higher wages and upgraded equipment. Hence, the quality of the hospitality market should improve further (Keszthelyi, 2017).

It is also necessary to assess whether VAT reductions really create investment opportunities and increase employment, economic growth and quality of service. So far, experts express doubts about a clear answer. The reduction in VAT could have preserved jobs in the restaurant sector, which has been hit hard by the economic crisis, but it is difficult to identify whether the existence of multiple VAT rates would affect the efficiency of the VAT system and increase complexity. (Charlet & Owens, 2007)

Tax changes are reflected in lower consumer prices. However, it is expected that there will be differences between the representative small restaurants and the large chain restaurant, which derive from the differences in market power. However, after introducing the VAT at reduced rate restaurants in Latvia would be recommended to evaluate the impact by using the DiD (Diference-in-Difference) method, as it was done in Sweden, Finland and other countries (Harju & Kosonen, 2011).

Conclusions

Analysis of VAT impact on restaurants services shows that restaurants have a heavy VAT incidence as labor intensive sector. Due to the high costs of employees in the total costs of restaurants services, tax payers cover less in-put VAT – therefore have higher tax incidence. Heavy tax incidence stimulates illegal activities: tax payers do not declare their income officially and calculate less VAT, moreover illegal incomes have been spent on illegal wages. To deduct heavy VAT incidence in Latvia, it is recommended to apply reduced VAT on restaurants services on final products, however a more detailed analysis about possible impacts of the tax burden on different target groups of consumers is recommended beforehand.

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IMPACT OF PARENTAL FINANCIAL SOCIALIZATION FACTORS ON FINANCIAL LITERACY OF LITHUANIAN HIGH SCHOOL STUDENTS

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Abstract

Financial literacy is an important factor through rational financial decisions affecting both the financial well-being of each individual and the overall quality of life in the country (i.e. Henager, Cude, 2016). Young people do not perceive the value of money completely until they gain full control and responsibility for their own finance. This leads to a lack of motivation for purposeful learning of financial disciplines, therefore, the importance of parents' financial socialization is often emphasized in the research.
The goal of this study is to assess the level of financial literacy of Lithuanian high school students and to determine the impact of parental financial socialization factors in contemporary society.
This study is a part of an exploratory project that includes an assessment of the process of financial socialization in all phases of the life cycle as well as the factors that influence this process in the modern society. A total of 524 students from Lithuanian high schools (2 last grades) were surveyed. The results revealed that the level of financial literacy of the surveyed high school students is average (4.77 points out of 8 possible). The statistically significant factors of parental financial socialization were also analyzed: parental and family characteristics; direct and indirect financial teaching; daily allowances strategy and parental warmth.

Keywords: financial socialization, personal finance, Z generation

Introduction

Relevance of the topic. The importance of financial literacy is highlighted in many countries around the world by financial market participants (Xu & Zia, 2012) and politicians (Xu & Zia, 2012; OECD, 2014; Fox, et al., 2005, etc.), and researchers (Lusardi & Mitchell, 2011; Solheim, et al., 2011; Campenhout, 2015; Remund, 2010, etc.).

The lack of financial literacy affects both personal finances of the population and the functioning of financial markets (Bank of Lithuania, 2012), as well as public spending. It is therefore important to measure both the level of financial literacy and the factors that influence it. The financial literacy of young people, especially schoolchildren, which will have an impact on their financial decisions and financial well-being (Sohn, et al., 2012; Jorgensen & Savla, 2010, etc.) is very important. However, many young people are able to understand the value of money only after gaining their financial independence. This leads to a lack of motivation for purposeful learning of financial disciplines, therefore, the importance of parents' financial socialization is often emphasized in the research: in what way and how much parents determine the level of financial literacy of their children (Shim et al., 2010).

Research on financial literacy and its factors is abundant, but young people, especially schoolchildren, are under researched (Shim et al., 2015). The influence of parents, as one of the most important financial socialization agents, research is ambiguous, both in terms of content, i.e. what socialization factors are evaluated, and in terms of results, i.e. what impact separate financial socialization factors have. Different researchers include different factors of parental financial socialization in the research: targeted financial education (Danes & Yang, 2014; Harrison, et al, 2014; Sohn, et al., 2012); personal parental characteristics (Gudmunson & Danes, 2011) or emotional relationships with parents.

Thus the research problem is: How parental financial socialization factors impact the level of financial literacy of Lithuanian high school students?

Research object: parental financial socialization factors of financial literacy.

Research goal: to assess the impact of parental financial socialization factors on high school students' financial literacy after revealing the theoretical aspects of financial socialization and financial literacy.

Tasks:

1) to analyze the theoretical approaches to financial socialization and financial literacy;
2) to develop a research methodology for evaluating the level of financial literacy, parental financial socialization factors and their interaction;
3) to determine the level of financial literacy of Lithuanian high school students and separate factors of parental financial socialization;
4) to study the impact of parental financial socialization factors on the financial literacy of Lithuanian high school students.

1. Literature review

Financial literacy and its measurement

The lack of unanimous agreement between scientists on the term of financial literacy and its measurement, according to Huston (2010), determines the variety of terms and their interpretations: "financial literacy", "financial knowledge" and "financial education" are often confused. D. Remund (2010) conducted a comparative study of financial literacy concepts used in scientific literature. According to the author, different financial literacy definitions incorporate one or more of the following categories: knowledge of financial concepts; ability to explain and apply financial concepts; ability to manage personal finances; appropriate financial decision-making skills; ability to plan future financial needs effectively.

Different authors describe financial literacy in a similar way, but with different level of precision and scale. Some authors use more specific and precise definitions (Remund, 2010; Xu & Zia 2012), f.ex. financial literacy is a measurable level at which a person can comprehend basic financial concepts, has the ability and confidence to manage personal finances through short-term solutions and long-term financial planning, evaluating changing economic environment and living conditions of a person. While others use broader, less specific definitions (Atkinson & Messy, 2012; Pintye & Kiss, 2016; Huston, 2010), ex. Huston (2010) views financial literacy as how well an individual can understand and use personal finance-related information.

Long-term financial goals, long-term planning are not so much relevant for school-age young people. Thus, the definition of financial literacy in the OECD's International Student Assesement Program was adapted to the 15-year-olds being interviewed. Financial literacy of students is defined as understanding and knowledge of financial concepts and risks, skills, confidence and motivation to apply this knowledge in financial decision making in various contexts for financial well-being and participation in the economy (OECD, 2014). This work is based precisely on this concept of financial literacy, due to its suitability for the younger population as well as the adequately defined components of financial literacy.

The above mentioned confidence in personal financial literacy and skills is also called subjective financial literacy. Subjective financial literacy is a subjective assessment of one's own financial knowledge (Lusardi & Mitchell, 2014). According to Lusardi and Mitchell (2014), people tend to be confident in their financial knowledge and tend to overestimate their skills. As a result, it can be concluded that while people do not have a high level of financial literacy, they themselves do not understand the gaps in their knowledge.

There is also no typical method of measuring financial literacy (Knoll & Houts, 2012). Nevertheless, one of the most commonly used methods is a questionnaire survey. Different authors use surveys of very different size and topics included, but Lusardi and Mitchel (2011) have created a standard questionnaire for financial literacy measurement, which was not only used by many of their own research, but has also been successfully applied by other authors (Beckmann, 2013; Klapper & Panos, 2011; Brown & Graf, 2013, etc.). This questionnaire consists of three questions that examine three different aspects of financial literacy: interest calculation, inflation perception and risk diversification. The questions of Lusardi and Mitchel (2011) are widely used in many other authors' surveys. The latter questions were chosen due to their simplicity.

Parental financial socialization as a determinant of financial literacy

Citizens' financial literacy is an important factor through rational decisions affecting the financial well-being of each individual and the overall quality of life in the country (eg Henager & Cude, 2016). Research in this area is dominated by the assessment of the level of financial knowledge of a particular population group and evaluation of financial literacy as determinant of particular financial decisions (Lusardi, 2008; Lusardi & Mitchel, 2014; Atkinson & Messy, 2012; Pintye & Kiss, 2016, etc.). However, it is equally important to evaluate the process of acquiring these financial knowledge, the formation of an approach towards various financial phenomena, and the gaining of confidence in their financial knowledge (Kim & Chaterjee, 2013; Grohmann & Menkhoff, 2015; Gudmunson & Danes, 2011, etc.). It is necessary to scientifically explain how children and adolescents create their own financial knowledge baggage, how their financial values, attitudes and behavior patterns are formed (Kim, et al., 2011). According to the researchers, the poor financial skills acquired in childhood, youth, and the adultlife, can lead to financial problems at later stages of life cycle (Varcoe et al., 2001). Particularly relevant is financial socialization, the process of financial literacy formation, research in modern society.

Z generation is described as a generation born after 2000 and considered as a technology generation (Caumont, 2014). Cruz (2016) points out that the Generation Z see the world through screens, constantly engaging in online exchanging of information and conversation among its peers (Kitchen, et al., 2015). In terms of what characterizes this generation, they are considered to be individuals that are the new conservatives embracing traditional beliefs, valuing the importance of the family, self-controlled and more responsible, adapted to high-tech and multiple information sources, placing high importance on peer acceptance (Williams, et al., 2011; Cruz, 2016). Contemporary young generation Z faces a completely different financial environment than their parents and its evolution is also much faster. They face much higher financial risks, more complex financial products, and a much larger supply. Financial innovation is a particularly important factor in the financial environment. New technologies are changing the financial services market: crowd funding, mutual funding, socialized settlements and payments are examples of financial innovation (Terry, et al., 2017).

Children and teenagers acquire financial knowledge, skills and attitudes through different agents of financial socialization. Moschis (1987) distinguishes four major agents of financial socialization: parents, peers, education, media. According to Moschis (1987), financial **socialization agents** can be described as interaction with the social environment through, which individual acquire financial knowledge or formed financial behavior. In scientific literature, parents and peers are identified as key socialization agents (Gutter & Copur, 2011). In scientific literature, parents are considered to be the main and most influential agent of financial socialization. Earlier studies (Moschis, 1987; Shim et al., 2010; Jorgensen & Salva, 2010; Kim, et al., 2011) confirmed that the financial socialization and upbringing of the parents in the financial sphere have a positive impact on the child's efforts to acquire financial knowledge, skills and attitudes. Parents provide an informal environment for teaching skills and raise awareness of the proper behavior of children, and through this interaction children receive information about financial processes (Danes and Haberman, 2007).

Parental financial socialization in scientific literature (Gudmunson & Danes, 2011; Kolb, 2014; Serido & Deenanath, 2016; LeBaron, et al., 2018) is divided into three main teaching/learning methods: modeling (financial behavior monitoring), targeted socialization (financial discussions) and experiential learning (daily allowances).

Based on the theory of social learning (Bandura, 1986), modeling is an important method of parental financial socialization, as children, adolescents interact with their parents in social and financial contexts and tend to adopt the observed behavior. According to Mandrik, Fern and Bao (2005), children are a reflection of their parents. Children tend to choose the same financial products, brands, and make similar financial decisions as their parents. For example, if parents tend to keep savings in a particular bank, it is likely that children will also have their first accounts with the same bank. Pritchard and Myers (1992) found that by monitoring the financial practices and behavior of their parents, children acquire same or similar financial knowledge, skills and values as their parents. According to Moschis (1987), parents make an indirect contribution to improving children's financial management and improving their financial skills by enabling children to monitor their financial behavior. Peng et al. (2007) claim that children of saving parents also tend to save.

Targeted socialization as a method of parental financial socialization is understood as conscious and premeditated family relationships and interactions aimed at increasing a person's socialization (Gudmonson & Danes, 2011). For example, parents and children at home are discussing money saving, investing providing them with the knowledge they need to invest successfully in the future. Anderson and Niwitte (2006) say that parents with securities will tend to discuss and pass on financial information to their children in the family. According to the authors, parenting is not only about the current financial literacy of children, but also about their future financial management skills. Conger and Dogan (2007) agree with Anderson and Niwitte (2006), arguing that parents with financial resources (savings, investments) can significantly increase children's social, human and financial capital

An experiential model of parental financial socialization is understood as the use of life experience to internalize knowledge (Kolb, 2014). Based on the definition of experiential learning, children can gain financial knowledge, skills through their own and their parents' experience. Parents with more experience in financial management are likely to transfer their knowledge and skills to children. Research is growing (Clarke, et al., 2005; Sherraden, et al., 2011) finding that children's financial knowledge and skills are much better when children, adolescents have the opportunity to practice financial practices at home and thus prepare for financial independence in the future. Britt (2016) believes that pocket money in early childhood is one of the first lessons in financial management. Children are given the right to decide how and where they will use the incoming pocket money, which is a great financial practice that helps to develop and deepen financial skills. When children are given the opportunity to manage small amounts of money themselves, they start to understand financial responsibility better and increase their confidence in the financial decisions they make (Jorgensen & Savla, 2010). Fundamentals of financial management are linked to actions such as budgeting, saving or investing. In his study LeBaron et al. (2018) presented examples of initial financial management such as encouraging children to record their receipts (pocket money) and spending on a board visible to all family members, opening a personal bank account, making decisions about family shopping, collecting checks. Such every day and domestic situations are an important aspect in shaping a child's financial knowledge and skills.

Summarizing the parents as financial socialization agent, it can be said that it is one of the most influential and important agents in shaping children's financial knowledge, skills, attitudes, values, and behavior. Although most of the literature mentions that only the parents have an impact on the child's financial socialization, there is a growing body of research suggesting that the spouse and the children are also backwards forming person‘s financial knowledge, skills, attitudes, behaviors (Gudmunson & Danes, 2011). It is also important to note that the assessment of the level of parental financial socialization is under researched in the context of the Z generation (Sohn, et al., 2012; Agnew, 2018). Due to this research gap, it is difficult to assess the impact that parents as financial socialization agent has on the individuals of the Z generation. Based on the characteristics of the Z generation, it is likely that the Z generation, i. children and adolescents, will have a greater impact on the financial socialization of their parents in a rapidly changing financial environment than their parents have on their children. In other words, reverse financial socialization of the parent (family) is more likely.

2. Research methodology

Sampling: General population of this research is Lithuanian high school students of 11th and 12th grade (two last years of high-school). The older high school students were targeted due to the higher possibility of having some habits in saving behaviour. According to the Department of Statistics of Lithuanian Republic, 52698 high school students were registered in 11th and 12th grades of high schools in Lithuania for the school year of 2016/2017. In this survey the sample size was determined according to convenience sampling technique. A part of 524 questionnaires collected were eliminated from research sample as they were incomplete. Sample size of 438 questionnaires with the 95 percent confidence level resulted the 4,65 percent margin of error.

Characteristics of respondents: The research sample is dominated by women (71% of female respondents). The average monthly budget of respondents is less than 50 EUR or between 50–100 EUR. 56% of survey participants live in cities or larger towns of Lithuania.

Questionnaire. The quantitative questionnaire research method has been chosen due to limited availability of the existing data. The questionnaire was constructed from the closed-type questions designated to collect information on the different aspects of financial literacy of Lithuanian high school students.

The questions and answer options were adapted to the target group of high school students. This type of questions was prioritized due to their better precision and higher comparability of the results, which is necessary for quantitative analysis. The research questionnaire consisted of 19 questions. Three questions were designed for identification of respondent's characteristics (such as gender, grade, living area and monthly budget). Four questions were designer for measurement of subjective and objective level of financial literacy of researched high school students. Each respondent could collect maximum 8 points if he answered all the questions correctly. The respondent's level of financial literacy was evaluated according to the value of points that he managed to collect: high, average or low. The remaining 12 questions were targeted at the specific aspects of parental financial socialization. Questions on parental financial socialization can be grouped according to their purpose. There were questions devoted for identification of respondents' family characteristics. This information was necessary to evaluate the education or income level of respondents' parents as well as their financial investments. The other part of the questionnaire was devoted for testing the deliberate parental financial socialization, such as daily allowances strategy; family discussions of financial matters or financial teaching. The question 19 helped to identify the warmth of relationships between respondents and their parents. The structure and content of the questionnaire were based on the earlier research in this field by other researchers (Rooij, et al., 2011; Gudmunson & Danes, 2011; Beutler & Dickson, 2008; Grohmann & Menkhoff, 2015, Kim & Chatterjee, 2013; Shim, et al., 2009) as well as theoretical insights by the authors.

Research methods. The level of objective financial literacy was tested with the help of three financial literacy questions defined by Lusardi (2008). The answers were evaluated by points that allowed to evaluated the level of financial literacy of each respondent in quantitative form ranging from 1 to 8. To measure subjective financial literacy, respondents had to evaluate their own financial knowledge on a scale ranging from 1 (very low level) to 7 (very high level) (according to Lusardi & Mitchell, 2014). The comparison of objective and subjective financial literacy levels allowed to evaluate the respondent's level of confidence in his/her financial literacy. For this comparison both scales were unified into the 1–7 range. The numerical value of respondents' subjective financial literacy was subtracted from the numerical value of respondent's objective financial literacy. The mathematical sign of the difference indicates whether respondents underestimate (positive sign) or overestimate (negative sign) their financial literacy. If the difference fitted into the scale (-0.5; 0.5) it was considered that respondent valued his/her financial literacy level objectively, i.e. the subjective and objective financial literacy level was in compliance.

The descriptive statistics of the survey results was performed in order to evaluate the patterns of separate parental financial socialization aspects, such as: education level of each parent; income level of parents; the availability of stocks or bonds in their financial products portfolio; parents as the source of information about basic financial products; the strategy of daily allowances; the frequency of family discussions of financial matters; the involvement of children in family discussions of financial matters; warmth of relationships between respondents and their parents. The qualitative analysis of research results helped to reveal the comparative importance of particular parental financial socialization determinants on the level of financial literacy of respondents.

Timeline and distribution. The research data was collected with the help of survey method. The questionnaire was uploaded in a special web site and the link was distributed to the targeted auditorium by e-mail, within targeted social media groups and other channels with the assistance of school administration. The survey was conducted over the period of April 5–23, 2017.

Limitations of the research. It is important to note that the research sample demographic and social structure does not fully match the researched population (gender distribution; geographical scope of research and etc.) therefore might not fully represent the parental financial socialization of all Lithuanian high school students. The second limitation could be caused by the chosen data collecting method. As the survey method always leaves a possibility to misinterpretation of questions by respondents or not correctly disclosed information.

3. Research results

The level of financial literacy of respondents

After summarizing the high school students' financial literacy assessment data, it was found that as many as 19% of the respondents did not have basic financial knowledge because they were unable to answer correctly to any of the provided financial literacy questions. Similarly, the proportion of respondents who answered all three questions correctly is about 18%. 64% of the respondents answered one or two questions correctly, that is, most of the respondents are not financially illiterate, but have a lack of financial knowledge.

A financially illiterate high school student can be described by the characteristics used in the study. The chances are that the respondent will not be able to respond correctly to one question being a high school student who is: a woman living in a smaller town without any stable monthly personal income and learning in the 11th grade. Meanwhile, the most financially literate respondents are: men living in a city with personal income of 101–300 EUR per month.

To measure subjective financial literacy, respondents had to evaluate their financial knowledge on a scale from 1 to 7 where 1 indicated low level of financial literacy. Summarizing the respondents' choice frequencies, they generally rated their financial knowledge at 4 points. That is, they chose the middle scale value. Only 9% of respondents rated their financial knowledge as maximum. Only a small number of respondents rated their level of financial knowledge very poorly – about 5%. About half of respondents evaluated their financial knowledge as medium and low (between 1–4 points).

The actual level of financial literacy of high school students and the subjective assessment of their financial knowledge was compared according to previously described method. The average difference between the objective financial literacy and the subjective financial literacy equaled 0.2534. The positive sign of this difference indicate that most respondents tend to underestimate their financial knowledge (Figure 1). 15% of respondents assessed their financial literacy level quite accurately complying with the actual one. The level of confidence in financial literacy might be related with the person’s willingness to apply his/her financial knowledge in his/her financial decisions.

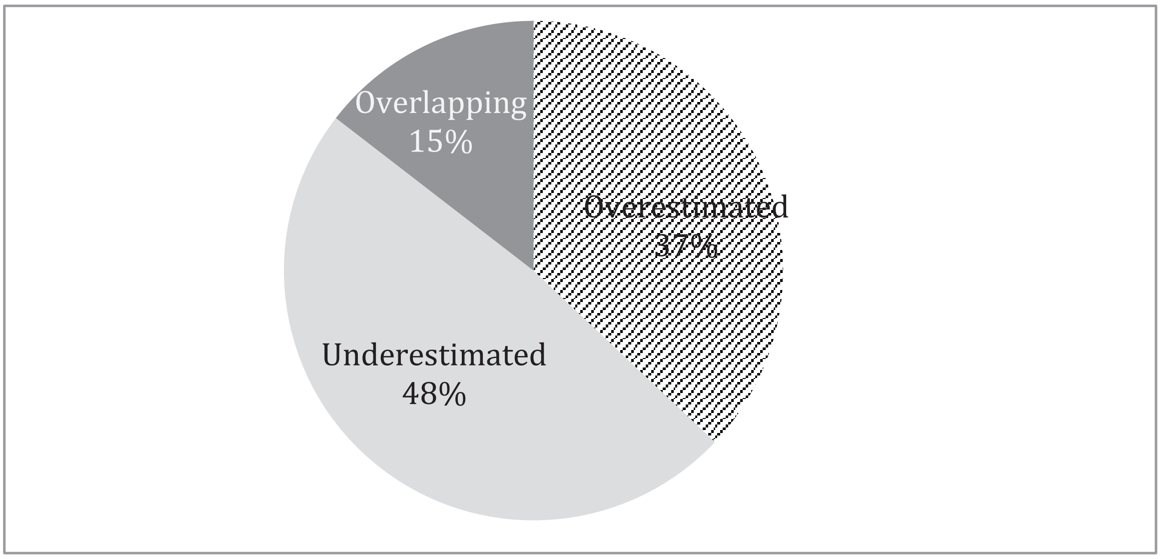

Figure 1. **Comparison of subjective and actual financial literacy assessment results of respondents**

To sum up, the level of financial literacy among Lithuanian high school students is rather low: about one fifth fail to respond to a single issue of financial literacy. When evaluating gender influences, men appeared to be better than women when answering questions. High school students from the cities tend to have higher financial literacy. Respondents without personal income flow failed to responded to most financial literacy questions. In general, high school students tend to underestimate their financial literacy knowledge and only about 15% evaluate their knowledge quite accurately.

According to Xu and Zia (2012), the function of financial literacy and age is in the form of an inverted U letter, i.e. middle aged people are generally more financially literate than young people or people of retirement age. For example, in the US respondents in the age group 25–65 years responded to financial literacy questions 5% better than those younger than 25 years old. According to Lusardi and Mitchell (2014), in studies where financial literacy of high school students is measured, the results tend to be rather poor.

The level of parental financial socialization determinants and their impact on financial literacy of respondents

Parents as the source of information about basic financial products: The previous research analysis revealed that parents are considered as the major agent of parental financial socialization of children and adolescents. The respondents were asked to choose what was their major source of financial information about certain financial products: bank account; bank deposit; pay-day loans; peer-to-peer platforms. The results revealed that the dominant scientific believe about parents as the main parental financial socialization agent is valid only for classic financial products such as bank account or bank deposit. Respondents declared that parents introduced them to bank accounts (66.4%) or bank deposits (43%). What concerns the more modern or recently developed financial products, such as peer-to-peer platforms or pay day loans, parents influence is much smaller. Internet and media was mentioned as the major source of information about pay-day-loans (68%) and peer-to-peer platforms (49%). School teaching was mentioned as least important source of information in all the financial product categories.

Education level of each parent: About one third of respondents indicated that their mother (39%) or their father (33%) have a university degree. 26% of respondents live in families where both parents attained higher level of education and these results confirm the insights that both spouses tend to have similar level of education (Potrich, et al., 2015). According to other authors, children that come from families where parents have higher levels of education tend to achieve significantly higher level of financial literacy (Pinto, et al., 2005; Jorgensen, 2007; Mandell, 2008; Potrich, et al., 2015). Our research results also indicate that the level of financial literacy is significantly higher (by 5 p.p.) of those children that come from more educated families. The number of high school students with absence of basic financial knowledge is also smaller (17%) in comparison with the total sample (19%). *We can conclude that higher level of education of parents leads to higher financial literacy of their children.*

Income level of parents: Most of the respondents (64.4%) come from families with monthly income under 1000 EUR. Only 13.2% of researched families have income above 2001 EUR. Most of high income families come from the bigger towns and cities. The results show that there is no evidence about significant differences in financial literacy of high school students that come from higher income families. Even though the percentage of high school students (23%) that answered all three financial literacy questions exceeds the total sample (18%), the number of high school students with absence of basic financial knowledge is also bigger (21%) in comparison with the total sample (19%). But our research results confirmed the findings that children tend to be more financially literate if their parents are better educated and simultaneously earn more income as 35% of surveyed children whose both parents have a university degree and monthly income above 2001 EUR answered all financial literacy questions correctly (total sample – 18%).

The availability of stocks or bonds in parents' financial products portfolio: 28% of respondents were not aware about the financial assets of their parents. And only 11.4% of respondents indicated that their parents have stocks or bonds. Most of such families have higher monthly income flow (66%) and higher level of education of their father (60%), their mother (52%) or both (44%). Our research results confirmed that the financial literacy level of children that come from families where financial portfolios include stocks or bonds and children are aware of that is higher than the average. 32% of respondents in this subgroup managed to answer all three financial literacy questions correctly comparing with the average score of a sample (18%). The percentage of respondents with the lack of basic financial knowledge was also smaller by 2 p.p. than the average.

Direct parental teaching of financial matters: According to Solheim, Zuiker and Levchenko (2011), Danes, Yang (2014) et al., most young people seek financial help or advice from their parents. Parents are encouraged to tell their children about expenditure and savings from a young age to teach about a need to spend money responsibly and wisely, necessity to save and other areas of financial life. Researchers say that the more children are taught how to manage money, the more their financial knowledge grows and they may be able to make more rational financial decisions in the future. The average level of direct parental teaching in our research sample is average. Respondents were asked to evaluate the level of financial teaching be their parents by choosing the corresponding score from the 1 to 5 scale, where 1 meant the low level of teaching and 5 – high level of teaching. The average score of our sample was 3.47. About 49% of respondents evaluated the level of their direct parental teaching with the score 4 or 5 which indicates high level of teaching. This group of respondents did not show any difference in the level of financial literacy than the total sample. On the contrary, the number of respondents that were able to answer to all three questions of financial literacy was significantly lower (16%) than the average of total sample (18%). The results indicated that direct parental teaching provides positive effects on the level on financial literacy of their children only if they are higher income earners (more than 1001 eur) or have higher levels of education. We tested the highest positive effect of direct parental teaching on the financial literacy level of their children in families where both parents have university degrees and their monthly income exceed 2001 EUR.

The involvement of children in family discussions of financial matters: This factor evaluates whether parents are involving their children in family discussions about large purchases or holiday plans. According to earlier research, parents often share their plans with their children and allow them to participate in making important decisions about holiday planning or big items shopping. They thus develop the skills to plan their budget, to save or to make extra money. It also fosters children's financial autonomy. A similar approach is taken by Grohmann, Menkhoff (2015), while they explain that parents who often talk to children about finance, financial well-being, improve their financial literacy. 74.4% of respondents declared about their involvement into family financial matters. Out of which 37% discuss financial issues with their children on a regular basis. Thus the total declared involvement of respondents into family financial matters is really high, the positive effect on their financial literacy is evident only in families with higher income levels.

The strategy of daily allowances: Major part (77.8%) of our research sample declared receiving daily allowances for their expenses. And more than half of families not only provide daily allowances for their children, but also control where they are spent. The results show that more than half of respondents receive pocket money on request. The control factor did not have any significant influence on the variety of financial literacy level among different subgroups of respondents. The factor of control mattered only if the monthly income of respondents were above 1001 EUR. In families with higher income flows the daily allowances control factor had diverse impact on the level of financial literacy of children. The percentage of children with the highest level of financial literacy was above average in this group by 4 p.p. This could be explained with higher responsibility in front of their parents. It was also evident that the percentage of high school students with the inadequate financial knowledge was lower by 9 p.p. in families that provided their children bigger autonomy to distribute their pocket money. Thus, the bigger autonomy for children to distribute their daily allowances might have positive impact on the level of their financial literacy. It is important to note that the crucial role in the daily allowances strategy plays the frequency.

Warmth of relationships between respondents and their parents: Gudmunson, Danes (2011) argue that good relationship with parents promote children self-confidence, develop their greater motivation to achieve goals and provide them with the appropriate environment for learning. Researches also state that the relationship with parents affect financial literacy of children, because when communicating closely there is a possibility for parents to transfer their experience to children, children can create a better future for themselves. 91.6% of respondents described their relationship with parents as warm. No clear connection between the warmth of relationships and the level of financial literacy could be derived from the results of this research.

Conclusions

Financial socialization can be described as a process of learning and development, in which knowledge, skills, attitudes and values are acquired that ensure the formation of appropriate financial behavior and financial well-being. While most authors analyze financial socialization as a childhood learning process, it is lifelong process.

Parents, as the agents of financial socialization, were researched rather broadly. But there is a lack of research that analyzes the Z generation and it is difficult to judge the influence and importance of the parent agent for the Z generation. Based on the values and characteristics inherent in the Z generation, it is likely that the importance of parents as the agent of financial socialization should decrease. Also, the Z generation is characterized by innovation and curiosity. As financial services become more innovative, information about them can be more accessible and easier to understand for the Z generation than for older generations. For this reason, in a rapidly changing financial environment, the Z-generation can have reverse financial socialization on their parents.

Research results revealed that the level of financial literacy among Lithuanian high school students is rather low: about one fifth fail to respond to a single question on financial literacy. When evaluating gender influences, men appeared to be better than women when answering questions. High school students from the cities tend to have higher financial literacy. The qualitative analysis of the questionnaire results revealed that the most important factors of parental financial socialization were family monthly income and the education level of father and mother. Children with the highest financial literacy scores come from families where both parents have university degrees and monthly income above 2001 EUR. The important factor is the availability of stocks or bonds in the financial portfolio of researched families. Children from such families tend to be more financially literate (32% answered all financial literacy questions) than the average (18% answered all financial literacy questions) undependable of general education level of parents or family monthly income. Direct teaching or involvement of children into family discussions of financial issues have positive effect only in those families where parents not only have higher level of education but also generate higher monthly income flow. The research revealed that the most popular daily allowances' strategy is providing pocket money upon request without any regular frequency. The daily allowances' control factor had negative effect on financial literacy level of respondents: higher autonomy of children in distributing their daily allowances resulted in their higher levels of financial literacy (higher by 4 p.p. than average in high income families).

The research results also disclosed that parents are no longer the major source of financial information for their children. Respondents tend to acquire information about more modern or recently developed financial products from other agents of financial socialization such as internet or media. These new financial socialization trends can be confirmed by the previous authors' research results. Authors (Sohn, et el., 2011; Sundarasen, Danaraj ir Rahman, 2016), who investigated the impact of financial socialization agents on students' financial literacy in Z generation context, had found that the influence of the media as a financial socialization agent on the financial literacy of students has significant, positive and greatest impact. Also, Kovarova-Simecek and Aubram (2018) found that peers are the main source of financial knowledge and have a significant and positive impact on the financial literacy of students. This leads to the need for further research of parental financial socialization impact on the financial literacy of adolescents incorporating other socialization agents due to the possible changes of their importance in the modern context.

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CHINESE AND LATVIAN TERTIARY TOURISM AND HOSPITALITY EDUCATION GRADUATES' PROFESSIONAL COMPETENCE

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Abstract

Considering the growth of tourism and hospitality industry worldwide, graduates' employability has become an increasingly important measure for all stakeholders. This comparative research involving two tertiary education institutions providing tourism and hospitality education was conducted in Latvia and China in 2018–2019 to define similarities and differences in the opinion of Latvian and Chinese employers of tourism and hospitality field concerning potential graduates' attributes required to successfully operate in the contemporary labour market as well as evaluate graduates' field knowledge and professional competences and their compliance to the needs of the labour market. The paper provides a basic insight into the current situation in tourism and hospitality industries in China and Latvia and introduces results obtained in the survey of 210 Chinese and 138 Latvian employers in whose enterprises students undergo training. The research methods: analysis of secondary data, employers' survey applying face-to-face questionnaire; data processing and analysis applying IBM SPSS software – descriptive statistics and inferential statistics tests. Similarities discovered: field knowledge and professional competences required are similar in both countries, there exists a gap between employers' expectations and the level of graduates' field knowledge and professional competences. Differences concern the level of graduates' field knowledge and professional competence.

Keywords: field knowledge, graduates' employability, professional competence, tourism and hospitality industry

Introduction

The tourism and hospitality industry is one of the worldwide leading industries with a decisive and central role in promoting the economic, socio-cultural and physical effects on a host nation or region. The industry has developed steadily and has grown continuously in the past years. According to the latest report from the United Nations World Tourism Organisation (UNWTO, 2019), it is recorded that international tourist arrivals worldwide increased 6% in 2018 to 1.4 billion, based on data reported by worldwide destinations. Given the remarkable growth of international arrivals in recent years, the 1.4 billion mark has been reached two years ahead of UNWTO's long-term forecast issued in 2010. It also seems that international tourism expenditure increased significantly as well; for example, Asia and the Pacific market travellers spent USD 502 billion (EUR 442.45 billion) on international tourism in 2017, around 37% of the world total, up from 24% in 2010 (UNWTO, 2018).

Tourism is a combination of several major elements, including services, attractions, and other companies that provide visitors' experience with transportation, accommodation, food, entertainment, activity facilities and other hospitality services (Mathieson & Wall, 1982). As such, the tourism industry is a people-oriented service industry. Human resources will undoubtedly be seen as one of the most important assets of the tourism and hospitality industry. Human resource outcomes in the tourism industry are generally measured with intangible factors such as employee satisfaction, customer satisfaction, customer complaints, etc. (Cho, et al., 2006). Therefore, "the story of successful tourism enterprises is one that is largely about people – how they are recruited, how they are managed, how they are trained and educated, how they are valued and rewarded, and how they are supported through a process of continuous learning and career development" (Fa'ilte Ireland, 2005, 8).

To address these challenges, both academicians and professionals have emphasized the importance of having competitive employees with certain core competences and capabilities in the tourism and hospitality industry, such as being well educated, possessing self-efficacy, authenticity, being thoughtful, collaborative, as well as having higher emotional intelligence (Karatepe, et al., 2006; Grandey, et al., 2005; Kerbnach & Schutte, 2005).

Considering all the afore-mentioned, this paper will provide basic insights into the current situation in tourism and hospitality industries in China and Latvia and will focus on the analysis of the field knowledge, professional skills and competences required and their supply according to the employers' opinion elicited in the survey of Chinese and Latvian tourism and hospitality industry employers.

1. Theoretical framework

Graduates' employability has become an increasingly important measure for all stakeholders (O'Leary, 2016). It has been in the centre of higher education agenda already since the publishing of the Dearing report in 1997, but its significance became particularly actual in the beginning of this century when numerous authors, as well as various national and international institutions, started to pay increasing attention to graduates' employability, believing that it represented one of the most important aspects of higher education quality. For instance, the Leuven Communiqué (2009) established employability as a priority for European countries. The Organisation for Economic Cooperation and Development (OECD) in its 2016 report proposed the implementation of a set of concrete actionable measures in order to improve employability of each economy's workforce, making skills more transferable and workplaces more adaptable (OECD, 2016).

Several scholars have explicitly argued in favour of the role of employability in tertiary education. It is being stressed that employability in a broader context represents the ability to use the skills, knowledge and understanding gained in studies in order to obtain a conformable job (Hillage & Pollard, 1998; Pool & Sewell, 2007; Turner, 2014). Over the past years, scholars have also argued that employability represents a complex concept, which also engages other dimensions, such as networks, professional identity and active citizenship (Rowe & Zegwaard, 2017).

Based on the understanding of the significance of employability, several models targeted at enhancing employability have been developed internationally. The best-known models include Bennett et al. (1999) model, wherein the authors have stressed five elements of course provision: disciplinary content knowledge, disciplinary skills, workplace awareness, workplace experience and generic skills. The USEM account of employability (Yorke, & Knight, 2004), stresses four inter-related components of employability – understanding, skills, efficacy beliefs and metacognition. EDGE model, developed based on USEM, illustrates the essential components of employability and suggests the direction of interaction between various elements (Pool & Sewell, 2007). The model consists of five elements – career, experience, degree subject knowledge and skills, emotional intelligence and, similar to the previously mentioned models, – generic skills. These models focus on the development of knowledge and skills, thus allowing to meet employers' needs.

It can be concluded that employability is about the process of learning (Harvey, et al., 2002). It implies that the knowledge of the subject matter and skills, including employability skills are the most essential elements. Employers are interested in graduates with relevant subject skills, knowledge and understanding, but in addition to this, they are looking for employees with developed generic skills in several areas (Harvey, et al., 1997; Yorke, 2006; Sodhi & Son, 2008; Velasco, 2012).

Currently, tertiary education institutions are developing students' employability in more distinct and systematic ways and in close collaboration with employers than it was previously stated (Harvey, et al., 2002). Some higher education initiatives are course-specific, others include those, which are not industry-specific and are rather directed towards the development of the overall employability skills. In order to make tertiary education institutions understand what knowledge and which skills students must acquire during their studies, it is necessary to be aware of professional competence required for each industry. Professional competence is formed by knowledge, skills and attitudes and values (OECD, 2018) and, in line with the employability theory, higher education graduates must possess all of them. Thus, in the current research authors adopt this approach and analyse field knowledge and professional competence, which includes skills, abilities and values. Conducting comprehensive studies of industry-specific professional competences are essential for gaining understanding in this regard.

2. Methods

Research type and purpose

Comparative research involving two tertiary education institutions providing tourism and hospitality education were conducted in Latvia and China in 2018–2019. The comparative research design was selected as "comparative research is commonly applied in cross-cultural and cross-natural contexts" (Walliman, 2016, 35) in order to discover similarities and differences between two countries or institutions.

The purpose of the current research is to find out similarities and differences in the opinion of Latvian and Chinese employers of tourism and hospitality field concerning potential graduates' attributes required to successfully operate in the contemporary labour market as well as evaluate graduates' field knowledge and professional competences and their compliance to the needs of the labour market.

Context

China is represented by **YueXiu Institute of Hospitality Administration** (YIHA), a school of Zhejiang Yuexiu University of Foreign Languages (ZYUFL) located on Jinghu campus in the city of Shaoxing, Zhejiang Province. YIHA was founded in 2011 offering a Tourism Management major under ZYUFL's International Business School and officially started to recruit students in 2012. Since 2012, YIHA has grown rapidly and nowadays has two undergraduate majors, namely, *International Hospitality Management* and *Events Management* with around 1000 full-time undergraduate students. YIHA is currently the largest undergraduate private Hospitality School in Zhejiang Province, China. YIHA is the only hospitality school in China offering a Chinese national degree and an *American Hospitality Diploma* and course certificates to its graduates. Under a global academic license with renowned *American Hotel & Lodging Educational Institute* (AHLEI), YIHA offers 12 International *Hospitality Management* Course certificates as well as departmental specializations and diploma. Currently, YIHA ranks No.5 in the chart of best hospitality schools in China and plans to obtain an *International Excellence Certification* to position YIHA among the worldwide international players. YIHA has more than 8 000 m^2 functional *Hotel Management Simulation Centre* (Shaoxing's undergraduate teaching application centre), for teaching the experimental courses and providing concentrated training on the campus. YIHA students operate the application hotel lab in a simulated and unique hotel environment, undertaking their full practical learning dealing with real events and guests, operating in all areas of the hotel, managing several projects under the guidance of practice lecturers and department managers. During the 4-year Bachelor Degree studies and after completing the apprentice program in the hotel lab, students continue their professional development in two 6 month periods in various luxury establishments, mainly hotel properties in China and abroad.

Latvia is represented by ***Turiba* University**, the first and the largest university in Latvia offering curricula in tourism and hospitality. The first tourism curriculum – Professional Bachelor curriculum *Tourism and Hospitality Management*, was created in 1993. Currently, there are four tourism and hospitality related curricula. Besides *Tourism and Hospitality Management* curriculum, there is another Professional Bachelor curriculum *Event Production and Management*, the short cycle curriculum *Hospitality Service* and Professional Master curriculum *Tourism Strategic Management*. Curricula are developed in accordance with the legislation of Latvia and they take into account the interests of all stakeholders, including the needs of the specific industry. They comprise three mutually complimentary components: general educational, field-specific theoretical and professional specialization study courses, as well as field practices and the state examination. In order to manage curriculum development and to ensure that the implementation is conducted according to the needs and interests of all stakeholders, the University has established a special body – *Faculty Council*, which is a consultative and decision-making body consisting of academic personnel, administrators, students and representatives of the labour market. It should be noted that labour market representatives constitute 50% of all the Council members. An essential component of studies is students' training in the industry. The students develop their competencies in numerous training institutions in Latvia and abroad. *Turiba University* has also opened an 'Event Laboratory', a 'Travel Agency Lab' and a 'Start-up Hotel Lab' (Accommodation, Catering services) wherein students alongside with industry training develop their professional competence. Currently, there are 672 students studying tourism and hospitality at *Turiba University*. A total of 2 700 graduates of tourism and hospitality curricula have graduated from the University during the past 20 years, which means that approximately every second tourism and hospitality tertiary education graduate in Latvia comes from *Turiba University*.

Research methods

The paper analyses the findings obtained during the first two stages of the research: 1) analysis of secondary data concerning the current situation in the tourism and hospitality industries in China and Latvia, 2) employers' survey applying face-to-face questionnaire. Quantitative approach has been selected for the first two stages in order to elicit numerical information to attain "the value of quantification" (O'Leary, 2010, 106). Data analysis was done applying descriptive (frequencies, means, modes, Cronbach's Alpha test for validity) and inferential statistics tests (due to not-normal data distribution Mann-Whitney and Wilcoxon Signed Ranks tests to find significant differences) using IBM SPSS 22 software (Walliman, 2016).

Survey tool

The questionnaire tool consisted of 6 parts comprising closed-ended questions: 1) 5-point Likert scale questions to analyse field knowledge expected from potential employees (13 variables), 2) evaluation of trainees' field knowledge accordingly (13 variables), 3) analysis of professional competences expected from potential employees (25 variables), 4) evaluation of trainees' professional competences (25 variables), 5) 4-point scale applied to analyse significance of tertiary education and previous work experience when hiring new employees for certain positions (8 variables), 6) the sample profile (company, number of employees in it, respondents' position). Closed-ended questions have been selected because, as indicated by Smith (2017, 77), "they ensure a consistent set of answers from respondents" which is very important in the current research considering different socio-cultural and historical backgrounds of both countries.

Sample

A purposive sample was formed to include key informants whose opinions are vital for the study (Walliman, 2016; O'Leary, 2010). In total, 348 employers in whose enterprises students undergo training were included in the sample. 138 represented Latvia and 210 China.

107 were top-level managers (45 from China and 62 from Latvia), 163 mid-level managers (110 from China and 53 from Latvia), 53 lower-level managers (40 from China and 13 from Latvia), 25 belonged to other categories.

Majority of Chinese respondents (206 respondents or 98%) represented hotels as students undergo training mostly in accommodation establishments.

42 Latvian respondents (30%) represented accommodation sector, 46 catering sector (33%), other sectors included tour operators (3 respondents), travel agencies (9 respondents), tourist information centres (TIC) (8 respondents), another kind of business (26 respondents). The situation is typical to the one of students' training in Latvia.

Concerning the size of the company, Chinese respondents represented mostly large enterprises having more than 250 employees (154 respondents or 73%) and companies having between 101 and 250 employees (47 respondents or 22%). Whereas the distribution of Latvian respondents was more even with 35 respondents (25%) from companies having from 41 to 100 employees, an equal share was from companies having 16 to 40 employees (35 respondents or 25%), 43 respondents (31%) were from companies having from 6 to 15 employees and 25 respondents (18%) from small companies employing up to 5 employees. This is again characteristic to both countries concerning the size of enterprises in them.

2. Results

As tourism and hospitality industry constitutes an essential part of the economy with a high direct and indirect impact, the analysis of secondary data is essential in the current research to better understand the specific employability situation in both countries and tourism and hospitality tertiary education graduates' ability to operate in the labour market. Therefore, first, an insight into the current situation in the tourism and hospitality industries in China and Latvia is given and next, the analysis of the main findings from the employers' survey is provided.

The tourism and hospitality industry of Latvia

As pointed out by the World Travel & Tourism Council (WTTC) it is expected that in the period from 2015 to 2025 the direct impact of tourism on the economy of Europe will amount to 3.6% of the GDP with a total of more than EUR 930 billion. The direct contribution of the tourism industry in Latvia in 2017 accounted for 4.2% or EUR 1 110.4 million (WTTC, 2018). The demand for hospitality and tourism industry services is determined by both domestic and inbound tourists. According to information of the Central Statistical Bureau of Latvia (CSB), 12 532.4 thousand domestic trips were made within Latvia in 2017, where totally local tourists spent EUR 365.1 million. Approximately two-thirds of these trips were same-day travel and only 24% of travellers chose overnight trips (CSB, 2018a). Based on the number of people served in hotels and other tourist accommodations, domestic tourists form 31% of the total number of guests served. As the average number of nights spent in tourist accommodations does not differ – 1.9 night per domestic as well as inbound tourists, a conclusion can be drawn that inbound tourists account for a higher proportion of the revenue of the tourism and hospitality industry compared to domestic tourists.

In 2017, the number of border crossings by foreign travellers reached 7.73 million. It represents a 77.8% increase compared to 1996 (1.7 million). Even though there has been an overall significant increase within the last 20 years of more than 350%, the marginal effect of these crossings has not always been positive (see Figure 1). The most significant decrease was observed in 2009 when the number of border crossings decreased by more than 16 % compared to the previous year due to the financial crisis of 2008.

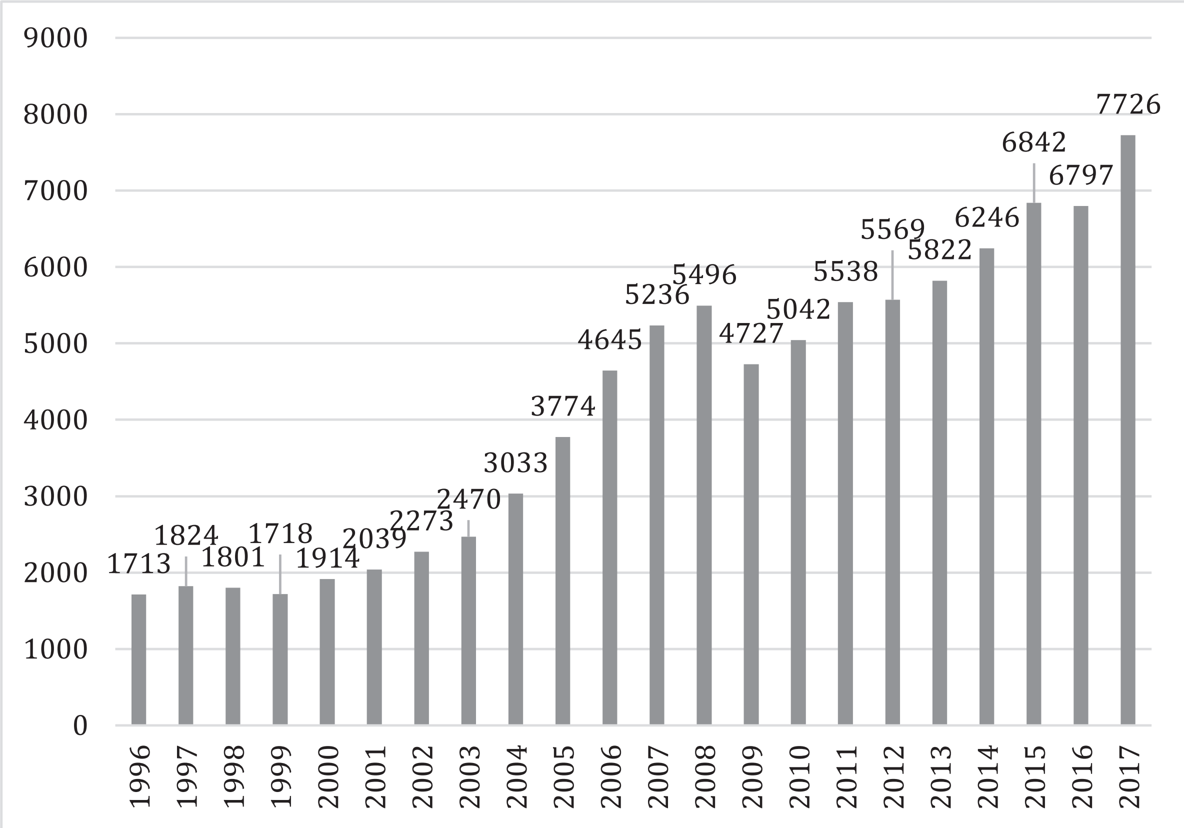

Figure 1. **Number of border crossings by foreign travellers (thousands) (1996–2017)** (CSB, 2018c)

At the same time, it should be noted that only 23% of those arrivals stayed in Latvia overnight in 2017 (CSB, 2018b). Unfortunately, since 2008 the number of overnight stays of foreign travellers has not exceeded 30%. Latvia has one of the lowest numbers of nights spent by residents and non-residents at tourist accommodation establishments among the EU countries – 4.4 million nights in 2016 (Eurostat, 2017). A lower number of nights spent by both – residents and non-residents calculated per inhabitant of the country in the EU are attributed only to Poland and Romania.

The total amount of expenses of foreign travellers in Latvia has increased annually since 2010, reaching EUR 692 million in 2017. Comparing the data in 2010, when the tourism industry started its recovery after the recession, and 2017, it can be concluded that the expenses of foreign tourists have not increased as much as expected. The increase of foreign travellers by 35% account for an increase of only 32% of their expenditure (CSB, 2018c).

According to the World Travel & Tourism Council report, travel and tourism generated 37 000 jobs directly in 2017 (4.2% of total employment) in Latvia. This includes employment by hotels, travel agents, airlines and other passenger transportation services (WTTC, 2018a), where a major percentage – 93.7% of employees work in accommodation and catering services and 6.3% work in travel agencies and with tour operators. (CSB, 2018d).

Indirectly, together with related industries, tourism and hospitality contribute 9% of the total employment in Latvia, providing almost 79 thousand jobs (The Ministry of Economics, 2017). The situation in Latvia in terms of employability is similar to other countries – internationally, travel and tourism directly generate 3.8% of the total employment on average and indirectly – 9.9% of the total employment (WTTC, 2018b).

The tourism and hospitality industry of China

China is now one of the fastest growing economies in the world. For the three decades since the reform and opening up, China's economy has undergone enormous changes. It could be seen that GDP of China improved steadily; the proportion of middle-income population is increasingly going upward; new generation has grown up and the people's life style and accompanying consumption patterns varies to be more diversified; rapid progress of transportation infrastructure further promotes urban development. Along with the development of the Chinese economy, all the driving forces mentioned above push the rapid development of the tourism and hospitality industry in China.

The latest data from China Tourism Academy (CTA) showed that in the first half of the year 2018, Chinese made 2.82 billion domestic trips, which is an 11.4% increase from that year-on-year and the revenue from domestic travel was 2.45 trillion RMB (EUR 0.32 trillion). And China's inbound tourism rose steadily, and total inbound tourist number was 69.2 million, rising by 2.8% compared with the same period for the previous year, wherein more travelers were from countries along the "One Belt and One Road" route. In the first half of 2018, 71.3 million people travelled overseas, which is an increase of 15% from a year earlier. (China Tourism Academy, 2019) Meanwhile, the opening of the Hong-Kong Zhuhai-Macau Bridge in October 2018 is expected to enhance connectivity and boost tourist flows between the three main cities of the Greater Bay Area (UNWTO, 2019).

Reform and opening-up also brings China both international opportunities and income. China now is one of the world's most popular tourism destinations for people of various countries. With the government's policy support, huge market opportunities attract massive international investment, international hotel groups also regard China as the important strategic place in their process of globalization. At the same time, based upon home market, Chinese hotel owners have developed brand strategies and planned more international expansion.

Professional skills are needed in society. With the development of science and technology, new skills, ideas and technology are used in every commercial field, tourism and hospitality industry is no exception. With the development of industry, "hospitality and tourism education is booming, and the research in the field is increasing. During the last 20 years, China's tourism education expanded rapidly" (Zhao, 2018, 4). By 2017, there were 2641 colleges and schools providing tourism and hospitality programs. There were also 336 doctoral candidates and 2 832 master candidates majoring in tourism related disciplines enrolled in different universities in 2017. (Ministry of Culture and Tourism, 2019)

Employers' expectations concerning graduates' field knowledge

Findings indicate that employers consider the following field knowledge essential to successfully operate in the labour market: knowledge of tourism and hospitality industry operations (mean=4.4540, mode=5.00), knowledge of marketing (mean=4.2299, mode=5.00), knowledge of social psychology (mean=4.2040, mode=4.00), knowledge of catering management and organization (mean=4.1667, mode=5.00), knowledge of company management (4.0517, mode=4.00). Concerning other variables of knowledge significance, the means range from 3.5776 to 4.000, with modes 3.00 and 4.00 respectively.

Comparing the opinion of Chinese and Latvian employers, Latvian employers (means 3.4783–4.5362) find field knowledge more important than the Chinese ones (means 3.5333–4.4000). The differences are statistically significant (Asymp. Sig. 2-tailed 0.000–0.047) for most variables except 'knowledge of economics' (Asymp. Sig. 2-tailed 0.076), 'knowledge of catering management and organization' (Asymp. Sig. 2-tailed 0.887), 'knowledge of international tourism and globalization' (Asymp. Sig. 2-tailed 0.271). Chinese respondents compared to Latvian respondents have significantly evaluated higher only two variables 'significance of the knowledge of hotel operations and management' (Mean Rank 185.63 vs. 157.56) and 'significance of the knowledge of tour organization and management' (Mean Rank 185.73 vs. 157.42).

Evaluation of graduates' field knowledge

As to the evaluation of trainees' field knowledge, the data show a comparatively lower score. The means range from 3.3879 (knowledge of accountancy) to 3.9425 (knowledge of tourism and hospitality industry operations), modes=3.00, except for the variables 'evaluation of the knowledge of tourism and hospitality industry operations' and 'evaluation of the knowledge of tourism and hospitality business' the modes are 5.00. This result is gained because of the dominance of answer options 'high evaluation' (38.8% and 32.2% respectively), 'quite high evaluation' (26.4% and 31.0%) and 'medium evaluation' (29.0% and 30.2%), with 5.7% and 6.6% of respondents answering negative or not answering these questions at all.

Comparing the evaluation of trainees' field knowledge done by Chinese and Latvian employers, extremely significant differences have been discovered for all variables (Asymp. Sig. 2-tailed 0.000). Latvian employers have given a higher score for all the variables compared to the Chinese ones, which means that the Latvian employers either have lower requirements for the graduates, or it can be admitted that Latvian trainees' knowledge level is slightly higher than that of the Chinese ones.

The findings also indicate that, despite the quite positive evaluation of trainees' field knowledge, the level just partly complies with the labour market needs in terms of employers' expectations (Figure 2).

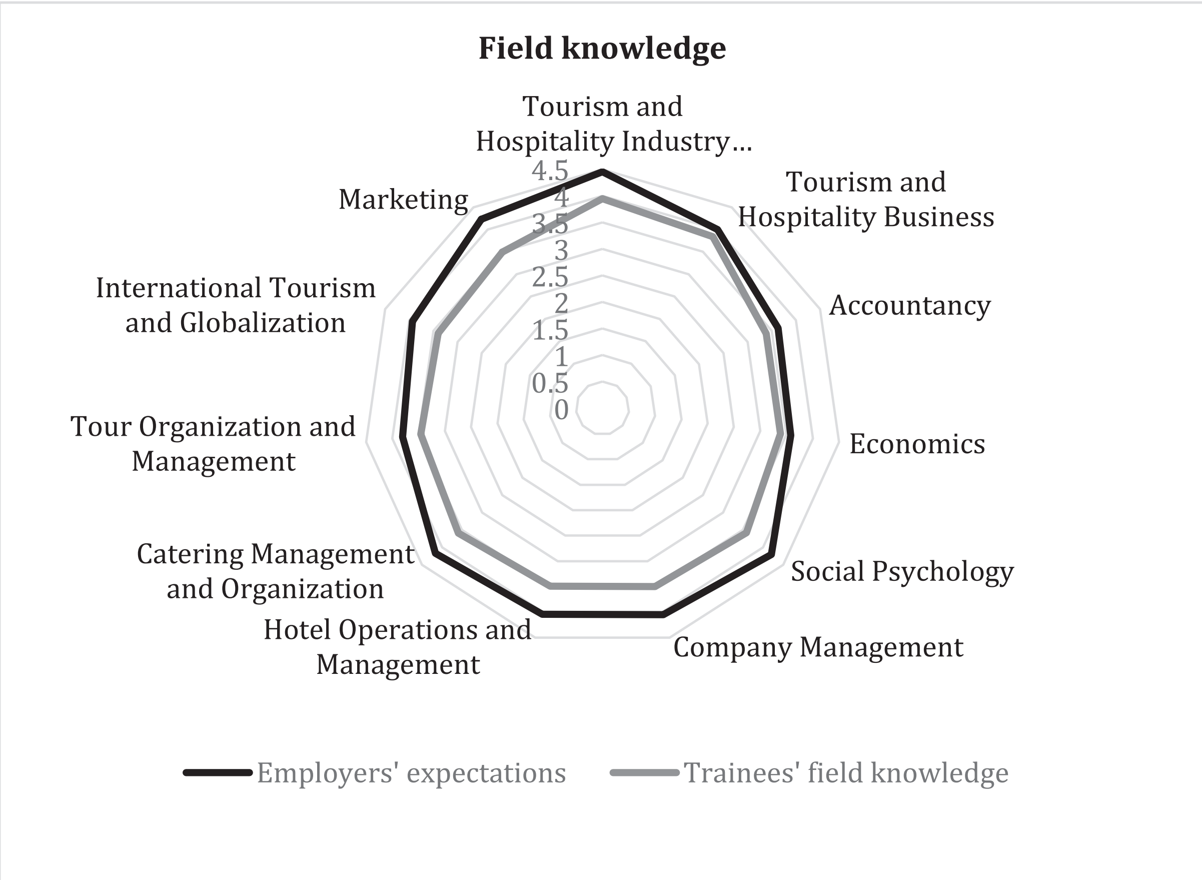

Figure 2. **Field knowledge evaluated by employers means (max=5.0000)**

Moreover, it has to be emphasised that when Wilcoxon Signed Ranks test was applied to define the difference between the employers' expectations concerning graduates' field knowledge and the factual level of the trainees' knowledge, significant differences were found for all the variables (Asymp. Sig. 2-tailed 0.000–0.009) with negative ranks prevailing for most of them, except for the 'knowledge of accountancy', 'knowledge of hotel operations and management', 'knowledge of tour organization and management' and 'knowledge of international tourism and globalization', wherein a slight positive trend was observed. This result shows the insufficient level of trainees' field knowledge acquired during the studies.

Employers' expectations concerning graduates' professional competences

The findings indicate that employers consider professional competences more important than field knowledge. All the means for professional competences are above 4.5, except for the significance of second language skills – German (3.2270), Russian (3.7270), Spanish (2.7787) and French (2.9138) as well as the ability to work with different reservation systems (4.239). All the modes, except for German, Spanish and French language skills, are 5.00.

Analyzing each of the skills and competences separately, it is evident that the positive result is provided with the predominantly higher percentage of answers 'significant' for most parameters (Figure 3).

What is more, the significance of positive attitude to work and lifelong learning ability are slightly more significant competences than others, followed by responsibility of one's own actions and decisions, English language skills, communication with colleagues and an ability to express one's ideas and opinions clearly. Those are the typical competences required to work in an international environment, including at management positions.

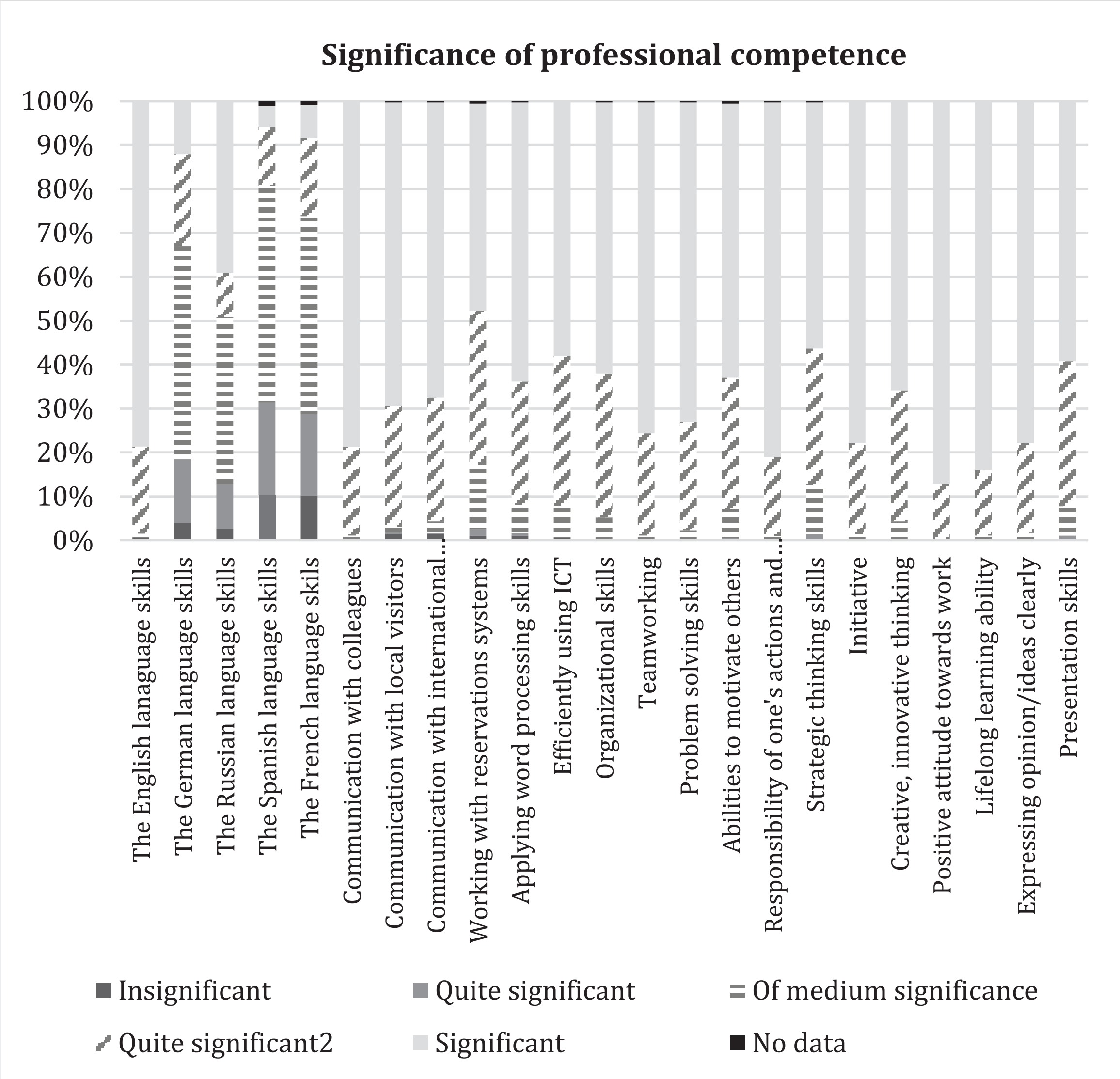

Figure 3. **Employers expectations concerning graduates' professional competence (%)**

Evaluation of graduates' professional competences

As to the evaluation of trainees' professional competences, a greater discrepancy than concerning the field knowledge has been observed. The means range from 2.1293 (the French language skills) to 4.2529 (team working).

Wilcoxon Signed Ranks test confirms extremely significant differences for all the variables concerning employers' expectations and the current level of trainees' professional competences (Asymp. Sig. 2-tailed 0.000). And, similar to field knowledge, negative ranks prevail. However, positive evaluation has been found for the following variables: 'ability to communicate with local visitors' (Mean Rank for expectations 74.06 vs. Mean Rank for the level 84.88), 'ability to work with different reservation systems' (Mean Ranks 92.89 vs. 96.11 respectively), 'ability to apply word processing, spread sheets software in practice' (Mean

Ranks 86.46 vs. 96.85), 'team working' (Mean Ranks 77.86 vs. 103.00). Figure 3 illustrates the means for employers' expectations of professional skills and competencies and the actual competences of the trainees.

Figure 4. **Professional competences evaluated by employers means (max=5.0000)**

As it is evident from Figure 4, there exists a gap, which confirms that the actual level of trainees' competences still has to be improved. However, as most of the means are above 4, it may be recognized as good.

Differences have been discovered between both countries concerning the significance of professional competences and the level of trainees' competences (see Table 1).

Table 1

Comparison of the significance of professional competences and their actual levels by Chinese and Latvian respondents means (max=5.000)

Variables	China		Latvia	
	Signifi-cance	Evalua-tion	Signifi-cance	Evalua-tion
The English language skills	4.7000	3.4238	4.8551	4.6594
The second foreign language (German) skills	3.0238	2.6762	3.5362	1.9638
The second foreign language (Russian) skills	2.9571	2.6762	4.8986	4.1884
The second foreign language (Spanish) skills	2.9476	2.6667	2.5217	1.6884
The second foreign language (French) skills	3.1190	2.7048	2.6014	1.2536
Ability to communicate with colleagues	4.6476	3.7190	4.9710	4.7899
Ability to communicate with local visitors	4.5476	3.7762	4.7101	4.6159
Ability to communicate with international visitors	4.4762	3.4810	4.7536	4.6014
Ability to work with different reservation systems	4.167	3.4429	4.348	4.0507
Ability to apply word processing, spread sheets software in practice	4.4714	3.5905	4.5797	4.5580
Ability to efficiently use ICT	4.3333	3.6286	4.7319	4.4783
Organizational skills	4.3286	3.5190	4.8986	4.6739
Team working	4.5810	3.6619	4.9565	5.1522
Problem solving skills	4.5286	3.5190	4.9420	4.6739
Ability to motivate others	4.4000	3.4476	4.7029	4.5072
The sense of responsibility for one's actions and decisions	4.6762	3.6571	4.9565	4.7319
Strategic thinking skills	4.2190	3.3762	4.6957	4.4783
Initiative	4.6714	3.5810	4.9058	4.7536
Creative, innovative thinking	4.4286	3.4952	4.8986	4.7101
Positive attitude towards work	4.7857	3.7429	4.9928	4.8406
Lifelong learning ability	4.7238	3.7000	4.9855	4.8188
Ability to express one's opinion/ideas clearly	4.6381	3.7000	4.9493	4.7174
Ability to share information (presentation skills)	4.3952	3.5714	4.6667	4.5000

As can be seen from Table 1, the Top 3 skills and competences are quite similar. Both, Chinese and Latvian respondents, admit the significance of positive attitude to work (1st position) and lifelong learning ability (2nd position), however the 3rd position differs. For Chinese respondents, it is English language skills, whereas for the Latvian ones – ability to communicate with colleagues. But it has to be added that these skills are significant for both countries.

Significance of higher education and previous work experience when recruiting new employees

The fifth part of the questionnaire analyses the significance of tertiary education and previous work experience when hiring new employees for certain positions. First of all, it has to be remarked that a 4-point scale with the answer options 'insignificant', 'rather insignificant', 'rather significant', 'and significant' was used in order to avoid the situation that respondents could select the medium option for their answers.

The findings indicate that tertiary education is not significant when hiring service staff (mean=2.5202, mode=2), but it becomes more important when recruiting staff for the positions at reception, travel agents, client consultants, i.e., for those positions that have direct daily contact with guests (mean=2.8363, mode=3). Tertiary education is significant when recruiting mid-level managers (mean=3.2960, mode=3.00) and highly important for top-level managers (mean=3.4856, mode=4.00).

Finally, the sixth part of the questionnaire deals with the analysis of previous work experience when hiring new employees. Comparing the significance of tertiary education and work experience, the means are higher for work experience for all positions. The data concerning the significance of previous work experience is as follows: for service staff the mean=2.8420, mode=3.00, for the positions at reception, travel agents and client consultants the mean=3.0057, mode=3.00, for mid-level managers the mean=3.5172, mode=4.00, for top-level managers the mean=3.6925, mode=4.00.

Significant differences have been found for the following variables: 'tertiary education significant when recruiting service staff' (Asymp. Sig. 2-tailed 0.001), 'tertiary education significant when recruiting mid-level managers' (Asymp. Sig. 2-tailed 0.000), 'tertiary education significant when recruiting top-level managers' (Asymp. Sig. 2-tailed 0.000) and 'previous work experience significant when hiring service staff' (Asymp. Sig. 2-tailed 0.014).

The differences are summarized below in Figure 5.

As it is evident from Figure 5, Latvian employers evaluate considerably higher the necessity of tertiary education when recruiting mid-level and top-level management staff, they also more often require tertiary education for service staff than the Chinese employers.

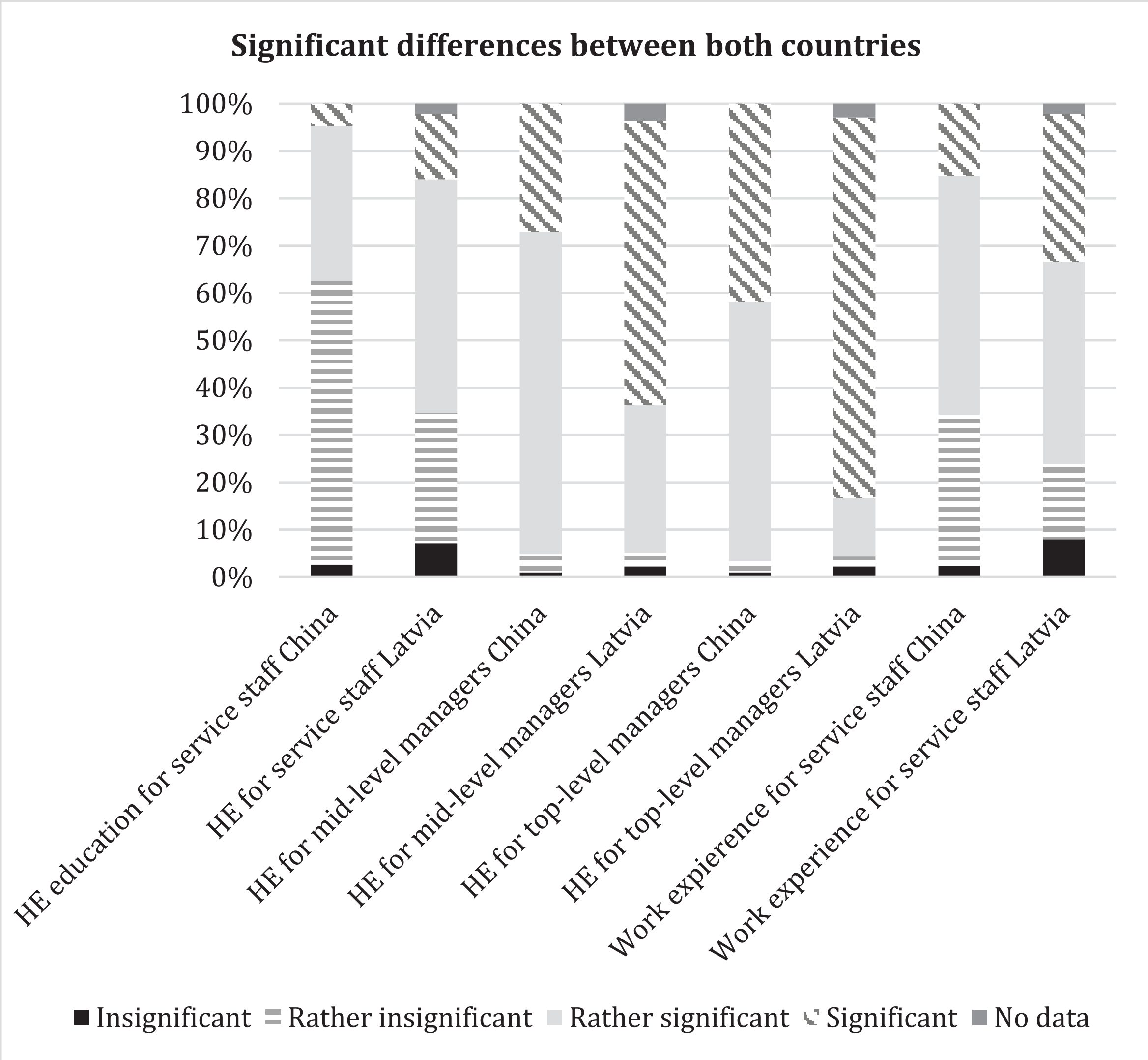

Figure 5. **Respondents' opinion on the significance of higher education and previous work experience when recruiting new employees, %**

As significant differences have not been discovered between both groups of respondents concerning the impact of tertiary education on recruiting reception staff, travel agents, client consultants (Asymp. Sig. 2-tailed 0.078), previous work experience when recruiting reception staff, travel agents, client consultants (Asymp. Sig. 2-tailed 0.270), mid-level managers (Asymp. Sig. 2-tailed 0.506) and top-level managers (Asymp. Sig. 2-tailed 0.969), these variables may be generalised as to the given region of China and Latvia.

Reliability coefficient shown in Reliability Statistics table displayed as a simple Cronbach's Alpha indicates very good internal consistency reliability for the scales with the given sample (α=0.953), as well as for both groups of the sample – α=0.953 for Chinese respondents and α=0.919 for Latvian respondents. Thus, the results demonstrate high reliability and validity.

3. Discussion

As it is evident from the data obtained, although China and Latvia are located in two different parts of the world and have distinct historical, socio-cultural, ethnic and other differences, there are certain similarities between the countries as well.

A common feature is employers' opinion on the significance of field knowledge and professional competences required to operate successfully in tourism and hospitality labour market, namely both groups of respondents find professional skills and competences more significant than field knowledge. The average mean for all the variables of field knowledge is 4.0094, whereas the average mean for all the variables of professional competences is 4.3765.

Sisson and Adams (2013) came to a similar conclusion. In their comprehensive study reviewing literature dealing with essential competences and knowledge required in hospitality management field published between 1994 and 2011, they discovered the predominance of professional skills, specifically communication skills and language skills as well as presentation skills, negotiation skills and others. Other studies (Zehrer & Mössenlechner, 2009; Allen & van der Velden, 2009; Christou & Sigala, 2001) emphasize problem solving, ability to make decisions and other generic skills as significant prerequisites of tourism graduates.

The next common feature refers to the evaluation of trainees' field knowledge and their professional competences. For both groups, the level demonstrated by trainees does not comply with the employers' expectations in terms of their significance. The average mean for all the variables of evaluating trainees' field knowledge is 3.5525, whereas the average mean for all the variables evaluating trainees' professional competences is 3.7458.

A similar gap was discovered in a previous study by Donina and Luka (2014) wherein the graduates' field knowledge and professional competences did not match the employers' expectations as well. Moreover, the comparison of findings between graduates' and employers' survey results therein did not reveal significant differences between both groups indicating this as a general trend.

Comparing the situation between the field knowledge and professional competences, it is evident that trainees' skills and competences exceed the level of their field knowledge (see Figure 2 and Figure 4). On the second thought, employers also expect a higher level of skills and competences than that of knowledge. This may be explained by the fact that, as emphasized by many employers during the discussion at the *Faculty Council* of *Turiba University*, they expect that graduates are ready to learn, they have highly developed employability skills and a broad array of field knowledge, but as to the specific field knowledge, employers are ready to provide workplace instructions and explain the slightest nuances of specific issues. This means that strategic thinking, creativity, lifelong learning ability, positive attitude to work, etc. are essential attributes of hospitality and tourism graduates.

According to the survey results, at the level of individual variables, more differences than similarities were found. They may be explained not only with the country specifics, but also most probably the experience accumulated by the higher education institutions, support from stakeholders, the premises available and the teaching/learning methods applied also influence the results.

The comparatively low requests by employers of both countries concerning graduates' second foreign language skills were surprising. There is a likelihood that, the lower level of significance for the second language skills may be explained with the dominant role of English as *lingua franca*, different foreign languages spoken in the target countries as well as with predominant flow of domestic tourists in the students' training institutions.

Prior study in this field (Luka, 2015) conducted in Latvia, Croatia, Italy, Romania and Slovenia emphasized the significance of more than one foreign language skills, wherein tourism employers highly evaluated the necessity of Italian, French, German and Russian languages for tourism and hospitality. However, country specific differences were discovered in that study as well.

As it was indicated above, when recruiting new employees, employers find previous work experience more significant than tertiary level education. The higher means for work experience than the need for tertiary education when hiring new employees emphasize the role of practical work experience, development of skills and competences which get considerably enhanced during properly managed, planned and targeted students' training. This may be done in industry, in a real environment, additionally, it is possible to enhance them in simulations during the study process. The developed study labs in *Turiba University* and YIHA, as well as the study hotel lab operated by YIHA, the integration of practice learning (problem-based learning) approach into the curriculum, project management are positive contributions therein.

Conclusions

Tourism and hospitality industry is an important contributor to creating jobs in both countries. According to the statistics data, tourism has experienced steady growth in both countries. However, inbound tourism has increased more in China (2.8%), than in Latvia (0.9%) compared to the previous year.

Domestic tourists constitute a significant share of trips in both countries. It is expected that China will experience an even more rapid growth of tourist flows than before because of the new Hong-Kong Zhuhai-Macau Bridge opened in October 2018.

Globalization and tourism development in the world require highly educated professionals possessing up-to-date field knowledge and well developed employability skills that would enable them efficiently respond to the changing requirements of the labour market. The findings confirm theoretical cognitions that employability skills are more important than field knowledge. This was confirmed both by Chinese and Latvian employers. Although they admit the significance of field knowledge, employability skills have got a higher evaluation.

The findings indicate the skills gaps in supply and demand of graduates' skills and knowledge. Although graduates demonstrate a high level of employability skills, both Chinese and Latvian employers expect that their level would be even higher.

Findings also revealed differences between Chinese and Latvian employers' opinion. In most cases, Latvian employers require a higher level of skills and knowledge, but they also evaluate the graduates' skills and knowledge higher than the Chinese ones. When analyzing each variable separately, more differences than similarities have been found. We presume that this may be explained with various cultural, social, historical experiences both in education, labour market and society but further research employing qualitative part is required, as well as graduates' opinion in both countries has to be researched.

Implications for industry and future studies

The research findings may serve as a source for providing insight into similarities and differences concerning employers' expectations from tourism and hospitality industry tertiary level graduates. As evident from the research findings above, disregarding cultural, geographic and socio-economic differences among both countries, the general pattern of requirements is similar. In order to research the issue in-depth, a graduates' survey could be conducted, and qualitative part could be added in the future as well.

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ASSESSMENT OF JSC AIR BALTIC CORPORATION COMPETITIVENESS IN THE BALTIC STATES

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Abstract

The aim of the paper is to analyze the level of competitiveness of Air Baltic in the Baltic States. Air Baltic is the largest airline in the Baltic States, however, the company has been unstable financially due to financial crisis and its aftermath. Therefore, it is important to understand whether expanding to neighboring countries has been a good decision financially and whether Air Baltic is competitive enough to facilitate a sustainable growth in the future. Thus, the following hypothesis has been proposed: By ensuring high level of competitiveness in the Baltic States, Air Baltic has managed to financially stabilize its operational activities. The following research methods are used in the paper: monographic method, document analysis, data processing methods (SPSS), comparative method, statistical data analysis, survey. The results show that that expanding to Estonia and Lithuania has stabilized the financial state of Air Baltic, allowing the authors to conclude that Air Baltic is competitive in the Baltic States' airline market, because it offers various routes, services and connecting flights for a moderate price, which allows passengers to get almost anywhere in the world.

Key words: competitiveness, airline industry, transport and tourism

Introduction

We live in a world which is thoroughly connected via internet, roads, railways and airways. International travel is common nowadays not only among business travelers but also tourists. Nearly from every airport it is possible to travel to anywhere in the world, either using direct or connecting flights. As travel has become accessible to most of the people, competition among airline services has never been as fierce as it is now. It is of utmost importance to be one step ahead of competitors, thus various strategies are implemented in the airline business with the aim of raising the level of competitiveness and profitability.

Air Baltic is the largest airline in the Baltic States (founded in 1995, and in 2017 Air Baltic carried 3.5 million passengers) and fifth in Northern Europe in terms of passenger satisfaction according to Skytrax (Hopper, 2015). Safe, reliable and high-quality service is part of Air Baltic strategy. To achieve this target Air Baltic utilizes the unique location of Riga to develop an effective transit flight network to connect east and west.

During the last years Air Baltic has expanded its operations to Lithuania and Estonia by offering direct flights to various destinations in Europe. However, the company has been unstable financially due to the financial crisis and its aftermath. Therefore, it is important to understand whether expanding to neighboring countries has been a good decision financially and whether Air Baltic is competitive enough to facilitate a sustainable growth in the future.

In addition to the previously mentioned facts the authors have analyzed Air Baltic competitiveness level and its current financial state. The authors have and has an economical benefit to it. The research results given an insight whether expansion to Tallinn and Vilnius airports is advantageous are significant as a successful expansion could mean increased market share, offering additional direct flights from Tallinn and Vilnius airports to demanded European destinations, possibility to offer more destinations in cooperation with other airlines, thus increasing the future prospects of Air Baltic and longevity.

1. Theoretical framework

Theoretical framework is based on the analysis of airline services and tourism industry tendencies and theories of airline competitiveness assessment models and financial stability.

Tourism trends and airline services

Airline services are an integral part of our daily life and they have a huge impact on the overall economy. In its beginning airline services were not used for passenger transportation, however in the 1930s due to technological advancements it was possible to offer first commercial air transportation services for passengers which were partially subsidized by logistic and postal enterprises. Only after World War 2 passenger air transportation gained popularity which eventually became the cornerstone of globalization. (Page, 1999). In 1970s with *Boeing 747*, *Douglas DC-10* and *Lockheed Tristar 1011* development the operational cost for airlines got considerably lower and air travel became more accessible to public. (Gee et al., 1997). As a consequence, the demand for air travel fostered the growth of international tourism: cheaper air fares, combined package travel products were developed. Nowadays airline services are able to generate tourism demand for specific regions. (Leiper, 1990). According to Latvian Tourism Law, the aim of the tourism industry is to provide and prepare services related to tourism. (Tourism Law, 1999). Therefore transportation, including also travel by air, is an integral part of tourism. Currently 55% of all tourists use airline services to travel (UNWTO, 2017).

With the expansion of the tourism industry, the passenger count who travel by air has also increased. In year 2017 the growth was 7.7% (see Figure 1).

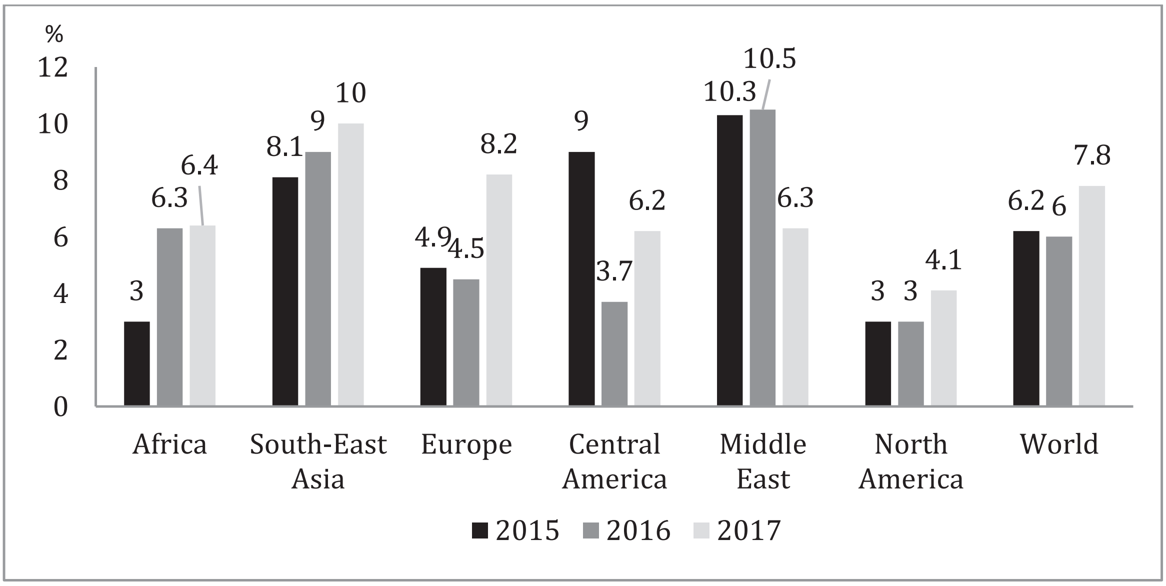


Figure 1. **International air passenger growth, % change between years** (ETC, 2018)

According to European Travel Commission (ETC, 2018), year 2017 has had the fastest passenger growth in the last decade. The reason is that low cost carriers have gained tremendous popularity and it helps the tourism industry to grow, especially in Asia, which is mainly visited by local travelers from India and China. Air travel in Europe has been constant for the past years and even the bankruptcy of Air Berlin, Monarch and mass cancellations from Ryanair in 2017 didn't have a noticeable impact in air passenger traffic in Europe (see Figure 2).

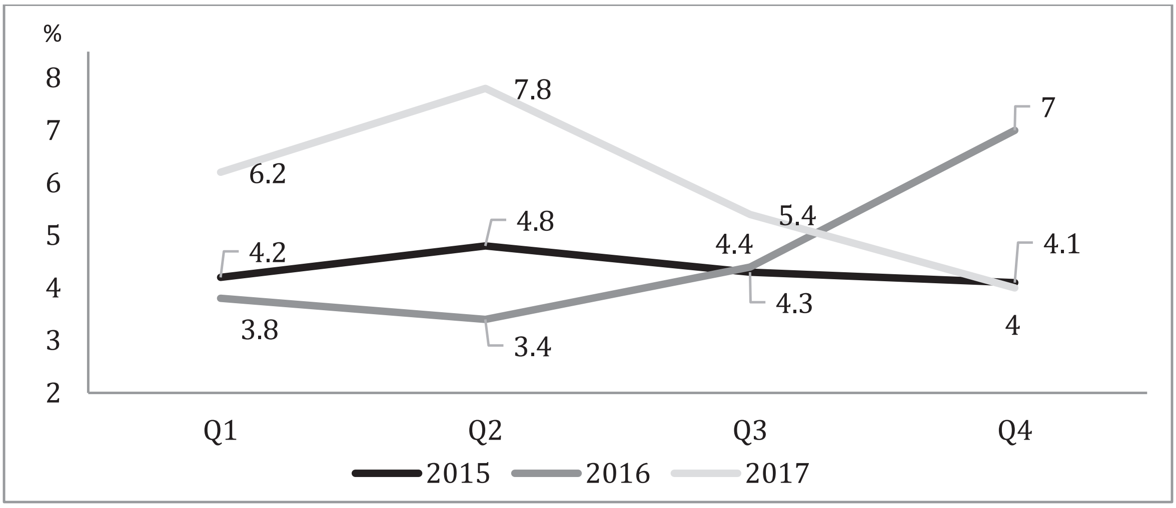


Figure 2. **Total carrying capacity of European airlines, average per month, % change between years** (ETC, 2018)

As the demand for air travel increases each year, airlines experience fierce competition throughout the world. In the definition of the basic airline service, the passenger is just a cargo which has to be carried from point A to point B. (Hannigan, et al., 2014) As a result of airline market liberalization and increase of competition, airlines are innovating by offering new products and developing new operational models to be sustainable and highly competitive at all times. Airlines, including Air Baltic, offer various services such as leasing aircrafts, leasing crew, maintenance personnel, offering charter flights, etc. The aim is to utilize aircrafts to their fullest and achieve maximum revenue possible.

Airline competitiveness

Competitiveness is the ability of an enterprise to quickly adapt to market trends and capitalize on them. Competitiveness defines the economic impact of the enterprise which is compared to competing entities in a free market of labor and goods. (Plumins, et al, 2016). Competitiveness at the enterprise level means to provide services and products in a more effective way than the competition and that ensures longevity of enterprises in the international market. (Dollar, 1994). To attain and maintain a high level of competitiveness, brand awareness is crucial for longevity. The increase in competitiveness can be measured in a wide variety of ways, by gaining a higher market share, higher profit, reducing costs of services and products. In a saturated market such as the airline business, airlines are encouraged to innovate in order to stay ahead of the market, to gain trust and meet the needs of their clients. (McFetridge, 1995). With such innovative products and ancillary services, it is possible to gain passenger loyalty that can protect the airline from tremendous losses in case of loss of market share, because the ancillary services can have a considerable share in the total profit.

Based on previous studies in airline competitiveness (Wu, et al., 2013; Hannigan, et al., 2014; Delbari, et al., 2015), the authors highlight the main competitiveness factors in commercial air transportation.

1. **Punctuality** – low punctuality for airlines increases the costs of the product and decreases profit. (Cook, 2007) Airlines with low punctuality score have to take financial responsibility for disruptions according to European Commission regulation no. 261/2004 (EK Nr. 261/2004). As a consequence, airlines might have to operate to a different airspace, additional fuel costs and increased airport fees, all of these factors in addition to compensation also have an impact on airline profitability. (Cook, 2015; Lim, et al., 2014; Castelli, et al., 2013; Bai, 2006)
2. **Brand** – a successful and well-known brand adds value to the airline, because it has a long-term bond with the customer, adds extra demand and allows the enterprise to increase the price of the product without losing market share. (Taulet, 2014; Dobre, 2013; Kapferer, 2008)
3. **Price** – price is influenced by fixed and variable costs, competition in a specific destination and also global events, like terrorism, various sporting events, festivals etc. (Boyd, 2007) Airlines control the demand with different price points which depend on the price elasticity of a specific destination and can directly influence their competitiveness level for each destination separately. (Zhang, 2017; Lazarev, 2013; Wu, et al., 2013)
4. **Flight Network** – to provide a higher profitability the airline must have an effective flight range which the airline can offer to their customers. To achieve that target it is possible to join an alliance or have code share agreements to provide more options for customers by offering new direct flights or connection flights via different airline hubs. These tools allow the airline to increase the potential market and demand. Also, when using code share agreements, it is a common practice to share the ground handling and airport fees among the airlines involved. Such agreements are not only beneficial for the airline but also for the customer. It is worth to note that low cost carriers usually do not collaborate with other airlines, for example Ryanair, Wizz Air. (Morrish & Hamilton, 2002; Wright, et al., 2010; Latrou & Alamdari, 2005; Dennis, 2000; Wassmer & Meschi, 2011)
5. **Service quality** – overall service quality is determined by a number of different factors which interact. Airline service quality has been deeply analyzed by Sheng (2002), who has developed a specific model to measure service quality. And the main service quality factors are tangibility, reliability, responsiveness, assurance and empathy. (Sheng, et al., 2002)

Airline financial stability

Financial stability plays a key role in the overall competitiveness of an enterprise. Financial stability is the key that allows to have all operations running smoothly and effectively. It is necessary to continuously analyze financial status, planning and financial control to evaluate the operational efficiency in order to capitalize on opportunities, mitigate operational and financial risks. The aim of financial analysis is to assess the financial status of the enterprise and to improve financial management practices thus improving the financial status of the enterprise. (Spīča, 2002). Financial stability can be either stable or unstable. Financially stable enterprise is able to pay invoices and loans on time, able to finance itself from funds which are gained from core operations and is able to avoid financial crisis. (Савицка, 1999).

Based on sources from airline experts and industry research (Abdelghany, et al., 2016; Teker, et al., 2016; Dočič & Kalič, 2015; Murtoaro & Kujala, 2007; SAS, 2004; Williams, et al., 2003; Oum, et al., 2000; IATA, 1999; Blommaert, et al., 1991), financial analysis is an integral part of airline operational planning, which includes long term finances, network planning and control and budget planning. Therefore, it is important to forecast cash flows as accurately as possible to avoid any issues in financing operational needs. It is mandatory to follow the market trends and to use any opportunities or take advantages where it is possible, especially in low season. If an airline is financially stable, it can focus on improving service quality, acquiring new markets and therefore allowing to increase the overall level of competitiveness.

To summarize, the authors conclude that financial stability and high level of competitiveness is vital for the longevity of airlines in a fierce and saturated market. The scientific paper analysis indicates that airlines have a significant impact on modern day economic processes and airlines play a large role in the growth of the national economy. Therefore, the aim of the paper is to assess the level of competitiveness of Air Baltic in the Baltic States, and the following hypothesis has been proposed: "*by ensuring high level of competitiveness in the Baltic States, Air Baltic has managed to financially stabilize its operational activities*".

2. Methods

The research paper evaluates the competitiveness of Air Baltic in the Baltic States and the airline's current financial situation. The authors also analyze the current market situation and evaluate whether it is possible for Air Baltic to continue expansion to Tallinn and Vilnius airports and whether the expansion would be economically advantageous and justified.

Thus, the **aim** of the paper is to analyze and evaluate the financial state of Air Baltic and its competitiveness level in the Baltic States. Subject of the research is Air Baltic financial state and the object of the research is the competitiveness level of Air Baltic after expansion.

The research is based on quantitative research strategy and uses data which is acquired with quantitative methods. **The strategy** of the research paper is based on value and practicality as a whole (Johnson & Christensen, 2010). The authors have chosen positivism as the fundamental paradigm. Positivism has the tendency to be strictly structured, have large sample set, precise measurements and quantitative research which is based on the belief that it is possible to acquire an objective view on the subject. As a scientific method it acquires objective knowledge. The quantitative data is structured and standardized (Pipere, 2016; Saunders, et al., 2009).

The hypothesis of the research paper is: "by ensuring high level of competitiveness in the Baltic States, Air Baltic has managed to financially stabilize its operational activities". The research framework has proposed the following thesis:

1) Air Baltic is the largest airline and transports the most passengers in the Baltic States;
2) Operational expansion to Tallinn and Vilnius has stabilized the financial status of Air Baltic;
3) Air Baltic has a high level of competitiveness in the Baltic States and has great potential for growth in the future.

The authors used data attained from respondents around the world who have used the airline services. Taking in to account that in the year 2018 there have been approximately 3.8 billion passengers (IATA estimates), the authors have determined the necessary sample size to be at least 385 respondents in order to achieve the necessary credibility. Roasoft sample size calculator was used for that purpose (http://www.raosoft.com/samplesize.html), allowing a 5% probability error, using the simple (snowball) sampling method (Kamerāde u.c., 2016). There were 763 respondents altogether, so the sample size is considered to be representative.

The survey was structured based on the five airlines competitiveness factors: price, brand recognition, punctuality, service quality and direct flight network. The questionnaire comprised questions including open ended and closed questions as well as categories, rankings and Likert scale type opinion variables (Dillman, 2007).

Quantitative data analysis was done applying descriptive and inferential statistics methods by SPSS – calculating modes and medians and carrying out a correlation analysis. Since the empirical distribution of data was not-normal (based on

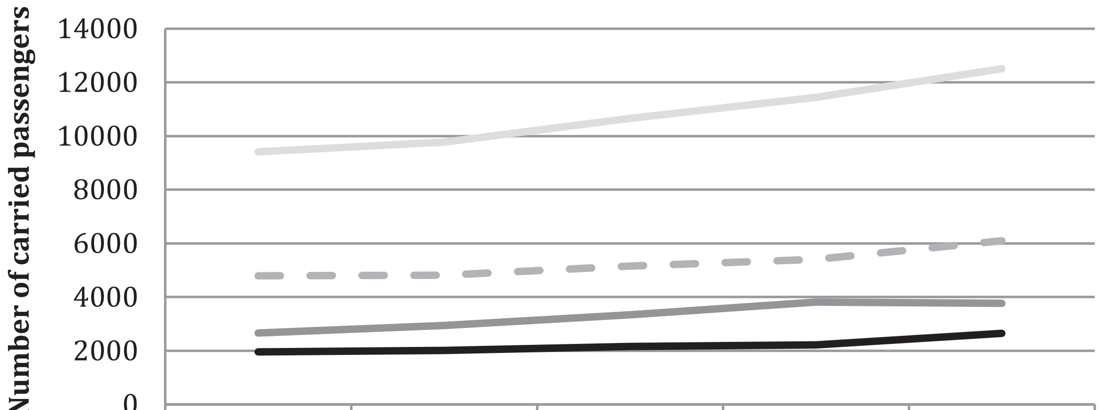
Shapiro-Wilks test), the *chi-square method* and *Mann-Whitney* test was used to analyze independent factors and groups of factors in the correlation analysis. The reliability coefficient shown in Reliability Statistics table displayed as a simple *Cronbach's Alpha* indicates very good internal consistency reliability (α=0.935).

3. Results and discussion

Since 1995 the main base for Air Baltic has been Riga International Airport. Up until recently Vilnius and Tallinn airports have been used only to connect flights via Riga and taking advantage of the network from the main base. However, since 2014. Air Baltic has started to offer direct flights from Vilnius and Tallinn airports to other direct destinations such as Tallinn–Paris or Vilnius–Amsterdam. To evaluate Air Baltic competitiveness in The Baltic States the authors have chosen five airlines with highest market share in each main airport of Lithuania (Vilnius International Airport), Estonia (Lennart Meri Tallinn Airport) and Latvia (Riga International Airport). These chosen airlines are compared according to the airline competitiveness factors: punctuality, brand awareness, service quality, direct flight network and price, consequently analyzing Air Baltic competitiveness level in the Baltic States.

Baltic State Airport Analysis

The analysis of Riga, Vilnius and Tallinn airports show that in all airports the number of carried passengers is increasing moderately each year. In total all airports together have served approximately 12.5M passengers and Riga airport has nearly 6M (see Figure 3).



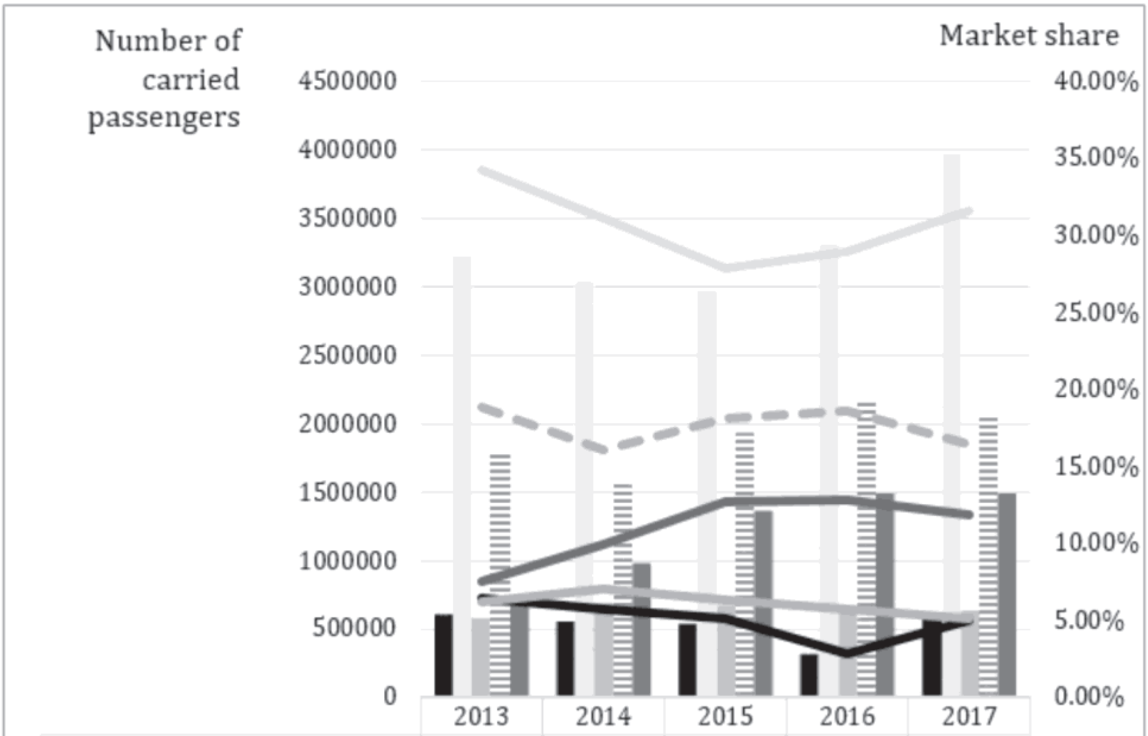
	2013	2014	2015	2016	2017
RIX	4793	4814	5163	5403	6098
TLL	1959	2017	2167	2222	2648
VNO	2662	2943	3336	3814	3762
Total	9414	9774	10665	11438	12509

Figure 3. **Carried passengers in main Baltic airports year 2013–2017 thousands**

The demand for air travel highly depends on the Gross Domestic Product (hereinafter – GDP) growth and in all three Baltic states it has been positive for these years. The correlation among Baltic States in GDP is very high, for example GDP correlation between Latvia and Estonia is 91%, between Estonia and Lithuania 87% and between Latvia and Lithuania 90%. (Poissonnier, 2017) Therefore, the authors conclude that the growth of GDP in one of the Baltic countries will be extrapolated to other Baltic countries. Taking in account the positive growth of GDP, the growth of passengers in all three Baltic airports together was 8.56% in the year 2017.

In commercial air transport there is a significant correlation between GDP growth and demand for airline tickets, airline ticket demand elasticity is approximately 1.2, but demand elasticity for households is 2. So, if GDP decreases by 2 percent, the demand for airfare will decrease by four percent. (Zhang, 2017) Hereby the authors conclude that it is important for airlines to follow up on the growth of countries to and from which they are operating and planning to operate.

Further analysis of air traffic reports in Riga, Vilnius and Tallinn airports conclude that the largest airlines in terms of carried passengers and market share in the Baltic States are Nordica, Air Baltic, Lufthansa, Ryanair and Wizzair (see Figure 4).



	2013	2014	2015	2016	2017
Estonian/Adria/Nordica	607558	560354	541964	331217	620643
airBaltic	3226807	3039887	2967611	3306864	3956365
Lufthansa	584838	686020	678594	650864	644822
Ryanair	1777446	1576020	1927197	2134469	2061880
Data Table	714244	970196	1352931	1473611	1483869
Estonian/Adria/Nordica market share	6.45%	5.73%	5.08%	2.90%	4.96%
airBaltic market share	34.28%	31.10%	27.82%	28.91%	31.63%
Lufthansa market share	6.21%	7.02%	6.36%	5.69%	5.16%
Ryanair market share	18.88%	16.12%	18.07%	18.66%	16.48%
Wizzair market share	7.59%	9.93%	12.69%	12.88%	11.86%

Figure 4. **Airlines with largest market shares in Riga, Tallinn and Vilnius airports**

Data shows that Air Baltic is the leader in terms of number of carried passengers and Air Baltic owns 31.63% of the total market. The remaining 4 largest airlines have 38.46% of the market share combined. Since acquiring 20 Air Bus A220 aircrafts in 2016, Air Baltic has increased the total market share in Riga and Baltics.

Air Baltic financial review

In the finance review the authors analyzed Air Baltic's annual financial statements for the period of 2013–2017 to calculate stability, profitability, solvency, evaluate enterprise investment portfolio and other indicators important to competitiveness.

The financial coefficients are varied because Air Baltic started the expansion to Tallinn and Vilnius airports and has acquired new aircrafts. In 2016 a new foreign investor was found which is reflected in the financial statements as a 45M increase in funds. With the expansions and new aircrafts, the business indicators, such as ticket revenue, turnover increase, profit before taxes, have grown significantly. Expanding the fleet has allowed Air Baltic to open new destinations for new markets, resulting into income growth by 21.5% in 2017.

Reviewing Air Baltic revenue the authors conclude that since 2013, Air Baltic had a revenue decrease from 278M to 235M EUR. However, in 2016 revenue increased by 0.5% compared to the previous period and reached 286M EUR. Upon closer review of Air Baltic profit in the last two years, the authors conclude that a positive trend started and in 2017 the airline had a profit of 8.6M EUR before tax and interest payments. Altogether 3.5M passengers were carried in 2017 and the average flight load factor increased to 75.9%, which indicates that Air Baltic managed to increase overall efficiency.

Taking into account the financial analysis, the authors conclude that in the period of 2016 and 2017 Air Baltic managed to significantly increase its turnover and decrease costs for each ticket sold which are the key factors for the positive trend towards sustainable growth.

Air Baltic competitiveness analysis

To analyze Air Baltic competitiveness the authors have chosen airlines with the highest market share in the main airports in the Baltics: Air Baltic, Lufthansa, Ryanair, Nordica and Wizz Air. In the research the authors conducted an analysis based on the following competitiveness factors:

1) price;
2) brand recognition;
3) punctuality;
4) service quality;
5) direct flight network.

For service quality analysis the authors carried out a survey of 763 respondents from 53 different countries, including Latvia (301 response), Sweden (83), USA (75), Estonia (43), Germany (40), Lithuania (31), Norway (23) and other countries (167).

In the survey the the authors clarified the opinion of respondents about the importance of each of the competitiveness factors when purchasing tickets. Respondents had to evaluate each factor by its importance from 1 to 5 (1 – not important, 5 very important). Summarizing the evaluations, the authors achieved the following results which are shown in the graph (see Figure 5).

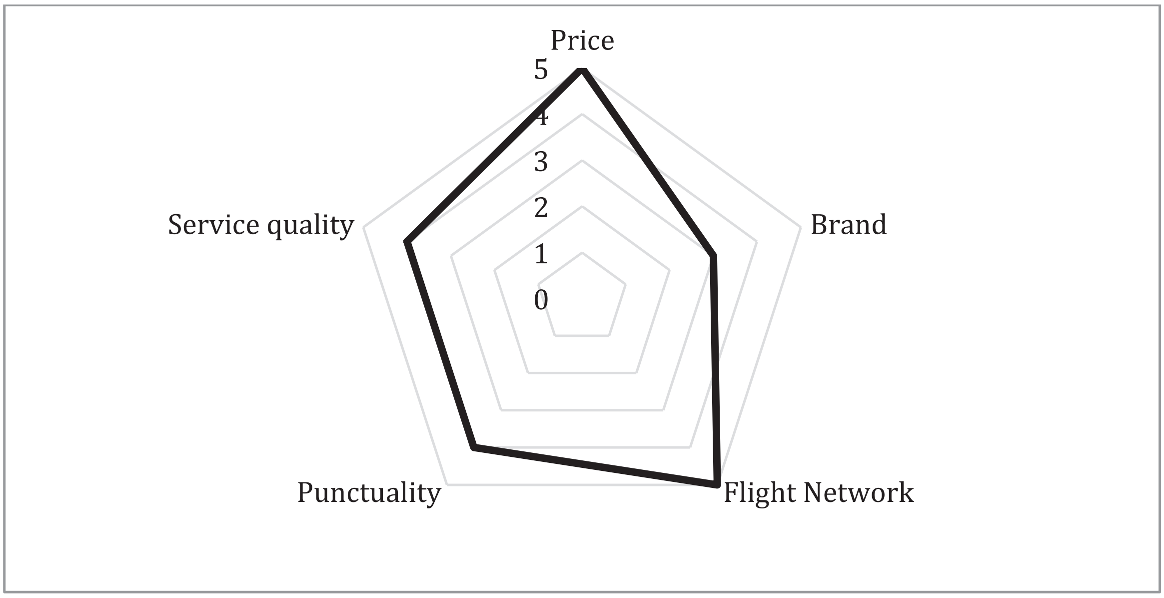


Figure 5. **Airline competitiveness factor evaluation (median)**

The authors conclude that all respondents regardless of age, location, sex or travel purpose indicated that the price and the availability of a direct flight are the most important factors and brand as the least important. In the following research the authors carried out a detailed analysis of each of the mentioned factors, with specially designed methodology.

Price Analysis. To compare prices among different airlines the authors used a Lantseva et al. (2015) developed model by comparing international flight prices in high season and low season. Prices were measured as one whole indivisible unit not just separate destinations and then converted to a price per km. Overall 18 routes that overlap with at least two airlines were used for price analysis. The authors used *Amadeus* booking platform to measure the distance between airports and prices were researched during a 10-month interval from April till January, since airlines publish their flights and sell the air fare 10 months in advance (see Figure 6).

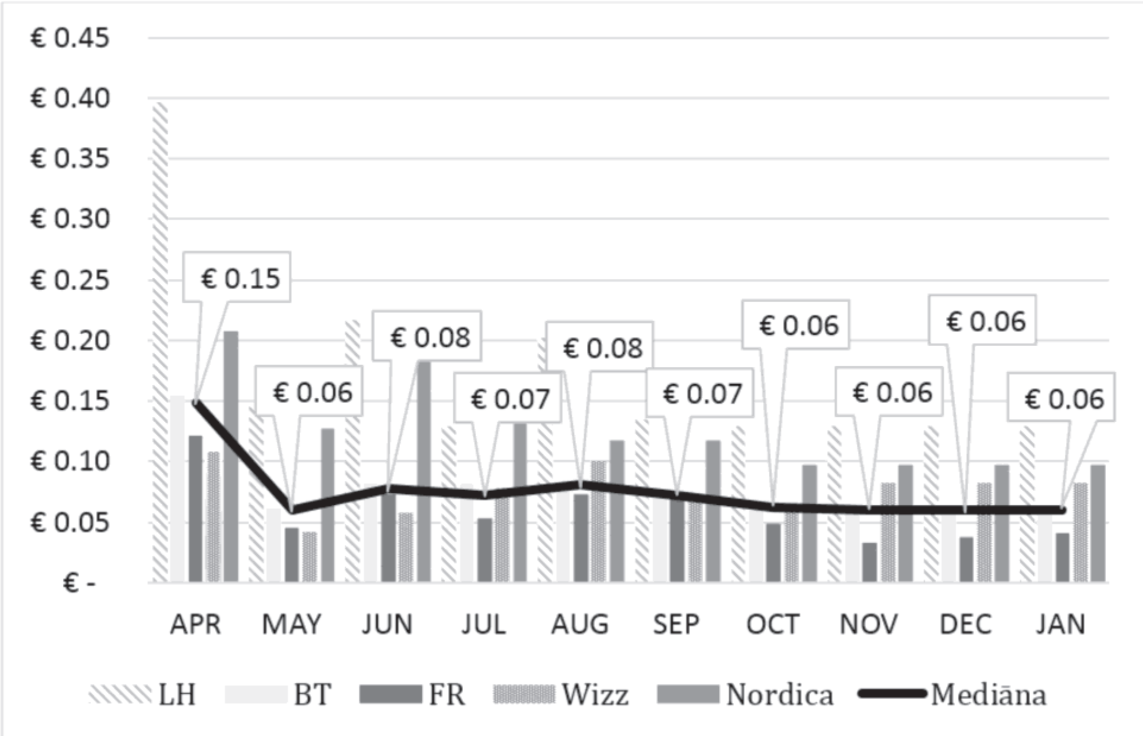


Figure 6. **Airline price per mile per month**

The analyzed data shows that Air Baltic has the highest market share in the Baltics, with their prices being the median prices (except for July). This means that competing airlines price their product according to Air Baltic. To evaluate the cheapest airline in the researched period the authors divided the price per month with the median price for each airline to obtain a price coefficient. The result of the price analysis is the following: Ryanair – 0.76; Air Baltic – 1.02; Wizz Air – 1.03; Nordica – 1.63; Lufthansa – 2.15, which indicates that Ryanair offers the lowest price and Lufthansa the highest price in the Baltic States.

The Service Quality Analysis. To evaluate airline service quality the authors used the airline competitiveness model suggested by Sheng (2002). In the survey each participant had to answer and evaluate each separate quality factor: tangibility, reliability, responsiveness, assurance and empathy. After evaluating data for each factor separately the authors used mode values for comparison as the data was nominal and with a central tendency (see Figure 7).

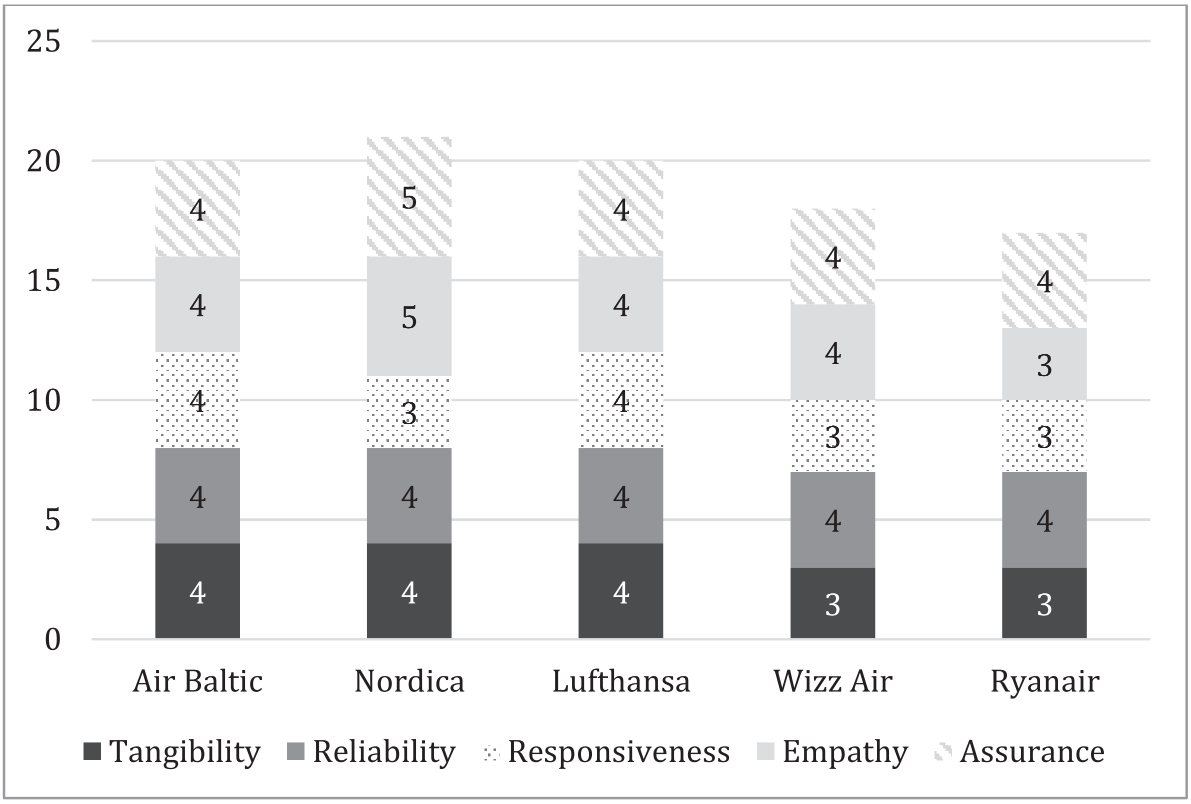


Figure 7. **Airline service quality in factors and total**

The results indicate that the highest service quality according to the survey results is performed by Nordica (21 points), Air Baltic (20 points), and Lufthansa (20 points). The results position the low-cost airlines Ryanair and Wizz Air lower which is relevant due to the fact that low-cost airlines sacrifice service quality for reduced costs of product and that reflects in the survey.

Direct Flight Analysis. To evaluate the availability of direct flights from the main Baltic airports, the authors analyzed the flight network of each airline. The airlines in question altogether offer flights to 188 direct destinations: Air Baltic offers 66 different direct destinations (35% from 188), Ryanair offers 51 different destinations, Wizz Air 42, Nordica 25 and Lufthansa only 4. The authors conclude that Air Baltic serves the most direct flights, while Lufthansa uses Baltic airports to offer more destinations via Frankfurt and Munich and Nordica from Tallinn airport offers connections with Lot Polish airlines. Ryanair and Wizz Air offer direct flights only and do not work in conjunction with other airlines due to their low-cost business model. Considering the results above, the direct flight competitiveness factor is ranked as follows: (1) Air Baltic; (2) Ryanair; (3) Wizz Air; (4) Nordica; (5) Lufthansa.

Punctuality. To analyze which airline has the highest punctuality factor, the punctuality metric of OTP 15 minutes (on time performance of 15 minutes) was used, as it is the main measure taken in to account when comparing airlines.

(Guepet, et. al., 2016) In the analysis of data from 2017, the results are as follows: (1) Air Baltic, 90.01%; (2) Nordica, 88.00%; (3) Ryanair, 87.00%; (4) Wizz Air, 78.10%; (5) Lufthansa, 76.90%. The authors conclude that Air Baltic is the most punctual airline, however Ryanair and Nordica performance is also rated as high.

Brand recognition. To evaluate airline brands the authors analyzed how many passengers have used the following airlines in the year 2017 and combined it with the data from the survey. The highest number of carried passengers belongs to Lufthansa in 2017. Lufthansa has carried 130M passengers, Ryanair 129M and Wizz Air 28M. Air Baltic, as mentioned before, carried 3.5M passengers in 2017. Nordica has the least number of carried passengers – only 0.613M. However, the survey data show that not always the brand recognition factor correlates with transported passenger count (see Figure 8).

Figure 8. **Airline brand recognition, number of respondents**

For example, Ryanair has transported nearly two times more passengers than Lufthansa, but the recognition rate according to the survey is very high for both of them: 94% for Ryanair and 90% for Lufthansa. Nevertheless, Air Baltic brand with 3.5M was recognized by 549 respondents or 71.96%. From the analysis the authors conclude that the most known brand in the Baltic States is Ryanair, but Air Baltic takes only 4th place.

Evaluation of competitiveness. To evaluate the overall competitiveness the authors had to calculate the importance of each factor analyzed above. To do so, the authors used the AHP model *(Analytic hierarchy process)*. The authors calculated the weight and importance for each competitiveness factor, taking also in account the very first survey results of importance of those factors, which were: price – 5, direct flight network – 5, brand – 3, service quality – 4, punctuality – 4.

Assuming the full competitiveness is 1, the adjusted scale of importance for each factor was calculated as follows:

1) Price – 0.24;
2) Direct flights – 0.24;

3) Punctuality – 0.19;
4) Service quality – 0.19:
   - Assurance – 0.038,
   - Reliability – 0.038,
   - Responsiveness – 0.038,
   - Empathy – 0.038,
   - Tangibility – 0.038;
5) Brand– 0.14.

Summarizing the data with the developed methodology the results are the following: Ryanair – 0.850; Air Baltic – 0.844; Wizz Air – 0.723; Nordica – 0.555; Lufthansa – 0.524 (see Figure 9).

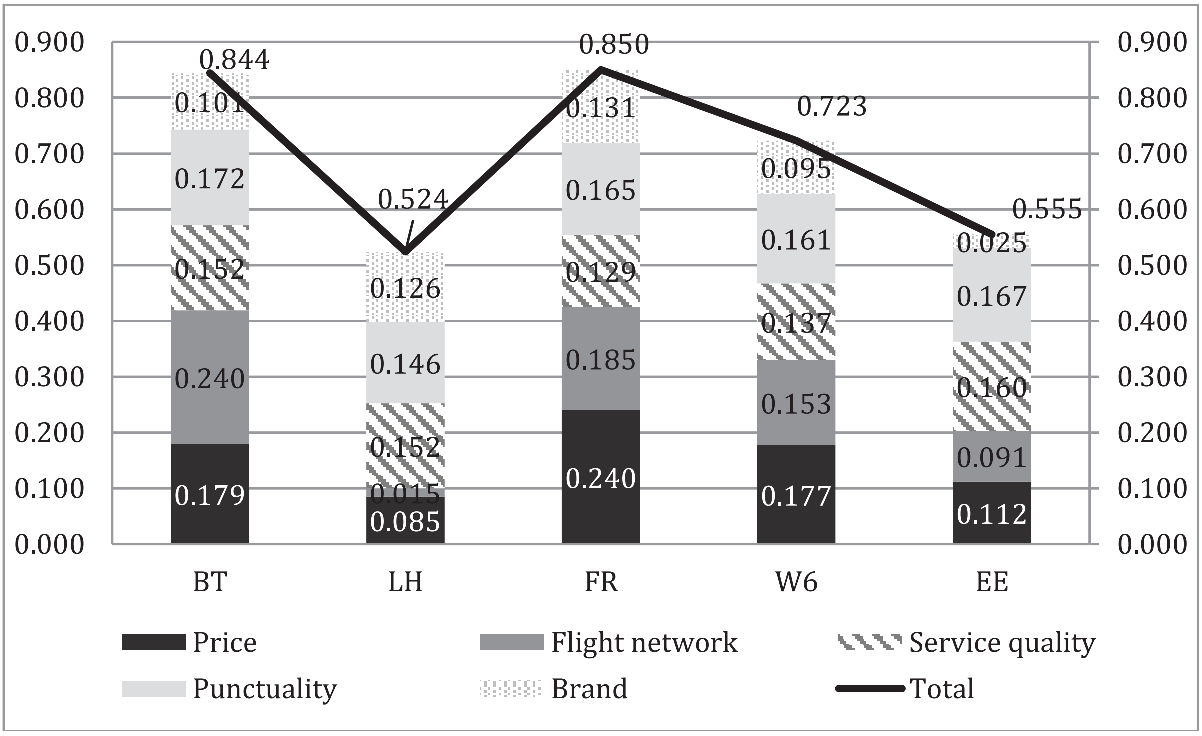


Figure 9. **Airline competitiveness analysis**

The highest competitiveness based on the authors analysis achieved is for Ryanair. Second place is taken by Air Baltic falling behind only by 0.006 points. Air Baltic and Ryanair compete on eight different routes which is the highest overlap among all researched airlines. Ryanair has a strong brand recognition and cheapest price in the Baltic States which were the key factors for their high level of competitiveness.

Air Baltic possibilities to increase competitiveness in the Baltic States

Based on the results of the competitiveness analysis the authors concluded that Air Baltic takes the 2nd place in the Baltic States. Therefore, the authors used SPSS to analyze the further survey results based on passenger segmentation, in order to acquire additional passengers with special targeted products for a specific market segment. For the statistical analysis *chi-squared test* was used because the authors analyzed mutually independent factors: age, frequency of using airline services, aim of the travel (see Table 1).

Table 1

Importance of competitiveness factors among avio passenger groups, P value

Competitiveness factor	Age	Travel frequency	Purpose of travel		
			Business	Leisure	Friends & relatives
Price	**0.014**	0.068	**0.001**	0.355	0.384
Brand	**0.043**	0.079	**0.003**	0.116	**0.740**
Punctuality	**0.005**	**0.803**	0.171	0.465	0.629
Service quality	0.291	0.441	0.393	**0.706**	**0.816**
Direct flight network	**0.001**	0.359	0.309	**0.007**	**0.999**

For the airline to raise its level of competitiveness and to acquire higher market share, it is important to market its products for each specific market segment. In Table 1 in black the authors have marked results which indicate a significant difference among opinions, but with gray color the authors marked results which share a similar opinion.

From the factor analysis the authors conclude that the opinions of the group of people whose travel plan is mainly to visit friends and relatives are nearly similar in all points, therefore, it will be difficult to produce a special product targeting different groups by purpose of travel.

However, the analysis shows that results which are divided in the age groups are significantly different than any other group that means that the opinion in this group is quite generalized, but it is the best way to segment the passengers: according to their age.

Conclusions

To sum up, financial stability and maintaining high competitiveness level is of utmost necessity for airline longevity in a saturated market. It is important to improve already existing products and to develop new ones to match the market needs. Air Baltic has successfully used their leading position in the market to improve efficiency and is doing so by expanding to Tallinn and Vilnius airports, and this decision has allowed the airline to achieve financial stability.

Competitiveness analysis shows that Ryanair is the highest threat to Air Baltic because both airlines have a high competitiveness level and they compete in most direct routes:

1) Price analysis shows that Air Baltic currently is the market leader and most airlines price their products according to Air Baltic, so Air Baltic becomes the price trend setter;
2) Service quality analysis indicates that Air Baltic as a hybrid airline has been able to implement a successful business model, taking the best practice from legacy carriers while offering a competitive price and a great service level;
3) Direct flight network shows that Air Baltic operational model works. Air Baltic offers the most direct flights in the Baltic States and also cooperates with other airlines to offer connecting flights to other destinations;
4) Punctuality analysis shows that Air Baltic is able to achieve high results in OTP15 and that allows the airline to reduce cost of the product, because a punctual airline pays less for delay compensations, rerouting costs, airport fees etc.;
5) Brand recognition analysis shows that Air Baltic brand is recognized in the Baltic market at a high level because the recognition level does not fall back too much from several times larger airlines such as Ryanair and Lufthansa.

The authors conclude that Air Baltic has a broad future of opportunities. Air Baltic offers a great product for a reasonable price and provides high level quality services. Air Baltic has been recognized as the most punctual airline in the world three times in the last five years. The authors believe that Air Baltic can successfully compete with Ryanair, taking into account that Air Baltic will receive new Airbus A220 aircrafts which are a lot more fuel efficient than previous aircrafts. Air Baltic will keep the leading position in the Baltic State market also in the future and will continue to offer a wide variety of direct and connecting flights to/from the Baltic States due to the hybrid operational model.

To conclude, the increase in tourism industry has a positive effect on the airlines and that increases the transported passenger count year over year. Therefore, it is important for Air Baltic to consider taking part in state organized tourism marketing campaigns and collaborate with tour operators to raise the brand recognition not only in Latvia, but also in Estonia and Lithuania. Air Baltic primarily has to choose new routes in Tallinn and Vilnius to destinations where it is possible to offer connecting flights with partner airlines to increase the variety of the product.

Considering the results of the competitiveness analysis the authors conclude that the hypothesis proposed in this paper "by ensuring high level of competitiveness in the Baltic States, Air Baltic has managed to financially stabilize its operational activities" has been proven correct. Expanding to neighboring countries has been a good decision financially for Air Baltic and it is competitive enough to facilitate a sustainable growth in the future.

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QUALITY IN THE HIGHER EDUCATION SECTOR: COMPARISON OF COMMUNICATION OF CRITERIA FOR QUALITY ASSURANCE IN WEBPAGES OF STATE UNIVERSITIES IN LITHUANIA AND LATVIA

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Abstract

Recently, researches in the quality of higher education institutions highlighted links between quality issues with the expression of dynamics and changes in higher education institutions. Studies in higher education institutions focus on changes in the external environment, increasing pressure on higher education institutions and a change in the concept of quality as a response to the requirements and expectations of stakeholders. The importance of quality as an idea for the activities of higher education institution is assessed through the formulation and implementation of key performance indicators and quality criteria in a higher education institution. Theoretical and empirical research presented in the article demonstrates that the statements on quality that are formulated in strategic documents of state universities correlate with the understanding of quality presented in documents regulating activities of higher education institutions, reflect the spirit of international documents regulating study policies and are consistent with relevant state documents defining the requirements for the activities and quality of higher education institutions.

Keywords: quality, quality as an idea, higher education institutions, communication, universities, stakeholders, quality indicators

Introduction

The quality of higher education, actualised in recent decades, has been more analysed in the context of quality management and quality assurance as processes of quality measurement, impact on the results of higher education institutions. Representatives of various sciences (management, education, etc.) have researched different aspects of quality management in the area of higher education over the last decades. In quality management studies of higher education institutions and appropriateness of models for analysis of quality paradigms, attention was drawn to the fact that quality assurance (management systems and models) has no meaning without the basis of culture (organisational culture, value foundation) (Stensaker, 2007; Veiga, et al., 2011). It can be assumed that the conclusions of these studies are focused on the internal organisation processes, which have been superimposed on the outline of the concept of quality in organisational culture as well.

Scholars actualise the dynamism of higher education institutions, the pressure of the external environment on them, emphasising the transfer of attention in quality researches from quality management processes to the internal aspects of the institution's culture. Quality as an idea could be understood as dissemination in conjunction with the organisation's culture, the inclusion of social stakeholders into the processes, keeping marketisation and bureaucratization of quality assurance as the basis for changes.

Recently, the researches in the quality of higher education institutions highlighted links between quality issues with the expression of dynamics and changes in higher education institutions. Scientists (Papadimitriou & Westerheijden, 2010; Reale & Seeber, 2011; Filippakou, 2011; Stensaker & Benner, 2013; Jarvis, 2014; Prisacariu & Shah; 2016; Elken; 2017; Henningsson, et al., 2017; Elken, et al., 2018) states that the pressure exerted by higher education institutions modifies definitions and expressions of quality in the institution's internal management processes. Studies in higher education institutions focus on changes in the external environment, increasing pressure on higher education institutions and a change in the concept of quality as a response to the requirements and expectations of stakeholders.

The importance of quality as an idea for the activities of higher education institution is assessed through the formulation and implementation of key performance indicators and quality criteria in a higher education institution. Indicators, as performance improvement (stability and change) parameters, highlight the importance of quality as an idea to transfer the application of the concept to an institutional context. The convergence of interests (expectations) of various stakeholders expressed in key performance indicators is the result of the transfer of the quality as the idea to an institutional context.

The aim of this article is to analyse how criteria for quality assurance are communicated to stakeholders of higher education institutions. Assumption is based on the statement that the quality as an idea is described in Standards and Guidelines for Quality Assurance in the European Higher Education Area (2015). Therefore, following the aim of this article and the assumption about the quality as an idea **research questions** were raised in the article:

1) how quality as an idea is presented in the content of communication of higher education institutions;
2) how different interests of stakeholders are expressed in strategic communication of higher education institutions by using criteria for the quality measurement.

The attitudes of stakeholders vary, therefore quality as an idea and its transfer to higher education institutions could be evaluated by different key performance indicators. The assessment of the aggregate indicators is the basis upon which stakeholders express a position on the quality of higher education institution. Key performance indicators in the strategic documents of higher education institution can be very high, reflecting various areas of activity (academic indicators, student achievement indicators, etc.).

In the article theoretical assumptions are based on the paradigm of traveling ideas (Czarniawska & Joerges, 1996; Sahlin & Wedlin, 2013; Stensaker, 2007; Dobosz-Bourne & Kostera, 2007; Henningsson, et al., 2017; Zapp, et al., 2018); however, the quality as an idea has not yet been explored in higher education in the context of the academic institution.

Methodology. The analysis of scientific literature and political documents concerning the subject of quality in higher education was carried out by developing an instrument for empirical research. Indicators that were used to analyse the translation of quality as an idea were determined on the basis of Standards and Guidelines for Quality Assurance in the European Higher Education Area (2015). These indicators were used to analyse the communication content that is presented in webpages and strategic documents of Latvian and Lithuanian state universities. Quantitative and qualitative content research methods were applied in the present study. Research of content of web pages of institutions of higher education in Latvia and Lithuania in English language was conducted.

1. Interpretation of translation of ideas in organizational setting

The paradigm of the translation of the ideas is taken from scholars of Scandinavian institutionalism, which emphasise the dynamics of the dissemination of ideas, justifying changes in organisational processes and decision-making processes (Sahlin & Wedlin, 2013).

Theoretical view of the translation of ideas is described as a Scandinavian branch of institutionalism (Moos, et al., 2016). The Scandinavian tradition of new institutionalism, which develops the theoretical structures of the application relocation, reveals the dynamics of the dissemination of ideas based on two fundamental questions:

1) how and why ideas are translated;
2) how ideas are applied during the translation process.

The question of how and why ideas are translated can be understood in this theoretical paradigm by comparing the concepts of diffusion and application of the idea. As mentioned above, the direction of Scandinavian institutionalism abandons the concept of diffusion and analyses the dynamics of organisations, different ideas and their application in different contexts of organisation according to local circumstances.

The essence of the concept of translation of the ideas in the context of paradigm of Scandinavian institutionalism emphasises the metaphor of *travel* – the meaning of ideas, technology or practice changes every time it *travels into a new organisational context* (Boxenbaum & Pedersen, 2009).

The role of actors is highlighted in the process of *travel* or translation. In this theory, actors as interpreters (translators) play an important role in translating and their success is based on translation competency of those actors (translators). Attention should be drawn to the fact that the concept of actors here includes not only individual actors but could also describe the network of actors (Morris & Lancaster, 2005), not just human beings, but institutional actors as well. Next to the actors involved in the process of translation are other actors – "ideas-carriers" such as consultants, agencies, media organisations, and so on.

The basic assumptions of the concept are characterised by the ability of the idea to travel from one place to another, from one environment to another (Sahlin-Andersson & Engwall, 2002). Shortly the potential for the dissemination of ideas would be presented, focusing on the transformation of the form of the idea and of the content (how the ideas change) and the prerequisites for dissemination (why ideas are disseminated) during the travel process.

The main aspect of the dissemination is that ideas do not *travel* spontaneously; their travel is driven by an active process – an applied transposition. The idea is chosen by the relevant actors, they are "packaged" into certain objects and transmitted to other environments where they are adapted and implemented (Czarniawska & Joerges, 1996). This is a continuous process of change in the organisation: materialisation of ideas, turning ideas into objects and actions, then returning to the ideas.

This description of the travel of the ideas reveals the essential aspect of the implementation – the shift in the paradigm focuses on the transformation of the form and the content of the idea in the transfer process. When the idea gets to a new context it is debated, interpreted, modified. In this process it is important to ensure that the recipients understand its content and meaning in its new environment – as the recipients of the idea in the process of travel of the idea (interpretation, modification) become the senders: "When an idea is introduced in a new context, the process of transformation (non-adaptation) is initiated" (Pettersson, 2011, 413).

In scientific discourse, the assumptions for the dissemination of ideas are described as an organisation's response to the expectations of the external environment: political response to the needs of the society, imitation, subordination, fashion tracking – or all together (Czarniawska & Joerges, 1996, 17). Insights in empirical studies allow us to formulate the assumption that the transfer of ideas is supposed to be the aspiration of organisations to be effective in problem solving (Mueller & Whittle, 2011), the implementation of change when a new idea fits into routines, practices, products/services (Radaelli & Sitton-Kent, 2016).

Different organisational elements in the application of the paradigm are treated as traveling:

1) Ideas, management practices, formal structures (Suárez & Bromley, 2016);
2) Knowledge, practices, strategies, roles or technologies (Radaelli & Sitton-Kent, 2016);
3) Models, practices, management ideas (Pallas, et al., 2016);
4) Ideas, objects and practices (Mica, 2013);
5) Interests, requirements, beliefs and meanings (Wæraas & Nielsen, 2016).

These mentioned works mention the objects of travel – objects of application transfer, i.e. the naming of what is being transferred during the process.

According to Røvik (2016), the result of the application of translation (transfer) process depends on how the actors adapt the various transfer provisions by de-contexting certain practices in the source block and contextualizing the representation of the practice in the recipient's block. Emphasising the fact that ideas are adaptable (converted into documents, models and presentations) of different actors in different contexts, not only the form of an idea is actualised, but also the change of meaning through the application of treatment settings (Sahlin & Wedlin, 2013).

Three modes of applying ideas can be distinguished:

1) Reproduction – a replication strategy where an organisation seeks to achieve a competitive advantage by systematic emulation of innovations or good practices;

2) Change – accurate copying of the source's practices and balanced integration of the innovation in the recipient's context;
3) Radicality – creating a recipient's version, separation of copies from the source version (Røvik, 2016).

2. Applying the concept of translation of the quality as an idea to Higher Education context

In this article the concept of the transfer of quality as an idea in the field of higher education is highlighted within the paradigm of quality assurance and definition of higher education institution quality.

Articles on quality issues show how higher education is changing as institutions. In this paradigm trends in the research of dynamics of higher education institutions at different levels (political and institutional) and the dissemination of ideas traveling between these levels are highlighted.

In the area of higher education the focus on quality was highlighted several decades ago – the 1980's till the 1990's were referred to as the chronological reference point for quality updating in higher education. Quality is the theme of "filling the life of higher education institutions around the world" (Amaral & Maassen, 2007), the central axis of the work of higher education institutions, their core value (Westerheijden, et al., 2007). Researchers note that quality as an idea in the higher education area (and education in general) has been moved from the sphere of business and production (Valiuškevičiūtė, et al., 2004; Valiuškevičiūtė & Žiogevičiūtė, 2006). The development of the concept of the quality of higher education distinguishes three essential points:

1) from 1980 – the starting point for the transfer of the concept of quality from the industrial and commercial spheres to higher education,
2) in 1990 – the concept of measured quality was introduced,
3) from 2000 – beginning of an unquestionable quality movement (Thornhill, et al., 1996; Newton, 2000, 2002; Elassy, 2015). The concept of quality, taken from industry and business, adapted to the specificity of higher education (Mizikaci, 2006; Srikanthan & Dalrymple, 2003).

The transfer of quality as an idea to higher education is associated with changes in the external environment of higher education institutions: massification and market regulation. When considering the activities of a higher education institution as a service, a lot of scientific discussions are raised around services of higher education, customer definition, identification of expectations, and other questions that imply the specificity of quality as an idea in the context of higher education institutions.

Analysing the quality issues of higher education in scientific literature (Blanco-Ramírez, 2013; Jarvis, 2014; Fumasoli, et al., 2015; Elken, 2017) the dynamism of the science education institutions and the implementation of change in the context of reforms highlights the responsibility and accountability of higher education institutions, pressure on quality and operational efficiency. Over the past decades, the reforms in public sector has been linked to the achievement and efficiency of services declared by new public management paradigm, which is said to have led to the development of market relations in the field of higher education. New public management is aimed at increasing the competitiveness of the public sector and it is based on the transfer of values and practices from business to the public sector, thus highlighting the aspects of activity efficiency, market functioning and service marketing (Vaiginienė, et al, 2013). The concept of higher education quality in this paradigm is emphasised through the main dimensions of quality of service such as efficiency and cost effectiveness. Scientific discussions (Lagrosen, et al., 2004; Sultan & Yin Wong, 2012; Oliveira, et al., 2012) emphasise higher education as a service, and the specificity of higher education services define the market for higher education as a quasi-market, where competitiveness and efficiency are ensured by combining market elements and principles of public sector governance (Vaiginienė, et al, 2013). In the paradigm of the new public management, quality as an idea is emphasised through the aim of competitiveness and efficiency, quality is defined in relation to the concept of public value, and thus the role of society is highlighted in the broadest sense.

Certain points that define quality are these: the quality-related object (system, organisation, program, etc.) and its value parameters (in terms of context, standards, etc.). In the most general sense, the value parameters are related with the satisfaction of needs (interests, expectations): definition of the International Organisation for Standardisation emphasises that quality is "the totality of features or characteristics of a product or service that reflects the ability to meet the presented or implied needs" (in Westerheijden, 2005). This definition of quality updates the subject of the concept of quality, i.e. whose needs and their satisfaction become the main component of the concept of quality, who generates and directs their expectations in the system of higher education, institution, program, etc. These definitions highlight the essential element of higher education quality, such as identification and satisfaction of the needs (interests, expectations) of the stakeholders being the basis of the quality concept.

3. Role of stakeholders in the translation of quality as an idea into strategic documents of higher education institutions

The stakeholders of a higher education institution could be divided into internal and external ones. Internal stakeholders are staff and students; external – labour market, government, secondary schools, social partners (Van Kemenade, et al., 2008). The social actors of a higher education institution are very diverse; the field of interest of a higher education institution includes students, employers, higher education institution staff (lecturers and non-academic staff), government and funds, higher education institution auditors, accreditors and evaluators (Tam, 2001). Tucci and Cellesi (2007) identify potential groups of higher education institutions such as: students, families, industry and economic actors, society, professionals, graduates, researchers, and professors. A number of this list of stakeholders is non-existent, supposing the implications of potential groups and interests for a higher education institution.

The main components of the definition of quality in higher education are as such: stakeholders (grouped according to the quality object), their interests (aspirations), and criteria for quality assessment.

According to scholars, four qualities can be formulated:

1) Quality from the point of view of higher education financing institutions means a valuable return from the investment provided;
2) Quality from the point of view of students means the achievement of high standards guaranteeing a competitive advantage in the labour market;
3) Quality from the employer's point of view means matching the competencies of the employees;
4) The quality of academic staffs’ and administrators' work means respect and recognition for the work done. (Srikanthan & Dalrymple, 2007)

The basic mechanism of quality assurance and communication about the services requires knowing the expectations of stakeholders and satisfying them adequately. Quality assurance procedures of higher education institution are related to politically determined interests for accountability and legitimacy (Beerkens, 2015; Stensaker & Leiber, 2015). Quality assurance is analysed as regulatory regime which is based on conflicting demands and representations of stakeholders’ interests (Gornitzka & Stensaker, 2014; Beerkens, 2015). Implementation of quality assurance procedures is understood in the light of conceptualising quality through the lenses of different stakeholders, for example, senior university administrators (Goff, 2017). Quality assurance regimes have resulted in plenty of changes in higher education institutions, including dynamics related to responses for external expectations (Elken & Stensaker, 2018). The higher education institution, due to its multidimensional mission (studies, science, public impact) and the tension between state regulation and autonomy, creates a complex field of communication with social partners. This field focuses on interests that reveal the expected results of a higher education institution; thus, through a paradigm of interests and outcomes, the analysis of the interests of stakeholders falls within the scope of quality.

Stakeholders contribute to the idea of quality and its travel in the higher education area: on the one hand, stakeholders create a certain field of requirements and expectations that captures the quality objectives; on the other hand, the concept of the same quality requires the inclusion of stakeholders in quality assurance (as a guarantee of competitiveness and effectiveness) by means of management tools.

When discussing the concept of quality (quality as an idea) it should be taken to account that the concept is created by different groups of stakeholders and their activities. In order to highlight the specificity the concept of quality as an idea in higher education institution, in this study, the concept of quality in theoretical approach of travel of the ideas would be broken down into three main levels such as:

1) Macro level – international and national context – external to higher education institution, covering political, social, economic and cultural environmental factors. The macro level of the concept of quality as an idea is emphasised as the external context of higher education institution: the concept of quality is developed by the interests of stakeholders. Quality as an idea is highlighted in the Bologna Process Agenda – the imperative of quality for higher schools derives from ideologically defined state regulation. In order to highlight the political nature of quality as an idea, one can rely on insights and other reforms highlighted in the theory of new public management, and political ideas, which are based on state regulation, also called soft regulation. Quality as an idea is shaped at the international and national levels: international imperatives (agreements, communications, and guidelines) and national policies (higher education goals, definitions of missions of higher education institutions) impose a quality imperative. Researchers note that the interests and power of external stakeholders are more explicit in recent years (Quality in Norwegian Higher Education, 2015). The market approach to the quality of higher education in the external context is shaped by the requirements generated by employers in the changing labour market conditions. These market interests are related

to graduates' readiness for the labour market, i.e. competences that ensure successful professional integration and self-realisation. The state approach to quality is implemented through state regulation mechanisms, a large part of which is devoted to external quality assurance. The concept of external quality highlights the ideological and political aspects, linking quality as an idea with the requirements of higher education, established through quality assurance mechanisms (assessment and accreditation of higher education institutions and study programs). The international higher education area and national policy are regarded as an external political environment for a higher education institution – the changes taking place in it and the requirements for a higher education institution determine the strategic decisions of a higher education institution;

2) Mezo level – institutional level that includes strategic decisions and structural/managerial elements;
3) Micro level – staff/individual level, covering cultural and psychological elements. Micro-level studies of the concept of quality indicate that, for example, the perception of the quality of a higher education institution's staff can be completely different from the perception of students, and it will also be different from the attitude of administrators or researchers. Effective communication, employee engagement and commitment are among the key factors for the successful development of quality as an idea in higher education institution.

All those levels are presented and discussed in the Standards and Guidelines for Quality Assurance in the European Higher Education Area (2015): based on the standards and guidelines described in the document all levels (from macro to micro) are transferred into national and institutional contexts of quality assurance across European higher education area (see Table 1).

The main indicators of translation of quality as an idea in higher education were identified based on Standards and Guidelines for Quality Assurance in the European Higher Education Area (2015):

1) Policy for quality assurance. According to the standard, institutions should have a policy for quality assurance that is made public and forms part of their strategic management. Internal stakeholders should develop and implement this policy through appropriate structures and processes, while involving external stakeholders. Institutions of higher education in their quality assurance policies that are stated in strategic documents or strategic documents for quality management provide information on the quality assurance system; support academic integrity and freedom and be vigilant against academic fraud; guard against intolerance of any

kind or discrimination against the students or staff; and support the involvement of external stakeholders in quality assurance.

2) Design and approval of study programmes. As it is stated in the standard, institutions should have processes for the design and approval of their study programmes: study programmes should be designed so that they meet the objectives, the qualification resulting from a programme should be clearly specified and communicated. Study programmes should be designed with overall objectives of the study programme that are in line with the strategy of the higher education institution and have explicit intended learning outcomes; as well study programmes should be designed by involving students and other stakeholders with intention to meet market needs; etc. According to the standard study programmes form the core of higher education institutions' teaching mission as they should provide students with both academic knowledge and skills including those that are transferable, which may influence their personal development and may be applied in their future careers.
3) Student-centred learning, teaching and assessment. The standard states the need for institutions of higher education to ensure that the study programmes that are delivered should encourage students to take an active role in creating the learning process, and that the assessment of students reflects this approach. As it is stated based on various researches, student-centred learning plays an important role in stimulating students' motivation, self-reflection and engagement in the learning process. The implementation of student-centred learning is based on the respect and attention to the diversity of students and their needs, enabling flexible learning paths; use of different modes of delivery of study material; application of complex of pedagogical methods; regularly evaluation and feedback based on mutual respect within the student – teacher relationship; procedures to deal with students' complaints.
4) Student admission, progression, recognition and certification. The standard sets obligatory requirements for institutions to apply pre-defined and publish regulations covering all phases of the student "life cycle" such as student admission, progression, recognition and certification. The regulation is based on assumption that it is vital to have fit-for-purpose admission, recognition and completion procedures, particularly when students are mobile within and across higher education systems.
5) Teaching staff. The standard states that institutions should assure the competence of teachers, as well they have to apply fair and transparent processes for the recruitment and development of the academic staff.

As the teacher's role is essential in the study process and in enabling the acquisition of students' knowledge, competences and skills, higher education institutions have primary responsibility for the quality of their staff and for providing them with a supportive environment that allows them to carry out their work effectively.

6) Learning resources and student support. Institutions should have appropriate funding for learning and teaching activities and ensure that adequate and readily accessible learning resources (such as libraries, study facilities and IT infrastructure) and student support (based on human support, e.g. tutors, counsellors, etc.) are provided. In the standard the role of support services that are of particular importance in facilitating the mobility of students within and across higher education systems are stressed.
7) Information management. According to common understanding, information management is related with collection, analyses, distribution, share and usage of relevant information for effective management. Reliable data is crucial for informed decision-making and for effective internal quality assurance system.
8) On-going monitoring and periodic review of programmes. The standard sets requirement for regular monitoring, review and revision of study programmes to ensure provision of appropriate content for students and to create a supportive and effective learning environment for them. These activities are related with continuous improvement of the programme.
9) Cyclical external quality assurance. In the explanation of standard requirements it is stated that external quality assurance in its various forms can verify the effectiveness of institutions' internal quality assurance, act as a catalyst for improvement and offer the institution new perspectives.

One of the main requirements set in the document and that goes in a line with requirements for the quality is the transparency and publicity of the processes for assurance of quality in higher education sector.

Table 1

Indicators of translation of quality as an idea based on Standards and Guidelines for Quality Assurance in the European Higher Education Area (2015) (indicators were determined by authors)

Category of quality	Standard	Indicators
Policy for quality assurance	Institutions should have a policy for quality assurance that is made public and forms part of their strategic management.	- Structures for quality assurance in organizational level; - Responsible staff members for quality assurance - Students responsible for quality assurance - Codes of academic ethics
Design and approval of programmes	Institutions should have processes for the design and approval of their programmes to meet the objectives set for them, including the intended learning outcomes. The qualification resulting from a programme should be clearly specified and communicated.	- Study programmes involve external stakeholders - Students are active participants in study programme development - Stakeholders participation in study programmes - Internship and other possibilities
Student-centered learning, teaching and assessment	Institutions should ensure that the programmes are delivered in a way that encourages students to take an active role in creating the learning process.	- Student-centred learning - Teaching / learning modes - Assessment criteria, evaluation - Promotion of mutual respect - Possibility to complain for students
Student admission, progression, recognition and certification	Institutions should consistently apply pre-defined and published regulations covering all phases of the student “life cycle”.	- Information about study programmes - Information about admission - Information about the possibilities for mobility - Recognition of previous studies - Certification
Teaching staff	Institutions should assure themselves of the competence of their teachers.	- Teaching staff - Qualifications of teaching staff - Awards received by teaching staff - Recognition of teaching staff

Category of quality	Standard	Indicators
Learning resources and student support	Institutions should have appropriate funding for learning and teaching activities and ensure that adequate and readily accessible learning resources and student support are provided.	- Researches for learning: libraries, labs, HUBs - Distance education - Student support system - Facilities for students - International students - Students with disabilities - Students with special needs - Possibility for maternity leave - Possibilities for part-time studies, for students who are employed
Information management	Institutions should ensure that they collect, analyse and use relevant information for effective management.	- Study programme management - Follow up activities (opinion polls; etc.)
On-going monitoring and periodic review of programmes	Regular monitoring, review and revision of study programmes aimed at ensuring that the provision remains appropriate and creating a supportive and effective learning environment for students.	- Information about internal evaluation of study programmes
Cyclical external quality assurance	Institutions should undergo external quality assurance in line with the ESG on a cyclical basis.	- Rankings of higher education institutions - Rankings of study programmes - Accreditation of programmes - Results of accreditation / evaluation of higher education institution

4. Communication about the activities of higher education institutions that indicates quality: comparative analysis of communication in webpages of Latvian and Lithuanian state universities

Research of content of webpages of institutions of higher education in Latvia and Lithuania based on indicators of quality as an idea set in the Standards and Guidelines for Quality Assurance in the European Higher Education Area (2015) was made in search for communication content that is used to communicate quality indicators to various stakeholders.

For the pilot research the web pages of state universities in Lithuania and Latvia in English language were selected. For the research 6 state universities in Latvia were selected: University of Daugavpils; Latvia University of Life Sciences and

Technologies; Riga Stradiņš University; Riga Technical University; University of Latvia; University of Liepāja; and 10 in Lithuania: Aleksandras Stulginskis University; Kaunas University of Technology; Klaipėda University; Lithuanian Academy of Music and Theatre; Lithuanian University of Health Sciences; The General Jonas Žemaitis Military Academy of Lithuania; Vilnius Academy of Fine Arts; Vilnius Gediminas Technical University; Vilnius University; Vytautas Magnus University. Some Lithuanian state universities were excluded from the list based on the ongoing reform of the network of higher education in Lithuania.

352 messages communicated in the web pages were analysed (117 messages from web pages of Latvian, and 235 messages from web pages of Lithuanian universities) (see Table 2). Messages presented in the first pages of the corporate webpages of selected institutions were coded based on the indicators (presented in Table 1):

1) policy of quality assurance in university;
2) design and approval of study programmes;
3) student-centred learning, teaching and assessment;
4) student admission, progression, recognition and certification;
5) teaching staff;
6) learning resources and student support;
7) information management;
8) on-going monitoring and periodical reviews of study programs;
9) cyclical external quality assurance.

The period for the analysis of webpages and strategic documents was chosen from the 1st–30th November, 2018.

Strategic documents, presented in universities official web pages in English language were analysed as well: 7 strategic documents presented in English language were analysed from 6 Latvian state universities and 10 Lithuanian state universities selected for the research and the texts in web pages under the section "strategic documents or strategy" (such sections were in 4 web pages of Universities) were coded as well based on the indicators, described in previous section. 5 universities from the list of selected universities do not provide information about the strategy and strategic documents on their web pages.

4. Findings and discussion

The results of the pilot research of the quality indicators that were presented on the web pages of universities of Latvia and Lithuania are presented in Table 2, results of the analysis of quality indicators in strategic documents and presentation of university's strategy are presented in Table 3.

Table 2

Indicators of quality presented in the communication of universities through web pages, in English

Indicators	Total, %	Total	Total Latvian Universities, %	Total among Latvian Universities, %	Latvian Universities	Total Lithuanian Universities, %	Total among Lithuanian Universities, %	Lithuanian Universities
Policy for quality assurance	1.7	6	0.3	0.9	1	1.4	2.1	5
Design and approval of programmes	12.2	43	5.1	15.4	18	7.1	10.6	25
Student-centred leaming, theaching and assesment	2.6	9	1.1	3.4	4	1.4	2.1	5
Student admission, progression, recognition and certification	30.1	106	8	23.9	28	22.1	33.2	78
Teaching staff	19.6	69	7.1	21.4	25	12.5	18.7	44
Learning resources and student	27	95	9.7	29.1	34	17.3	26	61
Information management	0.9	3	0.3	0.8	1	0.6	0.9	2
On-going monitoring and periodic review of programmes	1.1	4	0	0	0	1.1	1.7	4
Cyclical external quality	4.8	17	1.7	5.1	6	3.1	4.7	11

Analysis of the data shows that web pages of universities are mostly orientated toward presentation of universities' study programmes for prospective students, as most of the information is about study programmes, admission procedures, and possibilities of mobility for students during the study period. The second group of quality indicators, those were highly visible in analysis of data – learning and resources and student support (facilities for students). Together those two categories create around half of the quality indicators (57.1% in general, and 54% and 59.2% on web pages of Latvian and Lithuanian state universities accordingly). Analysis of web pages showed that teachers, their qualifications, recognition, active participation in various activities, related with study process as well with scientific researches, in relation to quality indicators are important factor as well and state universities on their web pages actively use these topics – around 1/5 of all information. A slight difference could be seen in the presentation of teaching staff in relation to quality presentation on web pages of Latvian and Lithuanian state universities (21.4% and 18.7% among other indicators of quality): qualifications of teaching staff are presented as the most important indicator according to quality categories, then information about teaching staff and their activities, recognition of teaching staff. As the less visible indicators of quality on web pages of state universities could be mentioned such aspects as study programme management and follow-up activities, as well as period and on-going monitoring of study programmes (information about those aspects creates around 1% of all quality indicators presented on web pages).

The data demonstrates the notion that web pages of state universities are orientated toward promotion of study programmes and for attraction of prospective students, for that purpose the information about study programmes, mobility possibilities, teaching staff and student support is communicated.

Table 3

Indicators of quality presented in the strategic documents of universities (in English language)

Indicators	Total, %	Total	Total Latvian Universities, %	Total among Latvian Universities, %	Latvian Universities	Total Lithuanian Universities, %	Total among Lithuanian Universities, %	Lithuanian Universities
Policy for quality assurance	5.1	8	1.9	15.8	3	3.2	3.7	5
Design and approval of programmes	10.3	16	1.9	15.8	3	8.3	9.5	13
Student-centred leaming, theaching and assesment	18.6	29	1.3	10.5	3	17.3	19.7	27
Student admission, progression, recognition and certification	15.4	24	0.6	5.3	1	14.7	16.8	23
Teaching staff	16	25	2.6	21	4	13.5	15.3	21
Learning resources and student	23.1	36	0.6	5.3	1	22.4	25.5	35
Information management	3.8	6	0	0	0	3.9	4.4	6
On-going monitoring and periodic review of programmes	0.6	1	0	0	0	0.6	0.7	1
Cyclical external quality	7.1	11	3.2	26.3	5	3.9	4.4	6

Analysis of the research data on strategic documents based on the indicators of quality distinguished demonstrated a different prioritisation of quality indicators: information about learning resources and student support (23%), student-centred learning (18.6%), and then information about teaching staff (16%) and admission (15%).

Research data shows the difference between indicators of quality in strategic documents: in strategic documents of Latvian state universities the categories of quality assurance create the frame for strategy of higher education institutions from perspective of quality indicators: performance of universities is presented through actions aimed at ensuring external quality assurance (26%) and internal quality assurance (15%) (total value of quality assurance is 41%), as in Lithuanian state universities strategic documents quality is seen through student-centred perspective: comfortable study conditions for students and other services for students (learning resources and support for students 22%, student-centred learning 20%).Difference in attention that is paid to different quality indicators in strategic plans and information about the strategies on web pages could be the explained by the different quality assurance processes in the countries concerned: it may also relate to international instruments implemented at different pace, the activities and requirements of the higher education institutions provided in the state's political documents, and others.

This data creates a possibility to make presuppositions that those statements that are formulated in strategic documents of state universities correlate with the documents regulating activities of higher education institutions, reflect the spirit of international documents regulating study policies and are consistent with relevant state documents defining the requirements for the activities and quality of higher education institutions.

Conclusions

In the area of science and higher education management practice, emphasis is placed on quality assurance, quality management. It can be argued that focus on quality focuses on understanding quality as processes and outcomes. This approach determines the treatment of quality in terms of representativeness of activities of higher education institutions. Higher education institution quality indicators can be very high, reflecting different areas of activity (academic indicators, student achievement indicators, etc.). Based on the analysis presented in the paper it could be stated that less attention is paid to quality indicators as a system of certain values – i.e. changes in the concept of quality and in its elements, which is due to the inclusion of social stakeholders in the system of higher education and the concept of the quality of the expression of their interests in the concept of quality is not so explicitly expressed. And that assumption could be related with presupposition that quality in the strategic level of higher education institutions is mostly understood through the quality management system related with management of study processes.

The importance of quality as an idea for the activities of higher education institution could be evaluated through the formulation and implementation of performance (quality) indicators. The indicators of the quality determined in strategic documents at national and international levels enable the transfer of quality as an idea to the context of higher education institution.

Data from the analysis of quality indicators in strategic documents or presentation of strategy and strategic ideas on the web pages of Lithuanian and Latvian state universities proves that the quality as the requirement for the higher education institutions could be reflected as *the traveling* idea.

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THE ROLE OF SOCIAL MEDIA DURING AND IN THE AFTERMATH OF A TERRORIST ATTACK

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Abstract

The technological revolution and the rapid digital transformation within the media call upon governments and States to regularly update their approach towards the use of social media in their engagement with citizens. The use of social media by government officials is very quick and effective and it goes interactively in two ways with citizens, which results in a better policy formulation and implementation. However, governments need to be aware of potential harm that can be caused by social media in the wake of a terrorist attack. The shock wave created by a terrorist attack can trigger a rise in hate crimes, rumours and dissemination of fake news.
This present article analyses government applied tactics and strategies in dealing with social media in order to manage emergencies and minimize consequences triggered by terrorist attacks. The hypothesis for this research suggests that the new age of digital media requires more involvement of government agencies in the domain of social media in order to use it as a platform to facilitate rapid dissemination of critical information during emergency response operations. Proper and effective use of social media can also help governments to recover public trust and rebuild social capital in the wake of a terrorist attack. This paper offers guidance to authorities and public agencies in order for them to manage the consequences and impacts of terrorist attacks by utilizing social media for the sake of public interest and security.

Keywords: social media, crisis communication, terrorism crisis communication

Introduction

The sophisticated use of social media by the Islamic State of Iraq and al-Sham (ISIS) sparked alarm across the world and attracted the attention of governments and agencies to the danger of using social media in disseminating terrorist propaganda and recruiting new members globally. ISIS managed at the very start to employ social media applications such like Twitter, Facebook and Instagram to reach a wide range of audience and to distribute powerful and emotional messages. ISIS's use of social media has had success and has inspired recruits from all over the world including many citizens in western countries.

The structural design of social media networks allows users to interactively engage people and media content (images, videos, etc.) in different ways (e.g. sharing posts or information, reposting etc.) based on Web 2.0 technologies. (Brossard, 2013, 14096). Both, Web 2.0 and social media entail sharing of digital content among people anywhere in the world, however social media tools and content more specifically focus on their active and co-constructing users. These technologies allow users to navigate virtually beyond the boundaries of time or space, as well as to exercise influence and co-create rather than just passively watching or observing (Boyd, 2014, 2). Thus, social media has become an important part of our daily life and activities in every part of our world.

1. Methods of recruitment by terrorist groups

Social injustice, lack of democracy and marginalisation create and fuel terrorism in many Muslim countries. Plenty of academic scholars suggest that poor socio-economic conditions increase the level of deprivation and political tension (Chen, 2003; Paxson, 2002; Li, 2004; Burgoon, 2004). On the other hand, other scholars argue that it is difficult to establish a direct link between terrorism and economic conditions (Krueger & Maleckova, 2003). According to Tore Bjørgo rapid modernization, globalization and multi-culturalism has intensified the feeling of rootlessness and the search for identity among communities (Tore Bjørgo, 2005). Globalization has caused economically and socially displaced communities in many countries. Those displaced communities have become vulnerable to communication and recruitment by terrorist groups. Recruiting new members is a main strategic priority for any terrorist group. The more people join the group the more it gets stronger. Getting more recruits will require the terrorist group to communicate with a large number of potential supporters. Here comes the social media as the best and cheapest tool to attract more recruits, fundraising and data mining (Conway, 2003, 40). This way of online interaction on the social media helps building ideological relationships, which facilitate the radicalisation of young people (Sageman, 2008). The British Prime Minister Theresa May identified the problem of online radicalisation stating: "There is no doubt that people are able to watch things through the internet which can lead to radicalisation" (Cited by Wintour and Jones in the Guardian, 2013).

The rise of ISIS in 2014 and its continuous military success has inspired many young Muslims around the world (Berger, 2015, 20). Social media networks such as Twitter have become the means for ISIS to recruit Jihadists (Klausen, 2015, 6). According to the "New York Times", the US Central Intelligence Agency CIA estimates that "About 30,000 terrorists have gone to Syria and Iraq since 2011," noting that, "*The number of terrorists who hold U.S. citizenship amounted to 250 fighters*" (New York Times, 26 September 2015). The ability of ISIS to recruit and radicalize supporters and followers using internet and social media is unprecedented (New York Times, 27 September 2015). The great majority of ISIS recruits come from the Middle East and the Arab world, however many foreign fighters come also from Western countries, including the majority of EU-Countries, as well as the United States, Canada, Australia, and New Zealand (Benmelech & F. Klor, 2016, 3). Some even argue that ISIS' conquest of Palmyra and Ramadi in 2015 was mainly driven by the need to maintain the narrative of victory that attracts new Jihadists (Gaub, 2016, 5). This indicates that the recruitment of foreign fighters through social media has become a well-established global phenomenon by terrorists.

2. Use of social media by terrorist groups

The importance of the social media especially in the Arab world lies in its role in the events of the "Arab Spring Uprising" which started in 2010. Most Arabic governments are non-democratic institutions and fundamental rights such (Freedom of speech etc.) are heavily restricted (Mishaal, & Abu Shanab, 2015, 6). This fact has made social media very attractive for the young Arab generation because it provides a space for political mobilization condemning the political power. Young Arabs used social media to broadcast content calling for freedom, democracy, and social justice. ISIS and other terrorist groups have exploited this free space of political mobilization that social media provided. This exploitation has ironically resulted in running what young Arabs tried to achieve during the Arab Spring.

In the following, we will present some reasons that make social media a perfect domain for terrorist groups.

First, given its digital virtual features, social media technology helps terrorists particularly in spreading messages (Rudner, 2016). Due to its borderless virtual structure, social media enables terrorists to communicate and radicalise as many people as they could without restrictions and without going through the domain of traditional media. Muslim's feeling of isolation and ISIS's appeal to impressionable youth through its sophisticated propaganda machine and social media induce some of them to radicalize (Benmelech & F. Klor, 2016, 23). Communication here can be done anywhere (e.g. in Sudan or Syria) and without need to be on the spot. Social media is in fact the only space, in which many terrorists (especially foreign fighters) have been documenting their involvement and experience in real time (Carter, J. A., Maher, S. & Neumann, P. R., 2014). Social media applications such as (Facebook, Twitter, Instagram, WhatsApp, and Viper) are easy to use and free of charge and this makes it attractive for Jihadists. These applications are multifunctional, and you can effortlessly forward (posts, videos and images) to everyone within seconds. For example, one terrorist website provides details on how to make Improvised Explosive Devices (IEDs), a bomb that can be made from locally available materials. Other terrorist websites have been distributing materials (tutorials and books) online on how to make poisons, bombs and conduct terrorist attacks. Some of the popular terrorist books that circulate online are The Mujahedeen Poisons Handbook and The Anarchist's Cookbook.

Second, social media is difficult to monitor and control. For instance, the reposting architecture of Jihadist accounts on You Tube is constructed to ensure redundancy and thus making it very difficult for governments to suppress the content. "A similar architecture of control and deliberate redundancy can be detected in the Twitter networks of the Western foreign fighters, but on a far larger scale" (Carter, et al., 2014, 18). More than 70 percent of the time, Western foreign fighters active on Twitter, retweet content from other individuals rather than posting original content (Klausen, 2015, 6). For many foreign fighters social media is no longer a virtual space of operation: In fact, it has become a real reflection of reality. Terrorist groups monopolise control over the dissemination of information from their conflict areas using skilled disseminators. Those disseminators spread their propaganda on the social media targeting and influencing sympathetic audience based in the west who may never set foot in Syria or Iraq. The use of social media allows terrorists to access our local communities and disseminate messages of violence and radicalization (Robin Taylor, Statement before U.S. Senate, 2017, 3).

Third, social media offer a fertile ground for deception and new opportunities for manipulation (Tsikerdekis & Zeadally, 2014, 8). Unlike traditional media, social media does not require personal contact or verification of identity and it can reach a wide range of audience. As a result, the target audience is highly vulnerable and exposed to fake news and various tactics of manipulation. Deception here has a high chance of success due to the low level of information literacy of many receivers and because of lack of verifiability. Terrorist manage to create a micro community, where they communicate only among Muslims (Berger, 2015, 21). This will increase the alienation of this micro community and consequently increase its vulnerability to recruitment.

Fourth, Jihadists use social media as a tool for launching psychological warfare without filtering the content. ISIS used social media platforms effectively to broadcast executions and crucifixions. Communicating violence on social media serves as a means to influence the behaviour of a target group (Schmid, 2015, 15). This media campaign of ISIS is very professional and combined with high-quality visual footage and well-designed ideological statements targeting young Muslims to join.

3. Methods applied to combat terrorism on social media

Some might assume that closing Twitter accounts of official Jihadist groups can restrict terrorist propaganda on social media. However those official accounts are less important than the so called “disseminator accounts”. A “disseminator account” is an account on social media, which is run by sympathetic individuals who sometimes lend moral and political support to those in the conflict (Carter, et al., 2015, 15). Disseminator accounts spread information from the battlefield in real time and they publish links to new videos, photos, statements of martyrs etc. Those disseminators are no fighters and they do not have any links to terrorist organisations. A study conducted in 2015 by Brookings Institute indicates that ISIS supporters controlled around 46,000 social media accounts (Berger & Morgan, 2015, 2). They are merely sympathizers engaged in providing moral and political support to Jihadists projects and activities and they present themselves as a reliable source of information on those projects. Here are some methods applied by government agencies to counter terrorist activities on social media:

Removing content

Removing content will require government agencies to step forward and challenge terrorist groups and its sympathizers in the realm of social media. Here arises the following question: Why cannot government just pressure social network companies such as Facebook and Twitter to close down or remove terrorist content from their platforms? Easier said than done. The biggest problem is that social networks do not take the complaints of their own users seriously enough. Social networks such like Facebook and Twitter have been criticised for failures to remove hate speech spread via their platforms promptly.

Removing Jihadist's messages will require some legal amendments within the constitutional framework and in line with the protection of fundamental rights (e.g. freedom of speech). National Parliaments can amend laws dealing with social media companies (e.g. Twitter, Facebook and Instagram) mandating that they remove extremist materials and contents from their platforms. The German government has submitted a draft bill aimed at more effectively combating hate criminality and criminal offenses on social media platforms, arguing that companies' ongoing failures necessitate tighter regulation with a potential fine of up to 50 million euro. In 2017, the German Parliament approved the law draft under the name "Netzwerkdurchsetzungsgesetz" (NetzDG). This law requires companies to take down "hate speech" including terrorist speech, within 24 hours in the case of "obviously illegal" speech and within seven days in similar cases (Network Enforcement Act, 2017, 2). This move has in fact proven success and has influenced indeed some social media platforms such as Facebook. Due to the adoption of Germany's law, Facebook took action and employed more than 1,200 people based in Germany helping it to check the content (Reuters by Emma Thomasson, 2017). In 2015 Facebook, Twitter, Google and Microsoft responded to European pressure and agreed with the European Commission on a code of conduct that committed them to removing hate speech within 24 hours (The Guardian, 2016). Under the code of conduct, the companies committed to working toward the goal of "reviewing the majority of valid notifications for removal of illegal hate speech in less than 24 hours and removing or disabling access to such content, if necessary". The code compels companies to create processes and provide information to ensure that such content is identified, reviewed, and removed (Code of Conduct on Countering Illegal Hate Speech Online, 2016).

However, despite those efforts terrorists are still capable of accessing terrorist content online (The Washington Post, 2017). The Uzbek immigrant who killed eight people in a Manhattan truck attack had "90 videos and 3,800 photos of ISIS-related propaganda on one of two cell phones found in the truck he had rented" (Elisabeth Weise, US Today, "Anti-extremist crackdown on YouTube, Facebook, Twitter only solves part of the problem (US Today, 2017). This indicates that the efforts of social media companies in removing terrorist content are still far behind. According to the German Justice Minister Heiko Maas "The biggest problem is that the networks do not take the complaints of their own users seriously enough" (Maas, 2017). In 2017 there was a report provided by the U.K. House of Commons Home Affairs Committee found that "nowhere near enough is being done" and that "the biggest and richest social media companies", including Google, Facebook, and Twitter, were "shamefully far from taking sufficient action to tackle illegal and dangerous content" (UK. Parliament Report on Hate crime, 2017).

In June 2017 Social media giants Facebook, Google's YouTube, Twitter and Microsoft formed "Global Internet Forum to Counter Terrorism", intended to combine their efforts to remove terrorist content from their platforms (Reuters, 2017). The use of new advances of artificial intelligence to root out terrorist content by mapping out the pages, posts, profiles and videos is unfortunately still not enough. Artificial intelligence is simply not at the stage where it can replace or substitute human judgments. For example, a computer program will have a huge difficulty distinguishing documentary coverage on the news from incitement. However, there was an interesting breakthrough achieved in the "Redirect Method", which was developed at Alphabet's Jigsaw group. This "Redirect Method" uses targeted advertising to reach people searching for terrorist content and presents videos that undermine extremist recruiting efforts. This method can be very helpful in raising awareness among those who are searching for terrorist content (A recent eight-week study that used this "Redirect Method" showed that more than 300,000 users (who were searching for terrorist content) clicked on the targeted ads and watched more than 500,000 minutes of video) (Kent, 2017). Google has achieved another success in "hash sharing" database, which allows a company that discovers terrorist content on one of their sites to create a digital fingerprint and share it with the other companies in the coalition, who can then more easily detect and review similar content for removal (Kent, 2017). In 2017 Google reported that "75 percent of the violent extremism videos" the company had "removed in recent months were found using technology before they received a single human flag" (Kent, 2017).

So far there is no super magic computer program up to this moment that can remove terrorist content on social media, but it seems that social media companies are keen on achieving this goal. The pressure put by some governments on social media companies was a step in the right direction, which should be enforced by a working plan at the global level involving companies, national governments, and civil society. This will definitely prevent extremist ideology from spreading in communities and online.

Detection of potential Terrorist online

One of the successful modern methods applied by security agencies in some countries is the usage of the ATDS tracking system (Elovici, et al., 2010, 406). This system focussed on tracking down potential terrorists accessing terrorist-generated Web sites based on the content of information accessed by the Web users. The detection component is planned to operate in a real-time, wide-area network where it should be capable of simultaneously monitoring hundreds and thousands of users (Elovici, et al., 2010, 417). ATDS is an example of applying data mining (clustering) algorithms and information retrieval techniques in the international effort against the terror presence on the Internet. Detecting potential terrorist users in the real time will allow the intelligence to gain additional time to develop an intelligence product and react promptly. This advanced system is highly recommended to anticipate the activities of potential jihadists.

Decryption on demand

Terrorists are quite aware, that their electronic communication is subjected to tapping. A survey (based on terrorist publications and on details that have emerged from interrogations) suggests that: "Terrorists are as concerned about hiding metadata as they are about encrypting communications" (Graham, 2016, 21). As a result, terrorists use powerful encrypted one-to-one and one-to-many communication, which has been widely adopted by ISIS and its affiliates globally. "Telegram" promotes itself as an ultra-secure instant messaging system because all data is encrypted from start to finish, a process known in the industry as end-to-end encryption (Graham, 2016, 21). In 2015 the social network Telegram offered encrypted messages service both in one-on-one chat and in group chat. Thus enabling one-to-many communication in parallel with its core one-to-one functionality. Telegram has become popular among terrorists with more than 100 million active subscribers (Middle East Eye, 2016). Most of those subscribers are from Middle East, Central and Southeast Asia, and Latin America. "Telegram" represents the main hub for ISIS's communication (IB Times, 2016). The advantage of using "Telegram" is that information broadcasted over its channels can be instantly shared across multiple digital platforms and vice versa (Burke, 2016, 19).

The significance of ISIS's use of Telegram platform lies in the ability to establish multi-purpose channels strengthening its propaganda capacity. This mechanism allows ISIS affiliates, only latently connected to the central hubs of the organization, to receive and share a coherent centralized propaganda message as well as establish encrypted communication channels with each other (Shehabat, et al., 2017, 28). This allows the channels to act as unified systems of coordination, message reinforcement, and activity planning (Shehabat, et al., 2017, 28). ISIS distributed an operational Security Manual recommending specific encrypted apps and providing other technologically astute advice on avoiding surveillance by counterterrorism officials (Wired, 2015). One of ISIS's most prolific virtual planners, former French rapper Rachid Kassim, used his Telegram channel, “Sabre de Lumière,” to facilitate and direct “at least a dozen successful and thwarted plots in France” from ISIS territory (Wired, 2015).

The decryption of devices used by terrorist perpetrators is very vital in the process of investigating past terrorist attacks. After the occurrence of a terrorist attack, the police might require decrypting the devices used by the attackers. The best example on this was the 2016 San Bernardino shooting by husband-and-wife jihadists who pledged allegiance to ISIS. Because the husband’s work-issued iPhone was running iOS 9, Apple was unable to unlock the phone even though the government had legal authorization to access the data stored on it. The government then unsuccessfully sought a federal court order to compel Apple to upload a new operating system onto the phone that would circumvent the encryption, and thus effectively seeking to force Apple to hack its own product (CNN, 2016). Ultimately, the dispute became moot after the government paid a private firm more than 1 million US Dollars to use a proprietary technique to break into the phone (CNN, 2016).

Addressing legal challenges

Decryption of devices is a very controversial issue, because any solution should go through legal regulation and through the adoption of new legislation that regulates this issue. Such a legislation would require companies to decrypt on demand and thus would require them (in the case of communication apps) to incorporate in the software additional technical means that enable decryption on demand. The adoption of such legislation would be very problematic because it would touch upon issues like human rights, protection of privacy and fundamental rights. It might also have impact on the security of user data. This would especially threaten client’s trust, which constitute the core commercial strength and credit for those companies.

Even the kind of decryption on demand that is based on courts authorization cannot solve this problematic aspect of decryption. The best example of this is Apple products based on iOS 8 or iOS 9, which cannot be decrypted (not even by the company itself) “According to Apple, 90% of its devices running iOS 8 or higher can't be unlocked” (BBC News, 2015). In September 2014, Apple announced that iOS 8 would automatically encrypt all data at rest on its device when locked such that information could only be accessed provided that the appropriate pass code was entered. With this change, and unlike prior versions of iOS, Apple is now unable to access data stored on its devices using this operating system, even if law enforcement provides Apple with a court-authorized warrant. This problem is not limited to terrorist cases alone, it also strikes upon criminal cases, where search warrants on the latest smart phones could not be executed.

According to Mr. Cyrus Vance the Attorney of Manhattan District "more than 120 Manhattan criminal cases have been harmed by the failure to execute search warrants on the latest smart phones" (Manhattan D. A. 'S Report, 9).

Indeed, any mandatory insertion of decryptions tools into the encrypted devices will make those products less secure against other attackers and will push many customers to turn away from those modified products. But on the other hand encryption does impose real threat challenge to criminal prosecutions and to national security. It is likely for the moment that strong encryption will continue to constitute a main obstacle for government's security agencies and investigators. The so-called "lawful hacking" could appear here as the best current solution that can bridge both conflicting arguments. "Lawful hacking" can be described as a legally authorized action by the government to hack devices or other apps used by terrorists or criminals. However, "lawful hacking" cannot work every time and with every device, given the fact, that there are un-hackable software. Moreover, terrorists and criminals can also use the un-hackable software in their communications and thus escape any "lawful hacking".

Decryption of social media applications does not violate human rights

The decryption of social media applications or smart devices upon court order does not constitute a violation to international human rights law. The Human Rights Council addressed decryption of social media applications on several occasions. The UN Human Rights Council stated that court-ordered decryption does not violate international human rights and is permissible if the government intrusion is lawful, targeted, and necessary. Where there is a legitimate aim – such as the prevention of terrorism/crime – and where appropriate safeguards are in place, "*a State might be allowed to engage in quite intrusive surveillance*" (U.N. HRC Report, 2014, 8). However, the decryption upon court order must be applied on a targeted case-by-case basis and must be subjected to judicial warrant:

> "Court-ordered decryption, subject to domestic and international law, may only be permissible when it results from transparent and publicly accessible laws applied solely on a targeted, case-by-case basis to individuals (i.e., not to a mass of people) and subject to judicial warrant and the protection of due process rights of individuals." (U.N. HRC Report, 2015)

According to the UN Human Rights Council, a government must conduct a three part legal procedure before it can restrict encryption on social media. First, the government must provide the restriction by law. That law must be "sufficiently accessible, clear and precise so that an individual may look to the law and ascertain who is authorized to conduct data surveillance and under what circumstances." (U.N. HRC Report, 2014 Report, 8). The law also must provide strong procedural and judicial safeguards in order to protect individuals' due process rights (U.N. HRC Report, 2015, 11). Second, the government restriction must be imposed to achieve a legitimate objective e.g. to protect specified rights, including "rights or reputation of others; national security; public order; public health or morals." *Third*, the government must demonstrate that the restriction is both necessary and proportionate to the specific risk being addressed. We conclude here that the scope of anonymity provided by encrypted communication should not remain out of government's regulation or limitation.

Conclusion

The social media space keeps evolving and continues extending with a diverse set of tools and technologies that terrorists can use putting individuals, organizations, and governments at risk. To address this challenge we need to design social media applications with various laws and regulations that cope with our desire for innovations. Government security agencies need to consider the domain of social media in their security approach to counter terrorism. This approach must include initiating legal changes at the national and international level in order to restrict terrorist's activities of recruiting and incitement on the social media. Introducing new laws that enable courts to demand that Internet companies and social media decrypt data to help further criminal investigation, would be very important and helpful in the investigation phase and in the aftermath of the terrorist attack. Introducing those legal changes will enable security agencies to respond fast and effectively during and after the occurrence of a terrorist attack. Social media is a two-edged sword and it can be used by terrorists to harm us and unless we regulate its use intelligently, we might suffer from its harmful impacts. The encryption of social media applications has become a matter beyond the reach of law enforcement agencies. This will result in a creation of untouchable domain of encrypted realm, where terrorists and criminals can act freely beyond the rule of law.

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FOREIGN STUDENTS AS A CONTRIBUTING FACTOR FOR TOURISM IN LATVIA

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Abstract

Higher education has become one of the important export sectors of Latvia during the last years. The number of foreign nationals studying in Latvia has considerably increased. There are several research projects and reports on the economic impact of international students studying in Latvia. However, none of them have been particularly devoted to aspects of tourism. That is why the aim of this paper is to assess foreign students as a contributing factor for tourism in Latvia. The empirical part of the research is based on document analysis, foreign student survey, semi-structured, structured and focus group interviews with representatives from organizations engaged. The results reveal that foreign students contribute to tourism by taking part themselves, by attracting other visitors and by promoting a destination; several main constraints were discovered which means that there is space for improvements.

Keywords: foreign students, international students, factors contributing to tourism

Introduction

Higher education has become a significant factor of global trade and services. The number of international students has grown significantly in Latvia and other countries over the past years. It continues to grow on an annual basis. When living and studying in a foreign country, international students are interested not only in learning, but also in exploring the country of residence and in using tourism services (Glover, 2011b). International students are often visited by relatives, friends and other related persons, who, during the course of their visits, also engage themselves in tourism (Davidson, et. al., 2010). Although students are active tourists and increasingly engage in tourism while studying abroad, there has been relatively little research on their role in tourism. This includes also Australia where the number of international students is higher than the rest of the world (Min-Ne, 2006, 451). Lack of such research can be noted not only across the world but also in Latvia.

This is why the present study aims to address the issue of foreign students as a contributing factor for tourism in Latvia. There are two research questions formulated: 1) To what extent do foreign students and related persons use tourism services in Latvia? 2) To what extent would foreign students and related persons visit Latvia as a tourist destination in the future contributing to tourism in Latvia? The empirical part of the research is based on document analysis, foreign student surveys, semi-structured, structured and focus group interviews with representatives from organizations engaged in those issues. The research was conducted from January to May 2017.

These days education has become a particularly important component of travel activities and travel experience. Tourism activities involving formal and informal educational elements are constantly on the rise (Ritchie, 2003, 11). Acquiring education is the main reason why a student studies abroad. However, a student can also be motivated by a desire to travel before, during or after studies, and travel plays an important part in the student's experiences abroad (Cerdeira, 2014, 612). International students have their own peculiarities, therefore they form a separate market segment characterised by their special needs and wishes (Glover, 2011a, 264). Due to the relatively low availability of money young people often try to spend as little as possible for lodging and travel (overnight stay, food, travel) and they invest more in gaining actual experience and spend more on activities at a destination (Moisă, 2010, 639). Taking into account that academic tourism shows a rapid development trend, it must increasingly become the focus of attention of those officials, who are engaged in developing the respective territories and in forming their tourism development policies (Rodriguez, 2013, 93).

The Sustainable Development Strategy of Latvia until 2030 has defined a goal to raise the share of foreign students in higher education institutions of Latvia to at least 10% of the total number of students" (LR Saeima, 2014), which, based on the actual growth rate, can even be exceeded. The number of foreign students in the country has grown from 1425 in the academic year 2006/2007 to 8137 in 2016/2017, while the number of foreign students studying directly at the higher educational institutions of Latvia has already reached 7880 or 11% of all the students. 1784 of them were participants of Erasmus and other exchange programmes (Izglītības un zinātnes ministrija, 2017). According to OECD's statistical data, the biggest increase of international students in 2013 and 2014 was noted particularly in Latvia, confirming its rapid growth in this industry (OECD, 2016, 329).

The share of students by each educational institution is highly varied. Out of 32 higher education institutions of Latvia a substantial share of foreign students belongs to three state educational institutions: Riga Stradins University – 1787, Riga Technical University – 878 and University of Latvia – 561, as well as to 5 institutions founded by other legal entities: Turiba University – 454, TSI – 534, Baltic International Academy – 396, ISMA – 416 and RISEBA University – 259 (Izglītības un zinātnes ministrija, 2017). According to the Central Statistical Bureau of Latvia, the top 10 countries contributing to the number of students in Latvia in 2016/2017 were Uzbekistan (1025), Germany (902), India (714), Russia (516), Sweden (363), Kazakhstan (276), Ukraine (242), Norway (175), Finland (169) and Lithuania (146) (CSB, 2016).

The engagement of foreign students affects not only the system of higher education of Latvia, but also its labour market, budget revenue, the overall economic development of the country, its social life and overall development. Export of higher education continued to grow in 2017, producing an added value of EUR 170 million. EUR 84.5 million of this sum constitutes the direct contribution (study fees, taxes, etc.), while EUR 85.5 million – the indirect contribution (contribution through related sectors, money spent by students in Latvia, paying rent, etc.) (Auers, 2017). Foreign students not only contribute directly to the economy of their country of residence, but also engage their friends and relatives. When visiting Latvia, friends and relatives of foreign students spend EUR 6.1 million annually, while students themselves annually spend an average of EUR 12,264, including EUR 5136 study fees, EUR 3432 rental fees and EUR 3696 in other expenses. Consequently, the direct economic gain provided by international students is formed by study fees, rental fees and other living expenses as well as by tourists travelling to Latvia in order to meet international students. Relatives and friends of students stay in Latvia for four days on average, spending EUR 405 during one visit. Therefore, according to Auers, "higher education has a significant multiplying effect, since international students create and stimulate demand for lodging, food, entertainment, retail and tourism services" (Auers, 2016, 12). However, stressing the overall contribution of foreign students to the economy of Latvia, one should admit that the contribution of foreign students in the context of tourism has not been analysed separately. The authors are addressing this issue in this particular research.

1. Methods

In order to analyse the activities of foreign students and their contribution to the tourism sector of Latvia, the corresponding research methods applied in similar studies have been selected for this particular work: in addition to secondary data analysis, 8 structured interviews with representatives of educational institutions, actively engaging with international students, a representative of Erasmus Student Network (ESN) in Latvia and a representative of one tourism agency were conducted. For the purpose of researching student' experiences and opinions, a survey of international students and one focus group interview were also conducted. In order to assess **e**xperiences and opinions of students, a survey of international students from 10 different higher educational institutions was conducted. 288 valid questionnaire forms were received, ensuring credibility or representative interval of 5.56. The survey was performed and distributed online, utilising social networks and engaging coordinators of educational institutions in order to reach students directly by e-mail. The survey questionnaire was divided in three parts; social and demographic information, travel habits of a student and travel habits of persons related to the student. Research period – January till May part of 2017.

2. Results and discussion

Interviews *with coordinators of student exchange programmes* of Turiba University and RISEBA University showed that their direct duties and workload did not allow to pursue engagement of students in tourism activities. *Student self-government bodies* at the University of Latvia, Turiba University and RISEBA University have been more active in this area. They organise tours around Latvia and various activities for all students as well as events targeted specifically for foreign students. Various sports events, for instance, orienteering, are also often organised in Riga and its direct vicinity.

Besides events and tours organised by student self-governments, similar events are also organised by ESN, an international non-profit organisation. Events and tours organised by this body generate broad response and participation, which tend to be lower during the spring semester when the number of international students is traditionally lower in Latvia as well as at the end of semesters when students already manage to travel around Latvia on their own.

All persons interviewed stressed that Erasmus and other exchange students were the most eager participants in the events and tours, while full-time degree students were less responsive despite the fact that invitations were issued to everyone. It is argued in the same interview that full-time degree students may not consider themselves as international students and therefore do not engage themselves in tours and events. The representative of ESN has also observed a similar situation stating that "full-time students have a different daily routine and rhythm, some of the students are working, and others have limited financial resources". While Erasmus students receive a scholarship, full-time degree students pay for everything themselves".

Representative of a travel agency admitted to the fact that they did not offer separate Latvian packages for students and that they have not observed any interest of students in such offers.

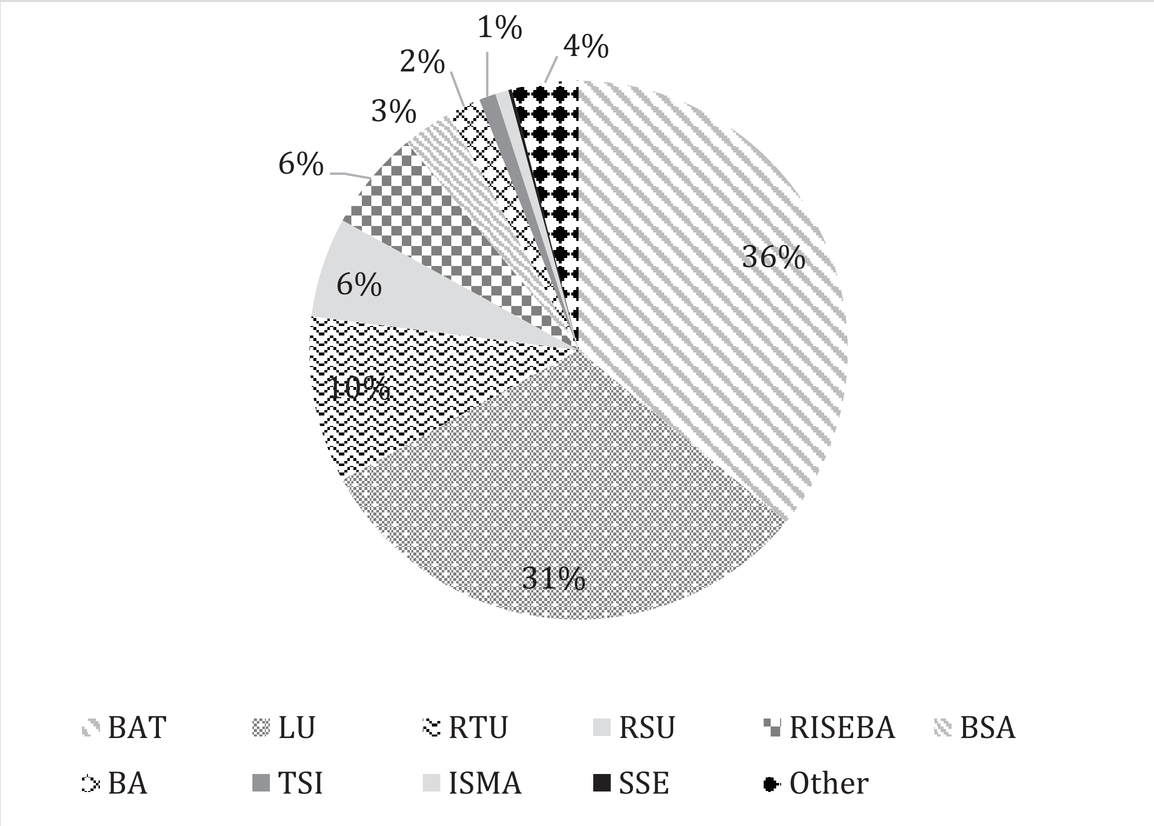

Figure 1. **Distribution of surveyed students among universities in Latvia**

The composition of the *student survey* is as follows: the majority of respondents (63%) were Bachelor students, 29% were Master degree students. Doctoral students contributed to 6% of respondents while 2% of the surveyed were students who, for instance, has arrived in Latvia in order to study the Latvian language. Questionnaire forms from students of 10 educational institutions were received. Students of Turiba University were the most active (36%), followed by the University of Latvia (31%), Riga Technical University (10%), Stradins University and RISEBA (6%), while the share of respondents from other institutions was 4% and less (see Figure 1). According to country representation, students from Germany were the most active (13%), followed by India with 12% of respondents, Uzbekistan – 11%, France – 8% and Russia – 6%. Forms were submitted by students from 17 countries in total. 57% of students surveyed were exchange students, 43% – full-time degree students. Erasmus students formed 82% of all exchange students, double degree students – 9%, mutual agreement students – 7% and language exchange students – 2%. Therefore, all groups of students were represented.

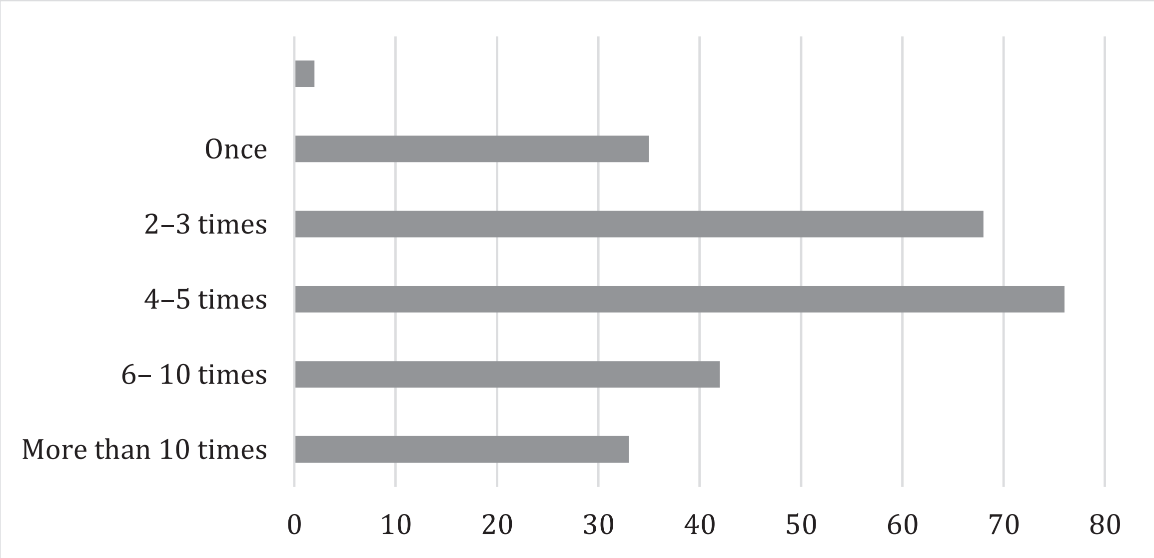

Figure 2. **The number of times surveyed students traveled around Latvia**

The results of the questionnaire showed that naturally education was the primary interest of students arriving in Latvia. However, the opportunity to travel to neighbouring countries, within the country as well as on cultural exchanges, forming a tourism experience, also serve as an important motivational force. Results of the survey also show that foreign students in Latvia are interested in travelling and engaging in tourism. Less than one per cent of students surveyed claimed that they had not travelled in Latvia and were not interested in that activity (see Figure 2). 11% of students noted that they had not travelled around Latvia yet, but were planning to do it in the future. Most of the (26%) had already travelled in Latvia 4 to 5 times. Students had travelled 2 to 6 times on average, while there were also students (11%) who had done it 10 times or more. This number shows that students are not only interested in travelling within Latvia, but are actually delivering on this interest. The ESN representative stressed that many international students travelled more in comparison with local students.

Analysis of theoretical sources revealed that it was typical for students to organise trips by themselves as opposed to using services of a travel agency or services of other tourism companies (Sung & Hsu, 1996). The results of the focus group interview confirmed this claim. According to students, they prefer to organise their trips themselves. At the same time they added that some of their friends had also chosen tours offered by ESN. This fact reveals the reasons why students do not turn to tourism agencies in order to purchase their tours:

a fact stressed by a representative of Discover Latvia travel agency. The survey reveals the same results. Answering the question on one's preference of the type of travel, 59% of respondents preferred to make their own arrangements, while a relatively considerable part had also used tours arranged by ESN. 7% of respondents noted that they participated also in tours organised by their universities, which, as revealed by the survey, were mostly trips organised by the respective student self-governments. Some respondents (7%) participated in "buddy" trips across Latvia, and only 4% chose tours organised by travel agencies or tour operators. 8% of respondents noted that they did not travel.

The majority of students surveyed – 31% noted that they travelled together with friends, who they had met during their student exchange, while 24% travelled together with their course peers (see. Figure 3). Another 22% travelled together with relatives and friends from their country of origin. Some students (12%) preferred to travel alone and only 10% of respondents noted that they travelled together with local students, thus promoting tourism in Latvia encouraging one another to travel and engaging local students and their own friends and relatives.

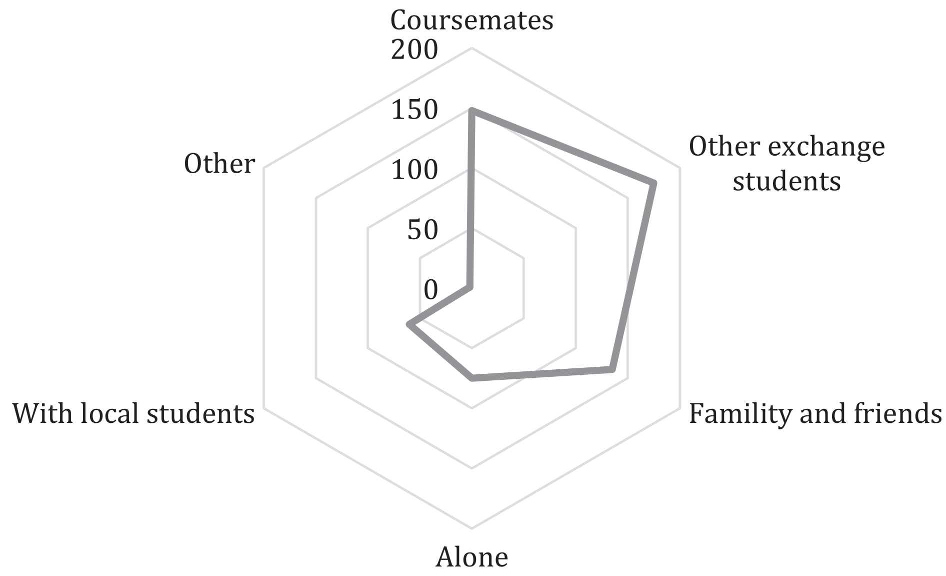

Figure 3. **The surveyed student's travel companions**

Visiting relatives and friends at the place of studies is noted as one of the most important factors for promoting tourism at the destination. Survey results reveal that during studies 67% of international students are visited by their friends and relatives, while accordingly: 33% were not visited by anyone. In the course of studies, most of the students were visited by 1 to 5 friends and relatives, while a comparatively large part of students surveyed (10%) were visited by up to 10 relatives and friends, and 2% by 11 relatives and friends or more. These data confirmed and even exceeded the results of research on visits of friends and relatives conducted in Australia. The average stay of relatives and friends of an international student in Latvia is one to six days: 29% stay for 1 to 3 days, 26%: 4 to 6 days, 11%: 6 days and more. According to the Central Statistical Bureau, the average stay of a foreign tourist in Latvia in 2015 was 1.4 days (CSP data, 2016). Taking into account the fact that relatives and friends of foreign students spend more days in the country in comparison with a typical tourist, they contribute to reaching the tourism policy goal of increasing the number of multi-day travellers, defined in the Tourism Development Guidelines of Latvia for 2014 to 2020 (Cabinet of Ministers, 2014).

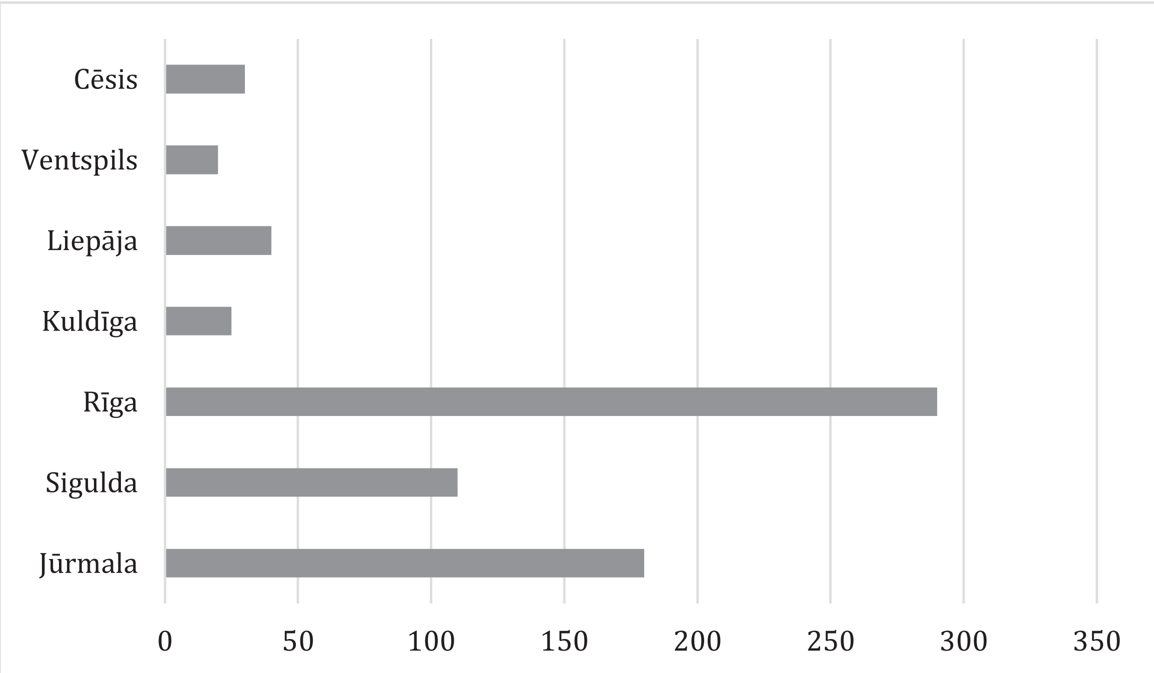

Figure 4. **Travel destinations of students surveyed in Latvia**

Since lodging fee forms a substantial part of tourism income, this choice is highly important also from the economic perspective. According to the survey results, the majority of friends and relatives (42%) visiting students stayed at the student's place of residence, while a comparatively large part of visitors (32%) chose a hotel. This kind of proportion is generated based on the fact that in most of the cases friends stayed with students, while parents preferred to stay in hotels. These replies are similar to the observations made by Davidson (Davidson et.al. 2010). Out of the rest of relatives and friends 14% chose to stay in hostels and another 12% in apartments. 22% of students travelled with their parents to see other Latvian towns, located closer to Riga (see Figure 4) which is particularly important for regional tourism.

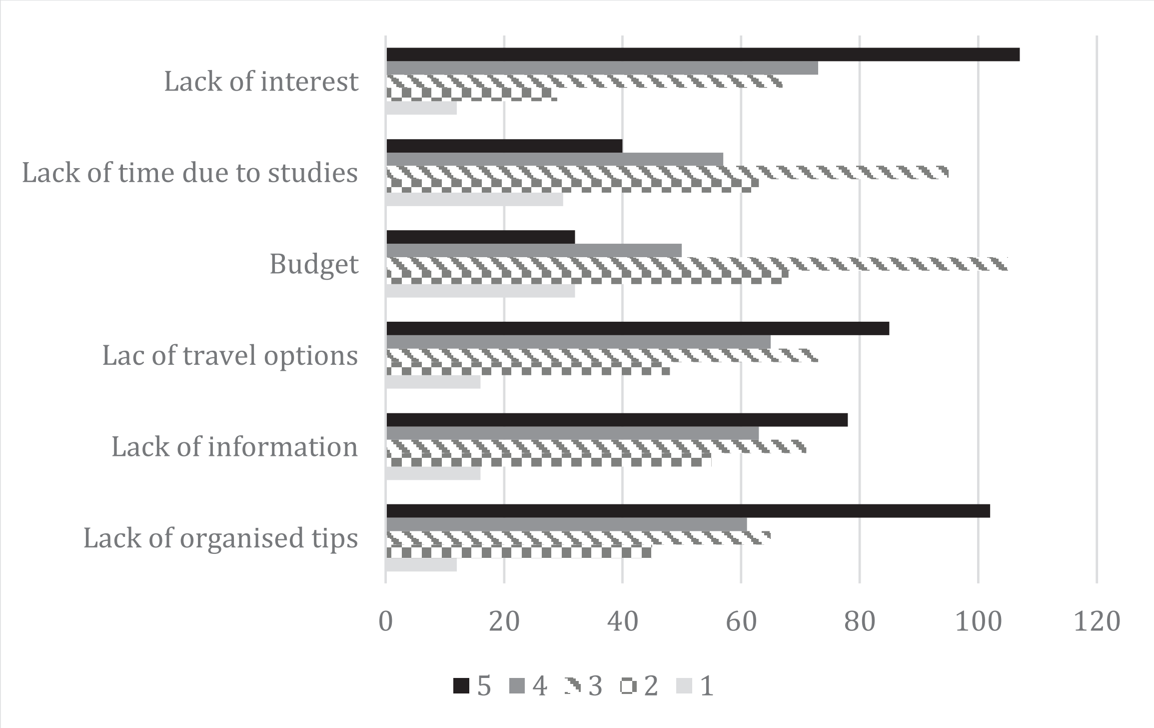

Figure 5. **Factors limiting travel of students surveyed**

In order to establish the factors, which limit travel of international students, the questionnaire included a question to assess factors affecting travel in Latvia on a scale of 1 to 5 scale (where 1 meant not affecting and 5 – affecting strongly). A limited budget and lack of time due to intense study work were singled out as the most important factors (see Figure 5). A comparatively large part of students surveyed noted the lack of information, which was also mentioned as a factor in the focus group interview.

Certus researcher D. Auers argues that "foreigners graduating from Latvian universities, in fact become informal ambassadors of the former country of residence, strengthening economic and political ties and forming the international reputation of Latvia" (Auers, 2016). The fact that results of the survey showed a great deal of similarity with this statement. 61% of students were ready to recommend Latvia as a study and/or travel destination, 18% noted, that they would recommend Latvia as a study destination only, while 16% would recommend Latvia just as a travel destination. A relatively small (5%) number of students would not recommend Latvia as a destination at all. The same overall claim was confirmed by the students interviewed at the focus group, who had received positive recommendation from their friends and acquaintances. The students confirmed that their impression of Latvia as a destination was generally positive, the expectations they had before their visit had been fulfilled or even exceeded and that they would recommend Latvia as a destination.

The focus group interview was selected in order to gain a better understanding of international students, their desire to travel in Latvia, their travel habits and other factors. 6 Erasmus and double degree programme students from Belgium, Germany and France responded to the invitation to participate in the focus group. Full-time degree students were also invited, but did not respond. The interview confirmed that all of them have either been visited by relatives and friends or they were planning to do so in the nearest future. They confirmed that they had visited also other towns in Latvia. Weather conditions, engagement in studies and limited resources were all mentioned as factors limiting travel activities. The respondents did not work in Latvia, lived only on ERASMUS scholarship, saved money or had the financial support of parents. Overall, opinions expressed at the interview confirmed the initial results, adding and proving that Erasmus students from western countries were more active and open to communication and tourism activities in Latvia.

The research results lead to the following main *conclusions.* A substantial increase in the number of international students in Latvia and the fact that travel is one of the goals of students studying in a foreign country, creates the preconditions for an increasing tangible contribution to tourism in Latvia. Similar to global trends, international students in Latvia make their travel arrangements themselves without using travel agency offers. However trips and events organised by student self-governments and the Erasmus Student Network organisation still play a significant part in student activities and choices. International exchange students are the most active in making use of the existing travel opportunities, while full-time degree students travel across Latvia less often and prefer tours organised by themselves.

Foreign students staying in Latvia for a period from one semester to four full study years and using tourism services throughout the year help to address the seasonality issue of Latvian tourism. The main factors limiting tourism are engagement in study activities, limited resources, lack of information or inconvenient access, insufficient tourism marketing and promotion activities and quite often, insufficient offer in the market. International students promote Latvian tourism not only through their own engagement, but also by engaging relatives and friends, who on average spend more days in Latvia in comparison with a regular tourist. Therefore they help to fulfil one of the main goals of the tourism policy of Latvia: prolonging the tourist stay in the country. Students play a positive part as promoters of the image of Latvia in their countries of origin, raising interest in Latvia as a study and tourism destination. The fact that

90% of international students consider returning to Latvia after graduation is a positive fact. Equally, a number of students have already returned to Latvia as tourists, thus promoting tourism in Latvia also in the future.

There can be several *recommendations* suggested for the different involved parties: The Ministry of Education and the Ministry of Economics of the Republic of Latvia should be more actively involved in the control of the process of attracting foreign students and would need to develop a national strategic document for the following years, with the setting of goals and action plan of education export, including the potential of foreign students' contribution to tourism. The Tourism Department of the Investment and Development Agency of Latvia, in cooperation with Latvian higher education institutions, should promote Latvia as a tourism destination among foreign students by improving the availability of information about attractions and tourist places in Latvia. The department should establish cooperation with university coordinators and student councils to inform foreign students about travel opportunities and attractions in Latvia and provide promotional materials. Information on Latvia as a tourist destination should be included in the websites of higher educational institutions as well as in other informative materials for foreign students as such information would simultaneously help to attract students to the higher education institution as well as Latvia as a tourism destination. Higher education institution agents could use Latvian tourism promotional materials also while participating in international education fairs as an additional attraction for students.

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KOPSAVILKUMS

Efektīva profesionālās valodas apmācība

Viola Ēvele, Anda Komarovska

Mūsdienās sīvas konkurences apstākļos vērojama strauja tūrisma industrijas attīstība, un tā rada jaunus izaicinājumus: viens no tiem ir ne tikai apgūt dažādu svešvalodu zināšanas, bet arī starpkultūru prasmes, kas spēlē ievērojamu lomu to cilvēku ikdienā, kuri darbojas klientu apkalpošanas jomā. Rezultātā radās ideja izveidot mūsdienīgu, viegli lietojamu mācību materiālu, kas piedāvā iespēju apgūt un praktizēt dažādas svešvalodu prasmes, kas balstītas esošajā valodas zināšanu līmenī.

Pētījuma mērķis ir noskaidrot, kā studenti ir novērtējuši jaunizveidoto tiešsaistes valodas apguves kursu *Language for Special Purposes* (valoda īpašiem mērķiem).

Pētījums ir veikts *Erasmus+* projekta "Valodas prasmes un starpkultūru jautājumi viesmīlības industrijā: vienotība dažādībā ES darba tirgū" ietvaros; tajā apskatītas situācijas viesnīcu un ēdināšanas nozarēs.

Teorētiskā daļa aplūko valodas mācīšanas/mācīšanās teorijas pieaugušajiem, kā arī mācīšanos tiešsaistē.

Pētījuma metodes: teorētiskās literatūras un avotu analīze, tiešās aptaujas, datu apstrāde un analīze.

Mācības tiešsaistē ir vērtīgs apmācību materiāls ne tikai tūrisma un viesmīlības nozares studentiem vai tūrisma informācijas centru darbiniekiem, bet ikvienam, kuru interesē ceļojumi pāri savas valsts robežām. Izstrādātie ieteikumi arī palīdzēs apmācāmajiem veicināt starptautisku sadarbību.

Pievienotās vērtības nodokļa ietekme uz restorānu pakalpojumiem

Māris Jurušs, Linda Roze, Madara Lūka

Restorānu pakalpojumi ir viens no pieprasītākajiem tūrisma produktiem ar augstu konkurenci cenu un kvalitātes ziņā. Tomēr augstais darbaspēka nodokļu un pievienotās vērtības nodokļa slogs tieši ietekmē preču cenu, liekot restorāniem darboties ēnu ekonomikā, lai saglabātu savas cenas zemākas. Pētījuma mērķis ir novērtēt, kā pievienotās vērtības nodokļa slogs ir saistīts ar darbaspēka izmaksām, īpaši novērtēt pievienotās vērtības nodokļa ietekmi uz restorāniem kā darbietilpīgu nozari. Pētījumā secināts, ka pievienotās vērtības nodoklis negatīvi ietekmē darbietilpīgus uzņēmumus, jo priekšnodoklis (pievienotās vērtības nodoklis par iegādātajām precēm un saņemtajiem pakalpojumiem) tiek atskaitīts proporcionāli mazāk, tā kā priekšnodoklis nav jāmaksā un līdz ar to nav atskaitāms par darbaspēka izmaksām. Tā rezultātā restorāniem ir augstāks pievienotās vērtības nodokļa slogs nekā citām – mazāk darbietilpīgākām nozarēm. Augsts pievienotās vērtības nodokļa slogs veicina nodokļu saistību neievērošanu un rada vispārējus zaudējumus tautsaimniecībai. Pētījums iesaka, ka, lai samazinātu pievienotās vērtības nodokļa sloga negatīvo ietekmi, restorānu sniegtajiem pakalpojumiem varētu tikt piemērota samazinātā pievienotās vērtības nodokļa likme.

Vecāku finanšu socializācijas faktoru ietekme uz lietuviešu vidusskolēnu finanšu pratību

Renata Legenzova, Asta Gaigalienė, Gintarė Leckė

Finanšu pratība ir svarīgs faktors racionālu finanšu lēmumu pieņemšanā, kas ietekmē gan katra indivīda finansiālo labklājību, gan vispārējo dzīves kvalitāti valstī (i.e. *Henager* & *Cude*, 2016). Jaunieši pilnībā neaptver naudas vērtību, kamēr tie neiegūst pilnīgu kontroli un atbildību par savām finansēm. Tas noved pie motivācijas trūkuma finanšu disciplīnu mērķtiecīgai apgūšanai, tāpēc šajā pētījumā bieži uzsvērts vecāku finanšu socializācijas nozīmīgums.

Pētījuma mērķis ir novērtēt lietuviešu vidusskolēnu finanšu pratības līmeni un noskaidrot vecāku finanšu socializācijas faktoru ietekmi mūsdienu sabiedrībā.

Šis pētījums ir daļa no izpētes projekta, kurā iekļauts finansiālās socializācijas procesa novērtējums visās dzīves cikla fāzēs, kā arī faktori, kas ietekmē šo procesu modernajā sabiedrībā. Kopā aptaujāti 524 skolēni no Lietuvas vidusskolām (divas pēdējās klases). Rezultāti atklāj, ka aptaujāto vidusskolēnu finanšu pratības līmenis ir vidējs (4.77 punkti no iespējamiem 8). Tika analizēti arī statistiski nozīmīgie vecāku finansiālās socializācijas faktori: vecāku un ģimenes īpašības; tiešā un netiešā finanšu apmācība; ikdienas kabatas naudas stratēģija un vecāku emocionālais siltums.

Ķīnas un Latvijas tūrisma un viesmīlības nozares augstākās izglītības iestāžu absolventu profesionālā kompetence

Ineta Luka, Agita Donina, Li Ping, George Ubbelohde, Wang Lingli

Ņemot vērā tūrisma un viesmīlības nozares izaugsmi pasaulē, arvien lielāku nozīmi iegūst absolventu nodarbinātības iespējas. 2018.–2019. gadā divas profesionālās augstākās izglītības iestādes, kas izglīto topošos tūrisma un viesmīlības nozares speciālistus Latvijā un Ķīnā, veica salīdzinošo pētījumu, lai atklātu līdzības un atšķirības absolventu nodarbinātības jomā. Tika pētīts Latvijas un Ķīnas tūrisma un viesmīlības nozares darba devēju viedoklis par potenciālajiem absolventiem nepieciešamajām zināšanām, prasmēm un kompetencēm, lai viņi spētu sekmīgi darboties mūsdienu darba tirgū, kā arī tika vērtēta absolventu profesionālo zināšanu un profesionālās kompetences atbilstība darba tirgus prasībām. Pētījums sniedz ieskatu pašreizējā situācijā tūrisma un viesmīlības nozarēs Ķīnā un Latvijā un iepazīstina ar veikto darba devēju aptauju rezultātiem. Kopumā tika aptaujāti 210 Ķīnas un 138 Latvijas darba devēji, kuru uzņēmumos studenti praktizējas. Pētījumā izmantotās metodes: sekundāro datu analīze, darba devēju aptauja, izmantojot aptaujas anketu; datu apstrāde un analīze, izmantojot IBM SPSS programmatūru, veicot aprakstošās un secinošās statistikas testus. Tika secināts, ka gan Ķīnas, gan Latvijas respondenti min līdzīgas profesionālās zināšanas un kompetences sekmīgai darbībai nozarē, kā arī tika atklāta plaisa starp darba devēju vēlmēm un absolventu zināšanu un profesionālās kompetences līmeni. Galvenās atšķirības ir attiecināmas uz profesionālo zināšanu un profesionālās kompetences līmeni.

A/s *Air Baltic* konkurētspējas novērtējums Baltijas valstīs

Dairis Ruskulovs, Madara Lūka, Romēna Šulca

Pētījuma mērķis ir veikt *Air Baltic* konkurētspējas analīzi Baltijas valstīs. *Air Baltic* ir lielākā aviosabiedrība Baltijas reģionā, taču pēc finanšu krīzes *Air Baltic* bija finansiāli nestabils. Tāpēc ir būtiski izvērtēt, vai pašreizējā paplašināšanās un jaunu aviobāžu izveidošana Viļņā un Tallinā ir pamatota un vai *Air Baltic* ir pietiekoši konkurētspējīga aviosabiedrība šī brīža tirgū, lai nodrošinātu ilgtspējīgu un veiksmīgu tās darbību. Autori izvirza šādu hipotēzi: nodrošinot augstu konkurētspēju Baltijas valstīs, *Air Baltic* ir spējis kļūt par finansiāli stabilu uzņēmumu. Zinātniskajā rakstā tika izmantotas šādas pētniecības metodes: monogrāfiskā, statistikas datu analīze, aptauja. Pētījuma rezultāti pierāda, ka *Air Baltic* darbības paplašināšanās Viļņā un Tallinā ir ļāvusi aviosabiedrībai kļūt finansiāli stabilai. Papildus autori secināja, ka *Air Baltic* ir augsta konkurētspēja pašreizējā Baltijas valstu tirgū, jo tā piedāvā ļoti plašu galamērķu piedāvājumu, gan izmantojot *Air Baltic* lidojumu tīklu, gan arī piedāvājot savienotos lidojumus sadarbībā ar aviosabiedrības partneru tīklu par pieņemamu cenu.

Kvalitāte augstākās izglītības sektorā: kvalitātes nodrošināšanas kritēriju komunikācijas salīdzinājums Lietuvas un Latvijas valsts universitāšu tīmekļa vietnēs

Lina Tamutienė, Renata Matkevičienė

Pēdējā laikā veiktie pētījumi par augstākās izglītības iestāžu kvalitātes nodrošināšanu iezīmē saikni starp kvalitāti kā dinamisku izpausmi un pārmaiņām augstākās izglītības iestādēs.

Pētījumi par augstākās izglītības iestādēm koncentrējas uz ārējās vides izmaiņām, pieaugošo spiedienu uz augstākās izglītības iestādēm un izmaiņām kvalitātes jēdzienā kā reakciju uz ieinteresēto pušu prasībām un gaidām. Kvalitātes kā idejas nozīmīgums augstākās izglītības iestāžu darbībā tiek noteikts caur galveno darbības rādītāju un kvalitātes kritēriju formulēšanu un īstenošanu augstākās izglītības iestādē.

Rakstā izklāstītā pētījuma teorētiskās un empīriskās daļas demonstrē, ka apgalvojumi par kvalitāti, kas formulēti valsts universitāšu stratēģiskajos dokumentos, korelē ar kvalitātes izpratni dokumentos, kas regulē augstākās izglītības iestāžu darbību, atspoguļo studiju politiku regulējošo starptautisko dokumentu garu un saskan ar attiecīgajiem valsts dokumentiem, kuri definē prasības augstākās izglītības iestāžu darbībai un kvalitātei.

Sociālo mediju loma teroristiska uzbrukuma laikā un pēc tā

Laila Vaivode, Saer Ammar

Strauja tehnoloģiskā attīstība un digitālā transformācija plašsaziņas līdzekļos aicina valdības un valstis regulāri pārskatīt un atjaunot sociālo mediju izmantošanu metodes un stratēģijas saziņā ar valstu iedzīvotājiem. Valstu aģentūrām sociālo mediju izmantošana saziņā ar iedzīvotājiem ir ātrs un efektīvs divpusējās komunikācijas veids, kas nodrošina atgriezenisko saiti un tādējādi uzlabo saziņas kvalitāti. Valstu valdībām ir skaidri jāapzinās potenciālais kaitējums, kas teroristu uzbrukuma sākuma stadijā var notikt ar sociālo mediju starpniecību. Teroristu uzbrukuma radītais pirmatnējais šoka vilnis var izraisīt naida noziegumu pieaugumu, baumas un viltotu ziņu izplatīšanos.

Šajā rakstā tiek analizētas valdību pielietotās taktikas un stratēģijas, iesaistot sociālos medijus, lai pārvaldītu ārkārtas situācijas un samazinātu teroristu uzbrukumu izraisītās sekas. Šī pētījuma hipotēze liecina, ka digitālo mediju jaunais laikmets prasa lielāku sociālo mediju iesaisti no valsts aģentūru puses, lai to izmantotu kā platformu, kas atvieglotu ātru nepieciešamās informācijas izplatīšanu iedzīvotājiem teroristu uzbrukuma seku novēršanas un glābšanas operāciju laikā. Pareiza un efektīva sociālo mediju izmantošana tāpat var palīdzēt valdībām atgūt sabiedrības uzticību pēc teroristu uzbrukuma. Rakstā tiek sniegti arī ieteikumi iestādēm un valsts aģentūrām, lai tās varētu efektīvāk pārvaldīt teroristu uzbrukumu radītās sekas un, izmantojot sociālo mediju kanālus, mazināt seku negtīvo ietekmi sabiedrības interešu un drošības labad.

Ārvalstu studenti kā tūrismu veicinošs faktors Latvijā

Daina Vinklere, Daira Rasa Rancāne

Augstākā izglītība Latvijā kļūst arvien nozīmīgāka kopējā valsts pakalpojumu eksportā, ko apliecina gan valsts definētā mērķtiecīgā politika, gan ārvalstu studentu skaita pieaugums daudzās augstskolās. Latvijā ir veikti vairāki nozīmīgi pētījumi par ārvalstu studentu kopējo ieguldījumu ekonomikā, tomēr tūrisma aspekts atsevišķi nav uzsvērts. Šī pētījuma mērķis ir novērtēt ārvalstu studentu ieguldījumu tūrisma veicināšanā Latvijā. Pētījuma empīriskajā daļā kā primārās pētījuma metodes datu ieguvei tika izmantotas iesaistīto pušu daļēji strukturētas, strukturētas un fokusgrupas intervijas, kā arī dažādās augstskolās studējošu ārvalstu studentu aptauja. Pētījuma rezultāti parāda, ka ārvalstu studenti ir būtisks faktors tūrisma attīstībai, gan pašiem izmantojot pakalpojumus un piesaistot citus ceļotājus studiju laikā, gan popularizējot Latviju kā tūrisma galamērķi. Vienlaikus pētījums atklāj, ka ir būtiskas atšķirības starp dažādu valstu un studiju formu studentu paradumiem tūrisma jomā, kā arī ir nepieciešamas dažādu iesaistīto pušu papildu aktivitātes labāku rezultātu sasniegšanai.