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Highlights

Comparative Analysis of Ford

Business Strategies: East and West

Discovering Thoughts, Inventing Future

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Income Components in the Italian and International Experience: From the Contraposition between Ordinary and Extraordinary Costs and Revenues to the Contraposition between Income Components Extraneous or not Extraneous to the Business Activity up to the Negation of Any Contraposition between Types of Costs or Revenues

By Prof. Maria Silvia Avi

Abstract- The costs and revenues recognised in the profit and loss for users outside the company have evolved in various countries and at the level of international accounting standards concerning the juxtaposition of large aggregates of negative and positive income components. Over time, there was talk of costs and revenues without any contraposition whatsoever, even going so far as to state that a profit and loss was perfectly valid with three items recorded in such a document: total costs, total revenues, profit or loss for the year. Over time, this situation has completely changed both in Italy and internationally. In the 1990s, the profit and loss governed by the international IAS and the profit and loss governed by Italian civil law presupposed the contraposition of extraordinary costs and revenues. After this contraposition had been eliminated at the international level, discussions began in Italy about whether the contraposition between extraordinary and ordinary income components could be replaced with another contraposition using the term 'extraneousness' or 'not extraneousness' to the company's activity.

Keywords: ordinarietà dei costi ricavi, straordinarietà dei costi ricavi, estraneità alla gestione d'impresa dei costi ricavi, non estraneità dei costi ricavi alla gestione di di impresa punta.

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Strictly as per the compliance and regulations of:

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I. The Typicality of Income Components: Core Versus Non-Core Activities: Preliminary Considerations [1]

Before addressing the issue of the contraposition between cost and revenue types in the context of communication destined for third parties external to the company, the writer considers it appropriate to point out how a profound discordance can be identified between the contraposition identifiable in the profit and loss of public financial reporting and the contraposition between costs and revenues destined to reclassify profit and loss for internal company management purposes. Whereas in the document intended for external company management, over the decades, there has been an evolution from the lack of contraposition between income components to the contraposition between ordinary and extraordinary components, to the subsequent juxtaposition of parts extraneous and not extraneous to business operations, and finally to the absence of any juxtaposition between costs and revenues of an ordinary nature or not extraneous to business operations and those of an extraordinary nature or not extraneous to business operations, in the reclassification used internally by the company for information and management purposes, we have witnessed, over time, the use of a single juxtaposition based on the characteristic business activities. Despite

[1] To facilitate reading, I have decided not to include in the text, except in exceptional cases, the names of the scholars who have dealt with the subject under analysis. I have opted not to indicate all the terms of the scholars in the text because this would have meant a continuous interruption of the reading of the complete sentence in which I express my thought. References are placed at the end of the article

the passage of time, for decades at the company's internal level, there has been a contraposition between costs and revenues pertaining to characteristic operations and non-characteristic costs and revenues. This contrast has not changed over time and has always remained the reference point for all analyses carried out to understand the company's income situation, the results of which are exclusively communicated to the company's internal management.

Suppose one wishes to investigate the performance of the company's typical activity by separating costs and revenues into characteristic and non-characteristic. In that case, the reclassification of profit and loss must be developed in such a way as to separate the management areas according to whether or not they belong to the 'core' of the activity that identifies what can define as characteristic activity. Suppose the analyst aims to develop an integrated analysis to maximise the communicative and informative effectiveness of in-depth analysis of financial statement data. In that case, companies must adopt an integrated system of study.

An analysis scheme can be called 'integrated' when it forms an actual system. It should be remembered, in this respect, that the concept of a system is based on the interrelation of several elements. The system will have the further connotation of "integration" if, between the various aspects and a correlation expressible in substantial terms, an inter-connection of a "terminological" nature can also be identified. Only in such interconnection is it possible to speak of an analysis system. To provide a complete, exhaustive and, above all, understandable picture of the company's situation, there must be real conceptual integration at the level of substance and form.

From a substantive point of view, integration must be developed as only in the presence of such a characteristic can the conceptual scheme of analysis cover every area that requires further investigation. Formal integration is indispensable if the analysis results are to be understood and communicated effectively. The use, for example, of the same terms identifying similar concepts appears to be an indispensable element if the analysis is to be understandable to all those it is intended for. To connote different ideas with different phrases seems equally important to correctly understand the results obtained from the in-depth analysis of accounting data.

Integration, therefore, means the construction of a unified scheme that permeates each step of the analysis.

For analysis by means of indices, in the opinion of the writer, it is appropriate to adopt a scheme that:

1. Contrasts typical activities with non-core activities.
2. Integrates with the economic-financial ratios, in both substantive and formal terms, and with the cash flow statement scheme to be adopted.

The profit-and-loss reclassification that provides the most significant utility for information and management purposes is, without doubt, the 'cost of sales and revenues' reclassification.

While in the case of the balance sheet, the most commonly used reclassification is based on the differentiation of the maturities of accounting items of an equity and financial nature, in the context of the profit and loss reclassified to cost of sales and revenues, the re-aggregation of things is carried out according to a logic that is based on the demarcation line between core and non-core activities.

Revenues are therefore subdivided into typical and non-characteristic revenues; likewise, costs that are not typical are contrasted with characteristic costs.

The juxtaposition of characteristic revenues and characteristic costs makes it possible to determine an aggregate of extreme informative relevance: The operating income from typical operations (Rogc), otherwise known as GOP (Gross Operating Profit).

This sub-aggregate represents the profit or loss of the typical business activity.

At this point, the reclassification in question does not contrast ordinary activity with extraordinary activity but rather, characteristic activity with non-characteristic activity.

This does not appear to be the appropriate place to elaborate on this differentiation, which is well expressed in Exhibit I.

Typical activity means the core business of the enterprise, i.e. the activity for which the enterprise was established. The core business, therefore, represents the focus of the company's activity. Maximising the profitability of this activity should, barring the occurrence of pathological situations, constitute the primary objective of business activity.

As can be understood from what has been said so far, precisely identifying the demarcation line between core and non-core activities is an indispensable condition for the GOP aggregate to be meaningful and informative.

Concerning the non-core part of the company's activities, it can be briefly stated that four distinct managements can be identified in this area:

1. Asset Management
2. Financial Management
3. Non-Core Management by definition
4. Tax Management.

Concerning the content of each section of the non-core business, the following brief remarks can be made:

1. Asset management refers to all income and expenses arising from investments, constituting

invested capital, which are not used in the company's core business. As noted in the preceding pages, capital assets include two sub-aggregates, referred to as short-term assets and long-term assets, within which those asset items must be included, respectively, due within the financial year or beyond the next financial year, not utilised in the company's core business.

Examples include civil buildings, securities and participations. Suppose such non-characteristic asset items generate income or such investments require incurring costs. In that case, the negative and positive income values must be included in the asset management of the non-characteristic business activity.

2. All income and expenses arising from receivables or payables of a financial nature are to be included within the scope of financial management. These amounts consist primarily of interest income and expenses on current bank accounts or other financial debts and receivables.
3. Concerning non-recurring operations by definition, it must be emphasised that the aggregate under consideration is often improperly identified with the term 'extraordinary income and expenses'. However, the aggregate of extraordinary income/expenses does not coincide with the aggregate of non-recurring items by definition, as it is possible to identify numerous accounting values that, although ordinary, identify income items of a non-recurring nature (e.g. capital gains/losses arising from the sale of fixed assets connected to the normal replacement of assets within the production process).

   The aggregate 'non-typical income and expenses by definition' must include items that, by their intrinsic nature, cannot relate to the performance of typical activities. We mean, for example, all capital gains/losses and contingent assets and liabilities of both ordinary and extraordinary nature
4. Tax management identifies income taxes for the year.

   This item makes it possible to determine how much income tax has affected income before tax, i.e. calculated gross of this cost.

Neither taxes nor property taxes should therefore be included in this aggregate. The former is because they identify sums paid to obtain identifiable services, as opposed to taxes paid to enjoy a range of services provided by the public entity. On the other hand, wealth taxes are not included in tax management because the requirement to be met with the identification of this aggregate is the determination of the percentage of produced income subject to taxation.

From the analysis of the non-characteristic profit and loss items, it is clear that the part of the profit and loss that identifies the characteristic activity is made up of all the company 'areas' that allow the performance of the activity for which the company was established.

By characteristic activity, we do not mean transformation activity in the physical-technical sense (or production activity in the strict sense), but the combination of the latter, of administrative, commercial and procurement and research and development activities.

To maximise the informative capacity of profit and loss, characteristic costs must be re-grouped according to 'the area of use of the production factor being recognised'.

What matters in the reclassification to cost of sales is the destination of the input entered into the business. On the other hand, the origin of the cost is of no importance, an element on which, on the contrary, the civil law reclassification provided for by Articles 2425 et seq. of the Civil Code is based.

The aggregates that can be identified as part of the typical business activity are the following:

1. Production Costs
2. Administrative Costs
3. Commercial Costs
4. Research and Development Costs
5. Overhead Costs.

1) The aggregate "production costs" comprises all costs concerning which production factors are used in the production area of the enterprise.

This area may be further detailed if necessary to fulfil particular information purposes.

By way of example, it should note that in the hotel business, the total aggregate "production posts" would be characterised by a reduced information capacity resulting from the fact that the real value does not identify the operating area of use of the production factor. For this reason, the aggregate "production costs" in the tourism sector are generally further broken down into Food & Beverage costs, Room Division costs and MOD (Minor Operating Department) costs.

From these brief considerations, it is clear how the aggregate "production costs" can be subject to further adjustments should the entrepreneurial reality within which it is analysed require them.

Regardless of any further subdivision by sector, it must emphasise that inventories must also be included in this aggregate.

However, the overall summation of all inventories would lose important information about the composition of production costs.

For this reason, it is appropriate to distinguish inventories of:

a) Raw Materials
b) Work in Progress
c) Finished Goods.

For-profit and loss to fully express its informative capacity, each aggregate of inventories must be treated differentially in accounting terms.

Regarding raw materials, it should be noted that the algebraic sum of opening inventories plus purchases minus closing stocks gives the value of the consumption of materials used in production.

This value has a much higher informative capacity than simple purchases since, for example, an inter-temporal comparison of raw material purchases or planned purchases with realised investments might not suggest significant considerations.

The increased purchase of raw materials may be due, for example, to voluntary stockpiling, which, not having caused consumption, has increased stocks; a circumstance which, if on the financial side, may cause negative effects on the amount of requirements, on the economic side does not entail any consequences at the level of income management of the production activity.

Consumption, on the other hand, is an entity of primary importance in the company's management.

An increase in consumption as a percentage of sales constitutes an element from which to draw a negative judgement on utilising the production factor in question. The addition may be due, for example, to the rise in the purchase price of the input, to an increase in the consumption of the input in quantitative terms, or even to theft or deterioration within the company.

Regardless of the cause, knowing the consumption trend is always essential information.

That is why profit and loss are reclassified to 'cost of sales and revenue'., the consumption of raw materials is shown separately from all other items.

The consumption of ancillary materials must also be shown explicitly, as this item allows an analysis of the use of these inputs.

Concerning inventories of work-in-progress, on the other hand, the sum of these values and the total industrial costs, including the consumption of raw materials, provides the price of the finished product.

A separate discussion must be made about semi-finished products. These can be:

1) Of Purchase
2) Internal Production

Semi-finished purchased goods are to be treated in the same way as raw materials. Therefore, the entry "consumption of purchased semi-finished products" will appear for these factors. In contrast, semi-finished work-in-progress, although having different physical characteristics from work-in-progress, represent unfinished items that have been the object of internal production. Therefore, semi-finished work-in-progress should be included in the cost of goods sold alongside work-in-progress.

The algebraic sum of the cost of the finished product and the opening and closing inventories of finished goods or merchandise finally leads to determining the value of the product sold, also referred to as the Cost of Sale.

To complete the analysis of the Cost of Sale, we wish to point out the correct reclassification of an item that often misleads the analyst: internal constructions.

Consider, for example, the internal construction of an industrial building. This value represents a positive income component, not because it constitutes revenue but because it indirectly adjusts costs used in internal construction.

This role as an indirect cost adjustment causes internal construction to be deducted from the cost of the finished product in the reclassified profit and loss.

Since the costs to be adjusted are of a production nature, internal constructions are to be shown in the cost of the finished product with a negative sign, irrespective of the purpose of the internal construction contract.

In termini sintetici, il costo del prodotto venduto può essere così sintetizzato:

COST OF SALE
consumption of raw materials
+ consumption of ancillary materials
+ consumption of semi-finished goods
+ industrial costs
+ rem. Initial work in progress
+ rem. Initial semi-finished products of internal production
- (final work in progress)
- (rem. of semi-finished goods produced internally)
-(internal construction)

COST OF FINISHED PRODUCT
+ rem. In. Finished products
- (rem. Finished products)

COST OF SALE

1) Concerning administrative costs, it is evident, also from the wording used, that all income items about the administrative sector of the enterprise should be included in this annexe.
2) In the business costs aggregate, all business costs incurred so that the goods and services produced by the enterprise can be marketed should be recognised.
   Both fixed costs, such as advertising, for example, and variable costs, such as, for example, commissions granted to representatives, are to be included here.
3) The fourth aggregate concerning research and development costs is not characteristic of every industrial enterprise. This item is identified only in enterprises where research is of considerable importance.
4) In the aggregate overhead costs are to be included in those costs that the parent company charges, off-balance sheet, to branches or subsidiaries without monetary consideration in return.

This transaction does not impact the income and assets of the subsidiary or branch as it does not represent an operating transaction relevant to general accounting purposes. This is why these costs are only charged to the profit and loss reclassified for internal purposes without passing through the accounts of the subsidiaries or branches.

This transaction cannot, therefore, be regarded as unlawful and detrimental to the minority shareholders of the companies, as it only represents an accounting entry made for the internal valuation purposes of the general management of the branches/subsidiaries.

Overhead costs are recognised exclusively in the financial reporting of the parent company, which will offset these negative income elements against the positive income elements arising from the participation in the other group companies.

The parent company, however, generally considers that it must "pass on" these costs to the branches or subsidiaries since every activity carried out in the holding company is conducted so that the units or subsidiaries can, in turn, carry out their production activities. For this reason, the costs or part of the costs of the parent company are passed on to the branches or subsidiaries for accounting purposes.

The most frequently used reversal parameter is the turnover of the branches or subsidiaries. Units with a higher turnover are charged with a high Overhead Cost as they are considered more likely to absorb increased costs.

The presence of Overhead Costs causes the non-reclassified financial reporting profit to differ from the reclassified financial reporting profit. The discrepancy between the two values derives from the presence, in reclassified financial reporting, of a cost that does not exist in non-reclassified financial reporting.

From the above, it can be understood that overhead costs can only be included if the analysis is performed within the company.

The knowledge of such "virtual" costs is not accessible to users outside the company who, in the hypothesis in which they wish to carry out the profit and loss analysis, will necessarily have to content themselves with recording in the reclassified document the costs present in the public financial reporting of the company under study.

As noted, the separation of core and non-core activities makes it possible to determine the aggregate Profit represented by the operating income from core operations, otherwise referred to as GOP.

This aggregate, while representing an indispensable element of knowledge for the income analysis to be carried out, does not provide a sufficiently clear and explanatory view of the company's income situation.

To ensure that the reclassification of Profit and loss, carried out according to the criterion of 'cost of sales and revenue', can provide helpful information on company management, it is, therefore, necessary to identify further sub-aggregates with their peculiar informative capacity.

The first of these sub-aggregates is the so-called Gross Profit. This value derives from the contraposition between core revenues and the cost of the product sold.

Gross Profit essentially represents gross industrial profit net of production costs only. In the context of the analysis, this aggregate, interpreted together with the operating income from ordinary operations, provides a dimension of profitability related to pure production activity.

However, gross Profit and operating income from ordinary operations are not the only sub-aggregates or gross profits in the context of business profit analysis.

For such an analysis to be complete, it is necessary to identify a further aggregate that shows the performance of what is termed 'operating management'.

Operating management, in this context, derives from the sum of the operating income from ordinary operations, the revenues and costs from asset management, and the revenues from financial management. This sum results in determining the so-called operating income, otherwise referred to as Operating Profit.

As opposed to operating activity, there is, of course, what is called non-operating activity.

The latter activity consists of the following:

1) Costs of financial management, which are not included in the operational activity because

operating income is interpreted as the income flow from invested capital.

Since invested capital represents the total of the company's assets, while financial expenses constitute the cost of liabilities, the interest expenses must not affect Operating Profit because, otherwise, the operating profitability resulting from this erroneous inclusion would determine the determination of a meaningless hybrid value.

2) Non-operating income and expenses by definition
3) Costs of tax management.

Summarising what has been said up to this point, it can therefore be stated that in the context of Profit and loss reclassified to "cost of sales and revenues", there is a dual contraposition core business vs non-core business//ordinary business vs non-ordinary business.

To clarify the relationship between the two types of activity, the following summary is provided.

For this purpose, the profit and loss diagram that, for integrated business analysis (Avi, 2019), is considered complete and exhaustive is as follows.

Profit and Loss by Integrated Information System

1. Charactetistic
Charactetistic Revenue
Cost of Sale
Gross Profit
(Administrative Costs)
(Commercial Costs)
(Research and Dev. Costs)
(Overhead cost)
Gross operating Profit (GOP)
Non Characteristic
Revnue from asset non charactetistic
(costs from asset non charactetistic
Financial management
Operating Profit
(financial management costs)
revenues from non-operating activities by
(rCost from non-operating activities by definition)
Ante tax Profit
(Tax)
Net Profit

Since the objective of this scheme is to investigate the performance of the typical business activity, the contraposition between expenses and revenues is based on whether the income components belong to or are excluded from the so-called area of characteristic management.

This contraposition has never found any reference in our legislation. In fact, at a civil law level, due to the influence of international standards, those who draw up financial reporting have always been forced to set costs and revenues against each other in other ways, which will be discussed in greater detail in the following pages.

Legislative Decree No. 127/91, which substantially modified our legislation on financial reporting concerning the pre-1991 period, was welcomed by most scholars and practitioners as a legislative event marked by favourable positive elements insofar as it was characterised by "innovative" information potential, aimed above all at harmonising financial reporting at a European level.

Despite the fact that the content of Legislative Decree No. 127/91 has been the subject of numerous circumstantial criticisms, many authors have pointed out that an appreciable element of the legislation in question could be identified in the fact that it, as a rule deriving from a supra-national will, should have led to an accounting harmonisation, and therefore, to a comparability of the values contained in the various European financial statements.

In reality, however, this did not always happen.

The initial interpretative difficulties (later, as we shall see in the following pages, at least partially overcome by the issuance of national accounting standards issued to disseminate correct interpretations of the concept of ordinary and extraordinary nature of costs and revenues) concerning Legislative Decree 127/91 have sometimes represented a serious obstacle, not only to the global and European standardisation of financial statement disclosures but also to the 'harmonisation' and comparability of the financial statements bound by companies operating in our country.

An element that, especially in the past, has certainly been an obstacle to the harmonisation and comparability of financial statements and, following the entry into force of IRAP, to an unequivocal and objective determination of the basis of the new tax is to be found in contrast between ordinary and extraordinary income elements provided for in Article 2425 of the Civil Code.

The separation of ordinary and extraordinary management presented (and perhaps still does) a pronounced interpretative problem.

For this reason, to homogenise the interpretation of the concept of ordinary activities, the national accounting standards intervened on two different occasions: firstly, document no. 12, Composition and layouts of the financial reporting of mercantile, industrial and service companies was issued in 1977 and definitively updated by the OIC in May 2005.

This was followed in 1998 by Principle I 1 Interpretation Series, which the OIC also updated in May 2005. These accounting standards addressed, among other things, the problem of identifying the dividing line between ordinary and extraordinary items of income.

The forerunner of these standards was the International Accounting Standards Committee (IASC), which, in Document No. 8, updated for the first time in 1993, explicitly established the method of separating costs and revenues from ordinary operations from income components of an extraordinary nature.

In 2003, the IASC issued a new version of Principle No. 8 and Principle No. 1, completely changing the international landscape of separating and recognising ordinary and extraordinary income components.

In the following pages, the evolution of the concept of ordinary and extraordinary income components will be discussed in detail. The potential development of the issue in our country will be highlighted.

II. Ordinary and Extraordinary Management: Historical Excursus of the Evolution of Doctrinal Positions and Legislation in Italy

While the contrast between typical vs non-typical costs and revenues does not pose any particular interpretative problems, the demarcation line that separates the 'ordinary' from the 'extraordinary' area is characterised by a large 'grey' area that presents a problematic nature that has already been underlined in the past by numerous scholars of business economics.

Onida, concerning this contrast, pointed out how "classification is made - both in doctrine and in practice - with criteria that are not infrequently dissimilar: thus, for example, income components that do not derive from the usual or typical activity of the enterprise or that are not repeated periodically or regularly, or that appear unpredictable, are sometimes considered extraordinary" (Onida, 1951). Already several decades ago, a great Maestro emphasised clearly and unequivocally how doctrine interpreted the ordinariness /ordinary nature of income items in a profoundly differentiated manner.

Before examining the different theoretical positions expressed by Italian scholars, it is worth emphasising how the distinction between ordinary and extraordinary income components was made by the doctrine concerning both operating income and overall business income, i.e. the total income determined throughout the life of the business.

"There are income components to be included among the extraordinary ones when referring to business income and among the ordinary ones when referring to overall business income. For example, the revaluation of a plant dictated by the fact that high depreciation charges had been calculated in the preceding financial years constitutes an extraordinary component of income in the financial year in which it is made (since it represents an adjustment of costs of the previous years), but not of the overall income of the enterprise. For this calculation, the revaluation enters as an ordinary component since it is a normal fact that the plant must have an impact on the overall economy of the undertaking for a value equal to the original value (possibly increased by capitalised costs) less any realisation value at the time of elimination of the assets from the undertaking; that is, for a value equal to the sum of the depreciation charged in different financial years, less the revaluation surplus and the realisation value' (Vivarelli, 1986).

In most cases, however, the contraposition between ordinary and extraordinary income components occurs concerning the income earned during a financial year.

In this regard, one may recall how Zappa considered it essential to contrast ordinary and extraordinary income components to assess an enterprise's economic situation. According to this author, 'ordinary is the income that results from the operations in which the company's profit-making activity is carried out according to the usual lasting order of things. On the other hand, extraordinary are components of income that are essentially notable, occasional, not destined to renew themselves, because the circumstances from which they derive are sporadic and non-recurring" (Zappa, 1954).

Zappa points out, however, at the same time, how it is not easy to enunciate, in an analytical and specific manner, the dividing line between ordinary and extraordinary management. The author emphasises how this depends on the company's peculiar activity. The scholar also points out that the following cannot be used as a discriminating element between ordinary and extraordinary business activity:

1) Nor the regularity or periodicity with which the transactions intended to be recorded in the accounts occur
2) Nor the possibility of a forecast
3) Nor the speculative nature
4) Nor the greater or lesser degree of inherent risk.

Although the view expressed that it is impossible to precisely and analytically determine the dividing line between extraordinary and ordinary income and expenses, Zappa attempts to identify five categories of unquestionably extraordinary income.

1) Variations resulting from an exceptional order of business on the part of the administration or from unusual individual operations,
2) The variations fortuitous is due to chance or the conjuncture; of these variations, under the name of contingencies and non-existences, it is sometimes desired to make a category of extraordinary income components
3) Changes adjusting costs and revenues recognised in past years, when the accounts expected to be accrued already extinguished,
4) The recognitions that could be placed in class 3, which recognise differences between the account values already attributed to specific fixed assets, the actual proceeds from their sale, when, due to a change of use, they become part of the liquid assets
5) Variations resulting from changes in the criteria applied to the valuation of assets" (Zappa 1954).

Despite the fact that the scholar had pointed out a demarcation line, albeit generic and not stringent, and had simultaneously identified five categories of unquestionably extraordinary income and expenses, he expressed the opinion that the distinction and contrast between ordinary and extraordinary costs/revenues often encountered serious obstacles at both practical and theoretical levels , not only because of the difficulty of identifying a separation criterion valid for all entrepreneurial entities, but above all because, understanding the company as a unitary system, whose income is the indistinct and overall result of management, it could be arbitrary to distinguish and contrast income components in various categories that are different from each other.

Amodeo, carrying out an analysis partially different from the previous scholar, interprets 'extraordinary and unpreordained events' as a particular 'group of phenomena extraneous to management, which must be accounted for in a single account called 'contingencies and non-existences' (Amodeo, 1970).

A partially different opinion is expressed by Ferrero, who, addressing the issue of reclassifying profit and loss for internal management purposes, identifies 5 management macro-areas, which can be summarised as follows

1) Characteristic or typical management, in relation to which operating investments and related negative operating income components are identified, also known as the operating area. This area includes every operating operation interrelated to the characteristic or typical business activity;
2) Non-operating management area, which in turn is subdivided into:
a) Financial management, understood as the set of transactions carried out during the financial year and connected to the financing and liquidity policies of the company management;
b) Atypical management, interpreted as the set of transactions not related to the company's core business and which therefore identify investments, costs and revenues belonging to an autonomous area;
c) Extraordinary area, which can actually cover both the operating area and the area of atypical business

activities. In this area, the author includes all non-recurring operations producing positive and negative effects, the highlighting of which satisfies the need not to alter the meaning of the results of ordinary operations, whether operating or typical;

d) Area of tax charges including income taxes for the year.

A further approach regarding the contrast between ordinary and extraordinary income elements has been expressed by De Dominicis, who argues the need to separate components of an ordinary and extraordinary nature to better interpret the company's situation. In particular, this author believes that the purposes of this distinction can be summarised as follows:

1) To correctly judge the economic result achieved in given financial years
2) To control management
3) To set and control sales prices
4) Calculating partial or analytical economic results of individual products or product groups
5) Making cost-effectiveness judgements on implemented productions
6) To calculate the income available for consumption or to be allocated to other production activities
7) To evaluate the economic development of the economy in question by comparing incomes in the different years (De Dominicis, 1966).

De Dominicis, identifies the dividing line between ordinariness and extraordinariness of income components in the character of the periodicity of costs and revenues. "For the condition of periodicity to occur, it is necessary and sufficient....... that components of income, i.e. revenues and costs, can be repeated in the future, insofar as they derive from a permanent source or productive force, i.e. labour, capital or both" (De Dominicis, 1966).

Therefore, the occasionality and non-frequency of occurrence identify the extraordinary components, while the character of recurrence and periodicity defines the ordinary cost or revenue.

To precisely identify the extraordinary elements, the scholar makes a list, albeit not exhaustive, that gives an insight into his basic theory regarding the ordinariness and extraordinariness of income components. According to the author, income components arising from:

1) Random events
2) Occasional transactions
3) adjustments to costs and revenues of previous years
4) Disposals of factors of production.

Based on this identification of costs/revenues, the scholar identifies four categories of extraordinary items of income.

a) Costs/revenues of chance events
b) Realised gains and losses
c) Revaluations write-downs
d) Other adjustments to costs/revenues of previous years.

As can be seen from the above definitions, De Dominicis places particular emphasis on the circumstance that income is closely linked to production and, in essence, derives from this process. For this reason, this author, through the juxtaposition of characteristic accessory management and extraordinary income components, set himself the objective of comparing, on an inter-temporal and inter-spatial level, the economic efficiency and effectiveness of production characterising the enterprise under attention.

Other scholars have also adopted this author's opinion. Gabrovec Mei, in fact states that "the phenomenon of the extraordinary is not additional: there is no extraordinary business activity, but only the possibility of measuring the income impact of the occurrence of extraordinary events concerning the two fundamental classes of characteristic and accessory activity" Gabrovic Mei,,1992).

In addition to the positions mentioned above, it must remember that part of the economic doctrine holds that "the distinction between ordinary and extraordinary is not always (is) easy...... generally, to simplify the problem, the following threefold distinction is made.

a) Values arising from unusual events
b) Values relating to carry-overs from previous years
c) Values relating to changes in valuation criteria.

Finally, some assert that ordinary activities are to be understood as those usual and continuous activities, or potentially, understood in a realistically broad sense, which the enterprise carries out to achieve its purposes. Da quanto sopra riportato, si può comprendere come, fra gli studiosi italiani, non sia individuabile un'opinione unanimemente accettata in merito alle caratteristiche che devono individuare gli elementi ordinari e gli elementi straordinari di reddito.

The contrast between ordinary and extraordinary costs and revenues is left to the personal and subjective opinion of the scholar, who sometimes delves into the issue of separating the various types of income components.

As we have been able to highlight briefly, Italian scholars' positions on identifying the ordinary area to be set against the extraordinary part of operations are highly varied. As we shall see later, in this regard, it may be helpful to refer to international standards, even though, as we shall see in the following pages, the international position certainly does not help to resolve the problematic nature of the separation between ordinary and extraordinary components, or rather, at present, the IAS-IFRS standards fix the issue at its root by imposing the recognition of all costs and revenues in the ordinary area of company management.

The distinction, therefore between ordinary and extraordinary, at present, is characterised by two elements:

1) If we probe the doctrinal opinions, we can see that there is an extensive grey area that makes it very complex to place items in the proper management area correctly
2) If we refer to the current international standards, there is no longer an extraordinary area as everything must be included in ordinary management.

Both in the event, therefore, that one accepts the existence of such a juxtaposition, and if one adheres to IFRS standards and, in essence, rejects the possibility of extraordinary income components, it is easy to understand how the division between ordinary and extraordinary costs/revenues does not identify a proper juxtaposition to investigate the profitability performance of companies. The difficulty of re-classification on the one hand, or the non-existence of a reference aggregate (extraordinary items) on the other, prevent a complete, exhaustive and, above all, meaningful analysis from being carried out.

Despite this, there is no doubt, however, that as long as our legislation refers to the separation between ordinary and extraordinary income components, it is necessary to try to understand the dividing line between these values, both from a purely theoretical-doctrinal point of view and from the point of view of the provisions included in national and international accounting standards.

III. Ordinary and Extraordinary Management: Current Civil Law Aspects (Prior to Current Reform) and Economic Aspects National Accounting Standards in Italy and IAS no. 8 before the 2003 Reform

The issue of the separation between ordinary and extraordinary income elements, although it has always aroused interest at the doctrinal level, became the subject of particular scrutiny when, with Legislative Decree 127/91, the articles of the Civil Code concerning the structure of financial statements were amended.

While in the period before 1991, the issue concerning the separation between ordinary and extraordinary income elements represented, in our country, a subject of academic studies focused on the IAS international standards, after the Fourth Directive came into force in Italian law, this contrast began to become a qualifying element for the legitimacy of financial statements. For this reason, the topic started to arouse interest among scholars and the preparers of financial statements.

In this regard, it is worth noting how the identification of the discriminating line of typicality (interpreted as belonging to the activity for which the company was set up)/typicality of the financial reporting items leads to the determination of two different sets concerning the result obtainable if the demarcation line is made to coincide with the possibility or otherwise of forecasting (interpreted as an enabled programme of values) the costs and revenues themselves.

The two classifications then lead to different aggregates concerning those identifiable if the discriminating element is made to coincide with the repetitiveness (understood as the repetition over time of the income element)/occasionality of the values themselves. It is possible to identify typical occasional factors (e.g. a one-off training course for employees), just as it is conceivable to recognise atypical repetitive costs and revenues (e.g. applications with them to a non-real estate company). The possibility of foreseeing a positive income event in advance does not necessarily lead to the value classifications mentioned above. The predictability of a value does not appear to be superimposable on either the concept of typicality or the concept of repetitiveness over time of the income element.

These brief considerations highlight the absence of a shared demarcation line between ordinary management and extraordinary operations. Without a strict and unified specification of reference criteria, the contrast appears permeated by an aura of vagueness that undermines its basis.

In transposing the Fourth Directive, the Italian legislature has imposed the subdivision in question in a manner open to specific criticism.

Since the juxtaposition between ordinary and extraordinary values implies a different placement of data in profit and loss, and since the informative capacity of the financial reporting itself is linked to the correct reclassification of these amounts, it is believed that the explication of the criteria for the breakdown of the accounts should find space, not in the report attached to legislative decree 127/91, but in the decree itself, for example happens for the identification of values belonging to current assets rather than fixed assets (Article 2424 bis I paragraph I of the Italian Civil Code).

The circumstance that the guidelines for contrasting ordinary/extraordinary income elements were contained in an accompanying report rather than in the articles of the code allowed, for several years, the preparation of financial statements drawn up with different criteria concerning the dividing line that had to be drawn between ordinary and extraordinary costs /income.

Before the introduction of the regional tax on production activities, a tax that only affected ordinary costs/revenues and which gave rise to the need for a complete and analytical understanding of what was to be understood by an extraordinary income component, the term ordinary/ordinary was often given the meaning of everyday language by operators. In non-accounting terminology, such a term is often associated with the repetitiveness of events. Therefore, the occasionality /repeatability of management operations appeared to be the only element to which financial reporting writers essentially referred.

It should note, however, that this circumstance was not connected to an in-depth analysis of the various doctrinal theories on this subject but was, instead, frequently attributable to a substantial lack of knowledge of the interpretative problems raised by Italian legislation.

Perhaps, in this case, the conditional is obligatory; directly in the law, the basic principle of classification of ordinary and extraordinary income items could have promoted a wider dissemination of knowledge of the intrinsic problematic nature of the civil law positioning of such things.

The Italian legislator's choice regarding the contrast between ordinary and extraordinary elements of income indicated in the report attached to Decree 127, is summarised in the following principle: 'the adjective extraordinary, referring to income and charges, does not allude to the exceptionality or normality of the event, but rather to the extraneousness of the source of the income or charge to ordinary activities'.

Identification of ordinary and extraordinary areas of management:

CIVIL CODE IN FORCE FROM 1991 TO 2015
E) Extraordinary income and expenses 20) income, with a separate indication of capital gains on disposals whose revenue cannot be entered under no. 5 21) expenses, with a separate indication of capital losses whose accounting effects cannot be entered under no. 14, and taxes relating to previous years. There is no explicit reference in the civil law articles in the strictly regulatory sphere. Art. 2425 of the Civil Code, therefore, separated ordinary and extraordinary items of income without providing a precise definition of these terms

REPORT ACCOMPANYING LEGISLATIVE DECREE 127/91
"the adjective extraordinary, referring to income and charges, does not allude to the exceptionality or normality of the event, but to the extraneousness of the source of the proceeds or charge to ordinary activity".

This explanation, on a superficial reading, may seem tautological. Indeed, the report defines extraordinary as what is not ordinary without giving a comprehensive, unambiguous and precise indication of what should be considered ordinary items of income. This apparent shortcoming has been pointed out as one of the leading causes for limiting the informative capacity of financial reporting for publication.

On the other hand, a less superficial reading shows how the explanation is not tautological at all but makes a blank reference to well-known but prevalent overseas concepts not specified in the report itself.

As noted in the preceding pages, the doctrinal opinions of Italian scholars on the concept of ordinary and extraordinary income components of financial statements are varied and diverse.

Given the variety of doctrinal opinions expressed on this subject and the lack of a shared and unanimous interpretation of the concept of ordinary or extraordinary income components, it became necessary to refer to generally accepted accounting principles.

However, the Italian situation in 1991 was characterised by the lack of accounting principles that addressed this issue analytically. For this reason, the only point of reference, although we shall see that it did not apply to the Italian situation due to incompatibilities with the civil code articles, was the representation of international accounting standards.

It should note that the definition of the extraordinary item indicated in the report attached to Legislative Decree 127 was characterised by an undeniable 'terminological analogy' concerning what was established by IAS standard No. 8 in force at the time.

This principle states that 'whether an event or transaction I distinct from the ordinary activities of the enterprise is determined by the nature of the event of the transaction about the business ordinarily carried on by the enterprise rather than by such events are expected to occur'.

The consideration of the analogy identifiable between the provisions of IAS No. 8 in force in the period considered here and the content of the report attached to Legislative Decree No. 127 could have led to the erroneous conclusion that, to settle the dispute concerning the correct interpretation of the phrase "ordinary activities", it would have been sufficient to transpose, automatically, into Italian law what was established by the international standards.

The Italian legislator rejected such a solution since Article 2425 established that taxes relating to previous years must always be indicated in item E21 - extraordinary expenses -. IAS No. 8, on the contrary, on the recognition of determinant errors, which may also concern the calculation of taxes relating to previous periods, established that these do not necessarily fall within the income elements of an extraordinary nature. The inclusion of prior-year taxes by the civil law legislator within the extraordinary area was one of the elements based on which it was possible to deny the possibility of the complete transposition of IAS into national law. This, however, was not the only element preventing the automatic and uncritical translation of international standard No. 8 into Italian reality.

In this regard, it must be emphasised that IAS No 8 (before the 2003 reform) dealt with two particular issues:

1) The modification of accounting principles
2) The correction of errors

In addressing both issues, IAS No. 8 (pre-2003 reform) assumed two potential accounting treatments for the above transactions:

a) Benchmark treatment: the effects of the change in accounting policy or the determinative error are reflected in the initial equity reserves;
b) Allowed treatment: the effects of the change in accounting policy or the determining error are charged to profit and loss so that the consequences of the change are reflected in net income for the year.

The key feature of the benchmark treatment was that any adjustments resulting from the change in accounting policy or errors must - obligatorily - be recognised as a change to the opening balance of retained earnings, i.e. the reserves in the opening balance sheet.

Even the comparative information of the previous year concerning the closing year must, as far as possible, be revised in light of the change in accounting principles. Therefore, according to this methodology, the financial reporting for the year, including the comparative information for previous years, should have been presented so that the change relating to earlier years adjusts the opening balance of the retained reserves of the first year presented. If the reference treatment of IAS No. 8 had been adopted, the recalculation of comparative information did not involve the shareholders' correction of the financial statements approved in previous years. This recalculation only represented additional information in the financial reporting of the closing financial year.

IAS No. 8 before the 2003 reform, after illustrating the reference treatment, explained the so-called allowed treatment, i.e. the treatment that, while not representing the recommended methodology, identified what constituted an 'acceptable' criterion for international standards. According to the allowed treatment, the adjustments resulting from the change in accounting policy or the determining errors were to be included in determining the profit or loss for the financial year ending without, in this case, modifying the retained earnings at the beginning of the financial period.

The comparative information should have been presented without any adjustments. The relative information adjusted according to the reference treatment, if practically feasible, would be entrusted to a pro-forma document.

This consideration led the Consob (Communication No. 99016997 of 11/3/99 and No. 990 59009 of 30/7/99) and the Banca d'Italia (Communication of 3/8/99) to intervene with explanatory circulars and communications on the treatment to be applied by listed companies and credit institutions respectively.

Consob and the Banca d'Italia agreed that the accounting treatment 'preferred' by IAS No. 8 was not applicable under Italian law.

The recording of the effects of the change in accounting policies on the opening balances of equity reserves contradicts the dictates of Articles 2423 and 2423 bis of the Italian Civil Code. In particular, it must be remembered how the application of the benchmark treatment, with the change in the initial amount of the reserves included in the balance sheet, would conflict with some fundamental rules of our legislation that can be summarised as follows:

– First, the financial statements are characterised by the principle of continuity, according to which the opening balance sheet must correspond to the closing balance sheet of the previous financial year. Although, formally, the adjustment of the reserves would take place in a financial year after the one in which the new criterion should have been applied, and therefore the opening balance of the funds in question would correspond to the closing balance of the previous financial reporting, however, the substance of the adjustment would indicate the opposite;
– Secondly, it should be borne in mind that, under Italian law, revenue reserves are formed by a

resolution of the shareholders' meeting simultaneously, even if separate from the approval of the financial statements. If the methodology recommended by IAS No. 8 were to be applied, the shareholders' meeting called upon to approve the financial reporting of the year in which the adjustment is implemented would find itself supporting a change in reserves that occurred without the shareholders' meeting's previous resolution.

For these reasons, it can be said that the benchmark treatment has never been applicable within the Italian legislative reality.

In light of these considerations, document No. 29 CNDC-CNR (CNDC-CNR (CNDC-CNR (CNDC-CNR (CNDC-CNR (Consiglio nazionale dottori commercialisti e revisori contabili - National Council of Chartered Accountants and Auditors in Italy - National Council of Chartered Accountants and Auditors in Italy - National Council of Chartered Accountants and Auditors in Italy - National Council of Chartered Accountants and Auditors in Italy - National Council of Certified Public Accountants and Auditors) took a position preventing the application of the benchmark treatment from IAS No. 8 before the 2003 reform. The national accounting standard also stated that the effect of a change in accounting policy did not change the initial values of retained earnings/reserves but was to be reflected in the profit and loss and classified as an extraordinary component of the result for the year.

This position reiterated what had been established in two previous CNDC-CNR (National Council of Chartered Accountants and Auditors) documents. Accounting Principle No. 12 Composition and format of financial reporting for the financial year of commercial, industrial and service companies, already in 1994 identified extraordinary costs/revenues as income components resulting from changes in the accounting principles adopted, a circumstance also reiterated by the CNDC-CNR - I 1 Interpretation Series issued in 1998.

Of particular importance was the consideration that, even if the preparer of the financial statements had opted for the application of the treatment allowed by IAS No. 8 before the 2003 reform, according to the international standards, the values to be recognised in financial reporting should have been entered under ordinary income items and not under extraordinary income and expenses, as the view of the ordinary /extraordinary nature of operations in IAS No. 8 provided that such costs/revenues should, necessarily, fall within the ordinary area.

Interpretative Document 1, on the other hand, listed in Section E the costs and revenues considered above. From here, there was an unbridgeable difference between the concept of ordinary/ordinary applicable in our country and the same theoretical reference used in the IASC.

At the time of the enactment of Legislative Decree No. 127/91, no national accounting standards had yet been issued to support ordinary management. The incompatibility between the Italian Civil Code and IAS No. 8 in force in the period considered here, however, was already identifiable by considering the location of taxes from previous years, which, for the IASC, had to be entered in the area of ordinary management, whereas, for Article 2425 of the Civil Code, they had to be entered in the area of extraordinary charges.

From these considerations derived the impossibility of interpreting Italian civil law employing automatic transposition of the postulates indicated by the International Standard Committee.

The decision not to transpose principles drawn up in different countries into the Italian reality was applauded by most business scholars. Many authors agreed and still agree that applying principles that can fully share in the context of a given economic, social and political reality may not lead to equally positive results when carried out in structurally different countries.

Bearing these considerations in mind, the Italian legislator deemed it appropriate to reread, in a partially differentiated key, what had been established by principles and business economics that were influenced by the experience of foreign countries.

A reading of IAS No. 8 shows how the hypotheses in which the possibility of the occurrence of an extraordinary income element can be glimpsed are extremely limited. According to the view of the standard in question, ordinary operations include only the activities performed by an enterprise as part of its ordinary operations and the other activities related to the former, committed to support its ordinary operations or which are acquired as a result. In identifying operational examples in which an extraordinary element of income would be substantiated, the principle itself refers to natural events, such as earthquakes, or exceptional circumstances, such as expropriation for public utility.

One can understand how the acceptance in our country's legislation of such a restrictive interpretation of the concept of extraordinary would have caused two consequences:

- The positive one would have consisted in the adoption, by the preparers of financial statements, of homogeneous accounting behaviours since the space left to interpretation would have been so limited as to render almost null any differentiation in the classification of transactions;
- The negative one would instead have concerned the informative meaning of the intermediate aggregate A-B provided by Article 2425 of the Civil Code. A corresponding increase in the ordinary area would

have necessarily countered the restriction of the extraordinary area. Such an interpretation makes almost all income values flow into the ordinary air, weakening the informative sign of the differential aggregate identified above. According to the IASC view, the extraordinary aggregate would have been intended to identify a tendentially empty whole since the probability that events connected with expropriations or natural disasters would have to be accounted for within a business is, fortunately, low. Such an accounting would therefore have limited the informative value of the so-called 'ordinary income' in that this aggregate, instead of fulfilling the function of intermediate values to which it is deputed, would have substantially identified a summary differential aggregate which, given its composition, would have collected within it almost all the costs and revenues of the financial year. Tali considerazioni si rinvengono anche nella versione indicata nel documento n. 12 CNDC-CNR (CNDC-CNR (CNDC-CNR (CNDC-CNR (CNDC-CNR (Consiglio nazionale dottori commercialisti e revisori contabili - National Council of Chartered Accountants and Auditors in Italy - National Council of Chartered Accountants and Auditors in Italy - National Council of Chartered Accountants and Auditors in Italy - National Council of Chartered Accountants and Auditors in Italy - National Council of Chartered Accountants and Auditors in Italy, sostituito in parte da principi contenuti nel documento I 1 *Serie interpretazion.*

In Document No. 12, the commission had opted for a detailed accounting of values that helped safeguard the informative capacity of the 'ordinary' A-B aggregate. As mentioned above, the document stated verbatim that the accounting of capital gains and capital losses should be carried out in such a way as "not to distort the technical meaning of the intermediate value indicated by the legislator as the difference between value and cost of production".

The national accounting standards, in document No. 12, identified extraordinary items as those values that derived from transactions or events that had a significant effect on the structure of the company (e.g. sale of company branches of a considerable part of shareholdings); or that were connected with the sale of civil real estate or other assets not instrumental to production, commercial or service activities and not about financial management.

According to the CNDC-CNR document No. 12, ordinary costs and revenues were to include, among other things, "income and charges represented by capital gains and losses relating to the sale of capital goods used in standard production, trade or services activities that are disposed of as a result of technical and economic deterioration, and of a low significance concerning all capital goods used in standard production, trade or services activities and in any case of an amount such as not to distort the technical meaning of the intermediate value indicated by the legislator as the difference between the value and cost of production." If significant amounts had marked the values, ordinariness would have automatically turned into extraordinariness without any possibility of differentiated interpretation.

As can be understood from these notes, the original definition of the ordinariness/extraordinariness of income elements accepted by National Accounting Standards document No. 12 appeared to be characterised by two factors:

Firstly, national accounting standards emphasise the relevance of the source of the income or expense. In this view, the start of the event to be accounted for represented the discriminating element between ordinary and extraordinary activities. Subsequently, however, Document No. 12 emphasised that the "insignificance" or "materiality" of the cost of the income constituted a further element of judgement.

Capital gains of minor capital losses were to be entered in aggregates A and B, in contrast to income and expenses that were significant in terms of value concerning all company assets, which, obligatorily according to the accounting principles, had to be entered in the statutory aggregate E.

This stance on accounting principles had two consequences:

* On the one hand, the attempt to avoid the drastic reduction of the informative capacity of the A-B aggregate that would have unduly derived from the inclusion in the ordinary values of "polluting" elements such as, for example, income from occasional charges of a significant amount, appeared praiseworthy
* On the other hand, it is not possible, however, to avoid noting how this rule of conduct, subsequently modified precisely because of its illegitimacy, presupposed the application of a reclassification criterion that indirectly, created differences in recognition according to the values considered, the CNDC-CNR principle No. 12 provided that the same event could give rise to extraordinary values or ordinary items depending on the amount involved. For example, the sale of real estate would have created an ordinary value if the gain or loss was small or, conversely, would have had to be recorded as an extraordinary item if the income or expense was significant.

The principle thus presupposed that a transaction of the exact nature, qualitatively identified (sale of real estate), could be made to fall either under ordinary or extraordinary management, depending on the amount involved.

This does not create any theoretical problems since, from this application, a concept of extraordinary related to the exceptionality of the amount transpires.

The question remained, however, as to whether the application of this principle could be said to be consistent with the wording of the law, or rather the content of the report attached to Legislative Decree 127, which explicitly stated that the exceptionality of amount could not be considered a relevant element to identify extraordinary items of income.

Reading the civil law articles and the report accompanying the decree, one understands that the legal reference is to be understood because the source of the income component is the discriminating element that requires a specific classification of the cost or revenue involved in the accounting entry.

Document No. 12 provided that the exceptionality of the amount was only relevant for values that could be entered under items A5, E21, or B14-E21.

However, the law requires that operating grants and write-downs be recognised in items A5 and B10, regardless of the figure. Therefore, both of these items must always be regarded as values that are, for all intents and purposes, part of ordinary business.

It can be understood at this point how the position initially adopted by the National Council presupposed the application of a graduated principle depending on the items taken into account. For operating grants and write-downs, what would be relevant for reclassification would not be the amount but solely the qualitative-managerial source of the transaction put in place by the company, whereas, for other values (e.g. capital gains and losses). However, the source of the transaction was the same; different placements depended on the amount involved, which therefore represented, to all intents and purposes, a discriminating element for recognition.

This circumstance raised doubts as to the complete legal legitimacy of principle No. 12 since, based on the content of that document combined with the legislative provisions concerning, in particular, operating subsidies AND fixed asset write-downs, the accounting items would, in essence, have been reclassified according to different criteria.

It is well known how the relevance attributed to the values that, alternatively, according to this original position of the Consiglio Nazionale di Dottori Commercialisti - Collegio dei Ragionieri, could have been placed within the scope of ordinary extraordinary management, was intended to ensure that the differential aggregate A-B could have a management significance.

While sharing this concern, however, the principle outlined in Document No. 12 laid the foundation for a legal illegitimacy of the postulate indicated in the code itself regarding the dividing line between ordinary and extraordinary items of income.

In commenting on CNDC-CNR Accounting Principle No. 12 in the past, it was pointed out that the attention of the preparer of financial reporting should not have been focused on the amount but exclusively on the source of the income or expense. Therefore, an unambiguous reclassification of the income element should have matched a single source.

This interpretation was supported by Document No. 12 itself. The accounting principles stipulated that contingencies and non-existences relating to estimated values that did not result from errors (e.g. surpluses of premium reserves, guarantee reserves and risk reserves) should, in any case, be recognised in item A5. Explicit considerations regarding the contingency amount did not influence this entry.

The question then arose as to why the 'insignificance' of the value should interfere with recognising only capital gains and losses and not other income items.

It was always affirmed that the source of income and expenses should assume the role of the only relevant element for statutory reclassification since it appeared illegitimate to apply accounting behaviour that, in the total absence of analytical specifications of the law, provided for the application of different postulates or methods of recognition depending on the item being recognised in the financial statements. It has always been argued that each item mentioned in financial reporting should be made according to the same 'accounting rules'.

According to this interpretation, which does not contain any elements of incompatibility with civil law, capital gains and losses connected with the physiological turnover of fixed assets should always have been interpreted as ordinary income elements, even if significant amounts marked them.

The inconsistency of Accounting Principle No. 12 concerning the ordinariness/extraordinariness of capital gains and capital losses was pointed out by the National Council of Accountants and Bookkeepers in Principle I 1 Interpretation Series.

In that interpretative accounting principle of document No. 12, a significant change was made concerning what had previously been established, a change that many scholars missed as being inconsistent.

However, in the writer's opinion, this change represented a quantum leap in national accounting standards. It allowed the elimination of a principle that could have cast doubt on the legal legitimacy of the principle itself and, thus, its application in the Italian civil law context.

In principle, I 1 Interpretation Series, any reference to the relevance of the amount of capital losses and gains was eliminated.

As had been hoped for in the past, the accounting standards have ensured that the recognition of capital losses or capital gains is linked, regardless of the amount involved, exclusively to the source of the transaction from which the income or expense arises. Therefore, the quantitative-monetary level of the trade no longer has any relevance for the correct legal classification of capital gains or losses.

The placement of the accounting entries must be made with exclusive reference to the source of the income or charge, and therefore free from any consideration of the relevance of the amount, in addition to fully respecting the civil law dictate, has allowed the achievement of an elementary, as much as desirable, objective of a tax nature.

Total objectivity' can hardly be counted among the characteristics that characterise the taxable base on which income taxes are calculated. One thinks, for example, of the subjectivity of the concept of entertainment expenses, a cost that is, in fact, frequently the subject of tax recovery.

If, however, on the one hand, such 'absolute objectivity' cannot be achieved - for reasons intrinsic to certain balance sheet items - on the other hand, it appears desirable that the efforts of all scholars and tax operators be focused on achieving a common objective identifiable in the maximum possible reduction of any element that may represent an obstacle to the 'certainty' and 'objectivity' of the determination of the taxable base. " Inequivocability ", even if necessarily tempered for the reasons mentioned above, represents every taxpayer's elementary and ineliminable right.

The letter of Articles 4, 5, and 11 of the decree establishing the regional tax on productive activities, interpreted in the light of the statements contained in document 12 CNDC-CNR, contained elements that, if underestimated, could have led to a gradual move away from the objective of 'certain' determination of the IRAP taxable base.

When the law establishing the tax was enacted, the tax legislature had underestimated the scope of the interpretative doubts concerning the dividing line that could be drawn between ordinary and extraordinary activities.

If, on the one hand, as explicitly provided for in the legislation, it was inevitable that the taxable base of the regional tax on productive activities should not be affected by extraordinary operations, on the other hand, it was equally clear that the determination of a tax that could not be subject to possible recovery by the tax authorities presupposed the precise and unequivocal identification of the taxable base.

The automatic shifting of the principles contained initially in Document No. 12 of the National Council of Chartered Accountants did not seem to identify the correct solution to overcome the objective determination of the identifiable dividing line between ordinary and extraordinary costs and revenues.

Document No. 12, concerning the different collocation of the items related to the amount of the same, referred to a principle that appeared to be intrinsically not determinable objectively.

The 'insignificance concerning the totality of capital goods used for normal production activity' did not delimit the elements of ordinary income in a sufficiently precise and unambiguous manner. Such a situation would probably have created a potential mass of tax recoveries at the time of assessment with a consequent possible group of appeals to the tax commissions.

The reference, even if not shared by all scholars, of the accounting standards to the 'insignificance' of values could, therefore, only raise critical considerations regarding the lack, within this concept, of a hypothetical 'total and absolute objectivity'.

The in-depth analysis of financial reporting as an instrument of information to the outside world and the study of the document as an instrument of taxation leads to the rejection of the acceptance that such subjectivity can find a place within the scope of civil and tax law. For these reasons, the lack of connection between the ordinariness and extraordinariness of the elements of income and the 'relevance of amount' that the pieces themselves represented was the only way that could comply with the civil law dictate and, on the other hand, correspond to the elementary need for certainty in determining the tax base.

Precisely to satisfy this need for objectivity and certainty in determining extraordinary items of income and, consequently, defining the concept of ordinary activities, the accounting standards intervened with the I 1 Interpretation Series.

According to Principle I 1 Interpretation Series updated in 2005, the following were to be considered extraordinary items of income:

a) Charges, capital gains or losses on transactions with significant effects on the structure of the company:

* Corporate restructuring charges;
* Capital gains/losses arising from transfers of businesses and business divisions, mergers, demergers and other extraordinary corporate transactions;
* Capital gains or losses arising from the sale, including exchange, of a significant portion of the equity investments held or fixed-income securities held;
* Capital gains and losses resulting in general from operations of an extraordinary nature, reorganisation, restructuring or downsizing of production;
* Capital gains or losses arising from expropriation or nationalisation of assets;

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b) Capital gains/losses arising on the disposal of civil furniture and other assets not instrumental to production activities and not related to financial management;
c) Capital losses from revaluation write-downs of an extraordinary nature. Only revaluation write-downs deemed to be extraordinary. It should note that revaluations of equity investments recognised in profit and loss in the application of the provisions on valuation by the equity method are not extraordinary and should be recognised in item D 18, as specified in document two one of the accounting standards;
d) Out-of-period income and expense arising from events unrelated to the operation of the business:

* Thefts and losses of assets (financial assets, securities, participations, various warehouse assets) of an extraordinary nature. The related insurance exchanges constitute extraordinary contingent assets. In large-scale distribution companies, thefts of goods are recurrent and constitute an ordinary course of business, which, if I read them on the lower value of inventories;
* Losses, damage to goods due to extraordinary natural events such as floods, earthquakes, accidents etc... Also, in this hypothesis, related insurance addresses constitute extraordinary components;
* Donations received, in cash or in kind, which does not constitute contributions with the financial year described in item A5;
* Charges for fines, penalties and penalties arising from exceptional, unforeseeable occasional events;
* Charges from disputes of an extraordinary nature, not about normal business operations. For example, those relating to civil real estate, transferred business branches, corporate restructuring /reconversion, extraordinary corporate transactions such as mergers, demergers, etc.;
* Loss or acquisition of definitive title to deposits if they are extraordinary;
* Various indemnities for breach of contract;

e) Income components relating to prior years:

* Adjustments of costs and revenues of previous years for omitted or incorrect accounting entries;
* Adjustments of costs and revenues of previous years due to errors in recognition of operating events and, in particular due to the application of incorrect accounting principles (e.g. omission of provisions, and error in capitalising costs, etc.);
* Adjustments of costs and revenues for discounts of a non-financial nature, rebates, and premiums related to purchasing sales in previous years;
* Contributions to capital account for past instalments relating to previous years;
* Not extraordinary, on the other hand, change due to accounting estimates that are always subject to change.

f) Extraordinary items resulting from changes in the accounting principles adopted. These are the income effects of adopting a new and different accounting standard.
g) Taxes relating to prior years. Under express legal provisions, all direct and indirect taxes, with related accessories, penalties and interest, relating to previous financial years and deriving from descriptions on the tax rolls, payment notices, assessment and adjustment notices, decisions of tax commissions, agreements entered into with the tax authorities, amnesty applications, judicial settlements, etc., must be recognised under item E 21 - Extraordinary charges, in a specific sub-item. If not paid during the financial year, their counterpart in the balance sheet could be either liability item B2 - provision for taxes - or item D11 - tax debts, as specified in Document No. 19.

Concerning the identification of ordinary values, it may be recalled that the National Accounting Standard I 1 Interpretation Series updated by the OIC, Organismo Italiano di contabilità- Italian accounting body, an organisation that took the place of the CNDC-CNR, in 2005 emphasised that the following values, among others, should be entered in item A5

a) Income from ancillary operations, especially real estate and agriculture, such as rental income from land, buildings, plants, machinery, royalties from patents, and furniture. Ordinary losses are recorded under item B14 Between income from trademarks, royalties, and income from farm management;
b) Capital gains from selling capital goods used in the ordinary services business. This must be alienation deriving from the physiological replacement of assets due to the technical and economic deterioration they suffered in exercising the normal productive activity of the enterprise. If these conditions are not met (e.g. disposal of capital goods for a downsizing of the business activity by conversion of production), the capital gain is extraordinary in nature and must be recognised under item E20. Reversals of writedowns, within the limits of cost, following previous writedowns of tangible fixed assets and receivables recorded in the current assets and cash and cash equivalents fall under item A5 if the earlier writedowns were registered under item B10. Capital gains arising from the sale of securities, participations or other financial assets do not fall under this item, which, if ordinary, are recorded under items C15 or C16;
c) Contingencies and non-existences relating to estimated values that do not derive from errors, i.e. caused by the regular updating of estimates made

in previous years (e.g. amounts of provisions for risks and charges revealed both on the guarantor and the condition made);

d) Sundry revenues and income of a non-financial nature. These are revenues and income not recognisable under other headings, such as reimbursement of expenses penalties owed by customers, etc... This item includes revenues for the definitive acquisition of deposits for companies operating in markets where the payment of deposits after each contract, whether explicit or preliminary, is customary, such as, for example, for car dealerships or construction and sale companies of various types, insurance reimbursements should also be included, when they repay claims that have not led to the recording of extraordinary charges. In the latter case, instead of insurance reimbursements, they constitute extraordinary income to be recognised under item E20.

The following items, among other things, are to be included in item B14:

a) Costs arising from ancillary operations such as, for example, maintenance management costs of civil furniture, management costs of any farms that cannot be allocated to other items, maintenance costs of repairing machinery leased to third parties;
b) Capital losses on the disposal of capital goods used in the ordinary course of commercial production of services. The replacement of capital goods, tangible assets, must be physiological and occur, as noted for item A5, due to the technical and economic deterioration suffered by the assets in the exercise of the regular production activity of the enterprise and not due to an extraordinary event. Otherwise, capital losses will be extraordinary in nature and must be recognised under aggregate E:
c) Out-of-period losses relating to estimated values that do not result from errors. These are upward adjustments to costs caused by the normal updating of estimates made in previous years, such as insufficient provisions for risks and charges, and losses on receivables related to working capital not covered by previous write-downs.

Finally, it should remember that the CNDC-CNR accounting standard No. 29, updated by the OIC in 2005, addressed the issue of recognising extraordinary income and expenses.

In particular, it analysed the accounting consequences of extraordinary transactions and events.

The economic result for the year could be significantly affected by extraordinary events that, even if they occurred during the year and therefore about the same year, may, if their effects are not identified and quantified, not allow a correct view of the company's economic performance and may significantly alter the assessment of the company's profitability under normal conditions.

According to the CNDC-CNR national standard No. 29, updated by the OIC in 2005, events or transactions were to be considered extraordinary when both of the following conditions were met

(a) The events are causal and accidental, and the transactions, whether or not related to such events, are outside the ordinary course of business. The extraordinary nature of the event or transaction is to be determined according to its nature in relation to the ordinary activities of the enterprise. Accordingly, circumstances which, although accidental and non-recurring in their occurrence or amount, are connected with the ordinary course of business are excluded;
(b) The events or transactions are infrequent. In connection with the preceding, it should note that the ordinary activities of the enterprise should not be confused with its characteristic activities. Ancillary activities ordinarily carried out by the enterprise to supplement its income or because they are connected in various ways to the enterprise's main activity can often take place. The economic effects of incidental and non-recurring activities will be recognised, depending on their nature, under production value and costs or financial income and expenses.

Strikes, on the other hand, were not to be considered extraordinary events or operations, even if they were of a significant entity, since they were part of the business risk, profits and losses from exchange rate fluctuations, losses on receivables, even if they were of a significant entity, and the settlement of disputes if they were of a recurring nature and pertinent to the ordinary management of the business.

Regarding correctly placing items related to extraordinary transactions and events, the amended national accounting standard OIC 29 considered it proper to include them under extraordinary income and expenses.

IV. Ordinary and Extraordinary Management in International Standards: IAS 8 and IAS 1 Post 2003 Reform

As noted in the preceding pages, the contrast between extraordinary income and expenses and ordinary costs/revenues at the time of the enactment of Legislative Decree 127 had, as its only point of reference, IAS standard No. 8 before the 2003 reform.

Although this international standard could not be applied to the Italian situation due to incompatibility with national legislation, it constituted a point of reference to identify the dividing line between ordinary and extraordinary activities.

The fact that the international principle addressed this issue implied recognition of the importance of separating the income elements connected to ordinary management from those in-terrelated to extraordinary management operations.

The current evolution within the IASC seems to lead to opposite considerations.

In 2003, the IASC updated IAS No. 8 and IAS No. 1.

Changes regarding ordinary/ordinary income and expenses:

Object of Amendment	IAS No. 8 Updated 1993	IAS No. 8 With Amendments Approved In 2003
Change of Accounting Principles	Choice between Benchmark Treatment (Recommended) and Allowed Treatment (Only Allowed)	Obligation to Apply the So-Called Benchmark Treatment and Prohibition to use the Previously Defined Allowed Treatment
Detection of Determinant Errors	Choice between Benchmark Treatment (Recommended) And Allowed Treatment (Only Allowed)	Obligation to Apply Benchmark Treatment and Prohibition of using the Previously Defined Allowed Treatment Principle
Separation between Ordinary and Extraordinary Items of Income	Ndication of the Definition of Ordinary Activity and then, Residually, Determination of the Extraordinary Area of Income	Elimination, in Profit and Loss, of the Contrast between Ordinary Income and Expenses and Extraordinary Items of Income. Every Expense And Income will be Considered as Ordinary.

As far as principle No. 8 is concerned, it is already clear from the title of the updated IAS that the issue of separating ordinary and extraordinary income has undergone a profound evolution. The original title of IAS No. 8, 'Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies', had changed to 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The elimination of the reference to costs and revenues for the period indicated a desire to address no longer the issue of separating ordinary and extraordinary management.

In explaining the proposed changes to Statement No. 8, the International Committee had highlighted its intention to remove certain parts of Statement No. 8 that concerned the presentation and recognition of revenue costs in profit and loss. Hence the change in the title of IAS No. 8. These appropriately amended paragraphs were re-proposed in IAS No. 1 Presentation of Financial Statements in force in the period under review.

In that standard (IAS 1 post-reform 2003), the IASC took a completely different position from that resulting in the original IAS No. 8 revised in 1993.

In paragraph 85, it states that an entity should not present income and expenses as extraordinary items either in the statement of profit and loss or in the notes.

An analysis of these concepts shows how the IASB eliminated the dividing line between ordinary and extraordinary activities.

In this new international view of management, everything that occurs within the scope of business operations must therefore be considered ordinary.

No operation carried out within management can any longer be considered extraordinary under the revised accounting standards.

IAS No. 1 post-2003 reform points out that, in particular circumstances, the nature and amount of cost and revenue items may suggest that they are shown and illustrated in a unique way, when their relevance is such that they represent a characterising element for the understanding of the financial and income situation of the enterprise.

However, this does not mean suggesting a separation between ordinary and extraordinary activities. Any business transaction that falls within the ordinary course of business activity may assume, for example, due to the exceptional entity that characterises it, relevant importance in the context of corporate disclosure.

Therefore, IAS No. 1 post-2003 reform did not prevent, and does not prevent even today, the highlighting of particular income elements by nature or entity, but denies that an area of management that can be defined as extraordinary can be identified.

This stance is in fact, part of a path that the IASC had already taken in previous years. In fact, in the opinion of the writer, having identified, in the original IAS No. 8, an extraordinary area as restricted as that specified by the international standard (and entities connected with earthquakes or expropriations for public utility) meant, in essence, considering that the absolute majority of the transactions carried out in the company's management sphere were connected with ordinary activity.

This indirectly meant downgrading the extraordinary area's relevance in favour of the ordinary area, even though there is no doubt that the original IAS

No. 8 contained a very precise definition of ordinary activities and, residually, an extraordinary management area could therefore be identified.

The position set out in the documents issued in 2003 represents, in reality, a return to the origins of the economic business theory expressed by Italian doctrine. As noted in the preceding pages, while tackling the subject and proposing a subdivision between ordinary and extraordinary elements of income, Zappa considered it reasonable to make an essential premise for the study that he would later carry out.

The scholar pointed out how the distinction between ordinary and extraordinary income components was often impossible from a practical point of view due to the difficulty of identifying a reclassification criterion valid for all companies. After pointing out the functional problem of separating ordinary and extraordinary costs /income, he highlighted a theoretical obstacle to such a juxtaposition. Zappa pointed out that the enterprise was a unitary system in which income was the complex and indistinct result of the company's production. With this phrase, the author intended to emphasise the arbitrariness and artificiality of the claim to isolate income components in pre-constituted categories opposed to one another. "To discuss without limits the appropriateness of attributing ordinary and extraordinary, principal and accessory income components,....... (it means, note of author) distracting from the formation of income those values that one wants to judge as belonging to past years..... All this means easy consent to alterations and the obscuring of financial reporting" (Zappa, 1954).

V. From Extraordinariness to Extraneousness and, Subsequently, to the Simple Abolition of the Extraordinary Elements of Profit and Loss

At this point, it is necessary to understand the consequences of the amendments to IAS 1 and 8 approved in 2003.

On the one hand, Italian legislation (which was reformed in the first decade of this century) imposed, with Article 2425 of the Italian Civil Code, the separation of the ordinary from the extraordinary area and, on the other hand, prevented the treatment imposed by IAS 8 post-2003 reform from being applied in our country.

Obviously, given this particular situation of incompatibility of rules, the question arises spontaneously regarding the development of external communication of Italian companies.

Concerning the issue concerning the mandatory treatment under IAS 8 post-2003 reform concerning the recognition of changes in accounting principles and the recognition of errors, there were no proposals to amend the regulations.

It was, therefore, impossible, as it conflicted with Italian doctrinal and regulatory principles, to adopt the treatment IAS considers mandatory.

On the other hand, concerning the contrast between ordinary and extraordinary elements of income, towards the middle of the first decade of this century, doctrine began to hypothesise a different difference between negative and positive income components.

In the bill that was supposed to change the profit-and-loss structure, the terms 'extraordinary income and costs' disappeared altogether, and, in their place, the concepts of income and costs unrelated to the activity were introduced.

This change, as is evident, incorporates the evolution introduced in 2003 by the IAS standards, following which the concept of extraordinariness was radically eliminated from the 'international economic vocabulary'.

According to the draft under discussion, Article 2425 of the code should be 'rewritten' as follows:

1. + revenue from sales and services
2. + /-changes in inventories of finished goods and work in progress
3. +/- change in inventories of contract work in progress
4. + increases in fixed assets for internal work
5. + other revenues
6. - costs of raw materials, consumables and goods for resale
7. +/- changes in inventories of raw materials, consumables and goods for resale
8. - personnel and other service costs
9. - depreciation and write-downs of non-current assets
10. - write-downs of current receivables and other current assets
11. - other costs and expenses

A) Operating profit (loss)

12. + interest income, dividends and other financial income
13. - interest expense and financial charges
14. +/- foreign exchange gains/losses
15. + positive changes in value of financial instruments
16. - negative changes in value of financial instruments
17. +/- gains/losses on disposal of fixed assets
18. + income from non-operating activities
19. - non-operating expenses

B. Profit (loss) before tax

C. Profit (loss) for the year

If the bill had been approved, in Italy too, there would no longer have been a contraposition between ordinary and extraordinary items of income. Still, revenues and costs would have been distinguished between items pertaining to characteristic activities and income components extraneous to the activity.

The accompanying report does not go into detail concerning the correct interpretation of 'extraneousness' to the activity. On a practical level, therefore, companies will include in items 18 and 19 everything that is not explicitly indicated in items 1 to 17. To avoid the improper use of the terms 'non-operating items' and to prevent the preparation of non-comparable profit and loss accounts due to the various potential interpretations of these terms, everyone hoped that the legislator, in the report accompanying the new law, would dwell analytically and not superficially on the exact performance that must attend the preparer of financial reporting in identifying so-called non-operating revenues and expenses.

The bill that envisaged the juxtaposition between elements extraneous to business operations and parts not extraneous to business activities was not transformed into law, and therefore, the juxtaposition between elements extraneous to business operations and elements not extraneous to business activities was never applied at the Italian national regulatory level. With Decree 139 of 2015, profit and loss was transformed into a document with no contraposition between extraordinary and ordinary elements simply by abolishing the two items that included the negative and positive elements of income of an extraordinary nature or instead defined as extraordinary in nature. In the current state of the art, all negative and positive items of income are ordinary, exactly as in IAS 1, which refers to the profit and loss structure. In the opinion of the writer, the elimination of the contraposition between ordinary and extraordinary items was welcomed as, in reality, the contraposition, as mentioned above, did not provide any interesting information for third parties outside the company. The writer also believes that it was very positive that the bill providing for the extraneousness of costs and revenues to the business activity was not transformed into law as the concept of extraneousness to the business activity would have remained a generic, superficial concept and, therefore, difficult to interpret objectively. At present, therefore, all elements of costs and revenues are of an ordinary nature. This circumstance, which, on the one hand, makes it easier to prepare financial statements, on the other hand, means that all non-characteristic elements by definition, such as capital gains and losses and contingent assets and liabilities, are included in the aggregates at 5 EB 14 in particular, which also contain characteristic costs and revenues connected with the typical business activity. This means that the profit and loss currently in force in Italy cannot be used effectively to perform a reliable financial reporting analysis since both characteristic and non-characteristic costs can be included in the same item. In the items of which positive income components are comprised, characteristic non-characteristic capital and even financial revenues can be included.

VI. Conclusions

From what has been said in the preceding pages, it can understand how the regulatory evolution of the concepts connected to negative and positive income components has been rather substantial, unlike what has happened in the context of the management analysis of financial reporting, which has never deviated from the contraposition between characteristic and non-characteristic elements. The current situation, at least in Italy, which, however, reflects the status in most countries that refer to the IAS/IFRS international standards, means that there are no extraordinary items but only ordinary costs and revenues, but that the various items envisaged by the legislator may contain elements connected with the performance of the company's typical activity and costs and revenues not related with the company's typical activity, which makes it easy to understand how, this consideration, leads to the impossibility of a complete analysis of financial reporting from outside the company, since in the absence of information on the analytical content of the items in the financial statements, it is impossible to implement an analysis by indexes and flows that would allow a complete analysis to be carried out and that would make it possible to understand the actual situation of the company. External users have seen, over time, improvements in corporate reporting. Still, although this is undoubtedly the case, they cannot carry out a complete financial reporting analysis due to a lack of information.

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Exploration of Hotel Human Resource Management Mode after the Background of COVID-19

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Introduction- In 2020, the novel coronavirus pneumonia began to become familiar on a global level. The New Coronavirus Pneumonia outbreak has multi - sensor data functions in the hotel more challenging and complex. Some hotels find it difficult to deal as well as for reduced clientele and high turnover in staff. The hotel, as a service-oriented industry, plays an essential part in national economic development. Enterprises are the core of the national economy.

The operation and development of all hotel industries must be affected by the global epidemic. From the beginning, all hotels suspended work in a large area and then resumed work offline in an informed manner. The ability of an enterprise to respond to emergencies and adapt to the environment is illustrated in how it makes measures to survive the crisis smoothly. Human resource administration is vital during this period. Finally, the battle in the hotel industry is a competition of talents.

GJMBR-A Classification: *LCC: HD8039.H6525*

EXPLORATIONOFHOTELHUMANRESOURCEMANAGEMENTMODEAFTERTHEBACKGROUNDOFCOVID19

Strictly as per the compliance and regulations of:

Exploration of Hotel Human Resource Management Mode after the Background of COVID-19

Xu Hai [α], Yun Liu [σ], LeHan Zhang [ρ] & Benjamin [Ѡ]

I. Introduction

In 2020, the novel coronavirus pneumonia began to become familiar on a global level. The New Coronavirus Pneumonia outbreak has multi - sensor data functions in the hotel more challenging and complex. Some hotels find it difficult to deal as well as for reduced clientele and high turnover in staff. The hotel, as a service-oriented industry, plays an essential part in national economic development. Enterprises are the core of the national economy.

The operation and development of all hotel industries must be affected by the global epidemic. From the beginning, all hotels suspended work in a large area and then resumed work offline in an informed manner. The ability of an enterprise to respond to emergencies and adapt to the environment is illustrated in how it makes measures to survive the crisis smoothly. Human resource administration is vital during this period. Finally, the battle in the hotel industry is a competition of talents.

The literature available mostly describes the influence of emergencies on the future development of society and enterprises, with so little focus on specific human resource management. – starting with six modules of human resource management, this paper analyses effective human resource countermeasures in the hotel industry in the case of an epidemic situation. It provides a theoretical basis for the hotel industry to survive the crisis and develop in the long term. So that an enterprise's overall human resources will effectively adapt to significant emergencies, guarantee regular operation and stable development.

a) *Current Situation of Hotel Human Resources Management during the Epidemic*

The unique coronavirus pneumonia epidemic hit at the end of 2019 caused major damage to the hotel industry, and the entire industry market is sluggish. The global hotel fell by 85% – 90%, more than half of the employees were affected, and about 100,000 positions were eliminated (ChunE Zhang 2022). So many hotels have adopted brief emergency plans, also including closing some restaurants, reducing on-duty staff, closing some guest floors, and even closing hotels outright.

This poses risks to the hotel's human resource management and stresses the importance of human resource management strategy and the pillar role of human resources in hotel reform.

b) *Current Situation of Hotel Human Resources Management after the Epidemic*

i. *Reduction of Staff Aggregation in the Hotel Industry*

The hotel industry is a labor-intensive industry employees provide services to customers face to face to understand and meet customers' diverse and relevant needs, while prevention and control require reducing group aggregation, which challenges the hotel industry's traditional service and business model.

ii. *The Cost of Hotel Human Resources Management is too High*

During the epidemic, the flow of personnel basically declined, the hotel's operation was impacted, and income declined sharply. Even so, human resource costs account for a large part of the count. Many hotels have layoffs to save costs and must bear hefty human resource costs while not operating. This requires a rethink of 's employment model of managers.

iii. *"Unpaid Leave" brings Challenges to Labor Relations*

During the epidemic, many hotels succeeded in of "unpaid leave," while some hotels were overwhelmed and began to lay off staff. This has put economic and spiritual pressure on employees and hurt their belief in the sector. They are afraid about the recovery and future of the travel industry, which is challenging labor rights, and are receptive to tense employee relations.

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II. Analysis of the Epidemic Situation in Hotel Human Resources Management

a) It is Difficult for the Hotel Industry to Resume Work, there is a Shortage of Employees, and the on-the-Job Rate of Employees is Low

Small and micro brands account for 63.6% of the 11 sample enterprises of hotel accommodation, culture and entertainment, and tourism surveyed in Anshun, China. Given the epidemic control measures, two accommodation and catering industries and one tourism industry are forced to delay their start of work for up to 30 days. Some enterprises fail to operate online or return to normal enterprise offline. 20% of sectors say they can only bear the loss of a delayed return to work for weeks, and another 10% say they can only bear the loss of a delayed return to work for to 2 years (Ling Duan 2020).

The epidemic had the most effect on the consumer service and education and training industry. 50% of the consumer service sector and 40% of the education and training industry believe the epidemic will have a crucial impact on businesses. About 90% of consumer service enterprises and 60% of education and training enterprises say the epidemic's impact on the industry is serious or very serious.

The proportion of the "very adverse" impact of the epidemic on its domestic market is relatively high, reaching 77.1% and 59.6%, respectively, by industry, accommodation, and catering industry, and culture, sports, and entertainment enterprise. So many people in the service industry have chosen to change industries and no longer serve in their original jobs (Fang y u 2018).

The hotel industry faces much pressure to create and run in the face of New Coronavirus pneumonia. In danger of a decrease in basic income, a threat to personal safety, a threat to physical health, and unemployment. The epidemic has also forced the closure of many hotels. Many employees return to their units' locations to isolate online work and take their jobs offline in an orderly fashion. There are also personnel factors that are very unstable (ChunLi Song 2020).

Training is a crucial area and method for employees to develop their careers. Employees could grow more productive or feel more a part of the organization via training, which can be helpful to the long-term expansion of the company. However, many managers now only ask staff to complete the current short-term workload and do not pay enough importance to worker training. Many too fail to realize the benefits of implementing staffs' innovative issue skill's (Jin-soo Lee, Ki-Joon Back, Eric SW Chan 2015).

b) The Traditional Human Resource Management Mode of the Hotel Industry Hinders Future Development

Most hotel service the- jobs are on offline services and in-store customer consumption. Due to the rapid spread of overseas epidemics and sporadic domestic cases, conventional offline economic activities will be severely hampered in a short period of time, resulting in major consequences on the commercial trade and service industry, financial investment industry, real estate industry, construction industry, and so on (ZhiGuo Zhang 2016).

In the hotel industry, demand for medical materials has grown in light of the epidemic's onset, especially for materials for trying to prevent outbreaks, such as masks, alcohol, and protective clothing (Chen Yanping Wang Xinyi Zhao Liuxi 2020).

The hotel is also used to using the consistent offline interview method when recruiting, and rarely uses the multi-dimensional scientific detection method to detect the professional quality and comprehensive quality of the recruiter, which leads to the effective screening of the candidates' real purpose. The recruitment method is simple and backward, which reduces recruitment efficiency.

Also, there are adverse "blind employment" and "Pro only employment" phenomena which can easily end in some employees can become upset with the enterprise, reducing employee loyalty and identity, and increasing the rate of employee turnover (Fang yu 2018).

c) Staff Recruitment and Training Methods are Single and Rigid

Employees, as we all know, are the "brick" of the company and the basis for its growth and development. Only excellent employees can help the company grow in the long run. In employee recruitment, we should pay special attention to the interviewing process, which cannot be handled simply. We need do the necessary background research.

The traditional recruitment and instruction activities in the hotel industry are mainly offline because of their uniqueness. Such hotels canceled offline interviews after the epidemic launched. A few hotels are pressed to cope with issues as a result. The traditional highlight recruitment method is de rigueur in most firms. They are periodically reluctant to turnaround, and the number of recruits is limited. (Ying Zhang 2020)

III. Countermeasures of Hotel Human Resources Management after Covid-19

a) Adopt Flexible Management

The essence of so-called flexible management is a process based on a human starting point. It is led to

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using non-mandatory approaches for enterprise management specific to a particular based on people's psychology and behaviors law (Fei Chen 2009).

1. Beginning with needs of the employees, create a flexible management mechanism. In comparison to rigid management, one of most notable features of flexible management is that it is determined by mental factors of employees, along with initiative, internal potential, and creative spirit inspired by each employee's heart. As a result, it's got an obvious internal drive (MeiMei Tuo 2018).

Simon once believed that decision-making is addressed by the principle of satisfaction rather than optimality. Flexible management is also the transformation of managers from optimization criteria to satisfaction criteria in decision-making. In essence, it is the transformation from rigid to flexible standards.

The decision-making process also poses the flexibility of management decision-making. "One speech decision-making" is a tough decision-making task, whereas "group speech decision-making" is one formed by the independent and permitted expression of opinions and suggestions by appropriate personnel, followed by thorough analysis and devotion the right action to take. I can call to its flexible decision-making.

People typically accept that "there are viruses in the air" in the context of the spread because they can see how the virus will "spread from person to person." In particular, front-line service personnel in the hotel often have more worried attitude when dealing with various groups for a long time. You'll feel anxiety since you manage the work and management of the hotel. Even a wave of resignation will risk coming. Resulting in a substantial voluntary turnovers.

As hotel managers, we should use a flexible management style. In terms of welfare benefits, in especially.

1) Quite Flexible Working Hours and Paid Sick Time as Employees

The hotel business is very different during the epidemic era, and the number of hotel members will be lesser than before. Meantime, the hotel's staff did not work as hard during the epidemic. Low-wage, low-intensity, and flexible working methods may be possible. From table 3-1-1:

Table 3-1-1

Date	Monday	Tuesday	Wednesday	Thursday	Friday	Sataraday	Sunday
Work Method (Odd weeks)	Work	Rest	Work	Rest	Work	Take turns to work	Take turns to work
Work Method (even weeks)	Rest	Work	Rest	Work	Rest	Take turns to work	Take turns to work
The employee's salary is 80% of the previous salary							

As per the chart, 80% of employees' responsibility will be allocated. The work is divided into odd and even weeks. Employees take turns working on Monday and Tuesday, Wednesday, and Weekends in odd weeks, on Thursdays and Tuesdays in even weeks, and weekends in even weeks. In this tactic, during the epidemic, the hotel may not only save expenses, but also get a charming good rest while making a good salary.

2) Increase Employee Guarantee in COVID-19

People's awareness and demand for insurance are growing as a result of this rapid epidemic.

They always are concerned about their worker safety as hotel employees, so their views and demand for insurance are quietly changing, and they are gradually realizing the importance of insurance. The majority of hotel employees, mainly those on the front lines, are impoverished in their own lives. Likewise, persons with low salaries are less apt to make the effort to buy insurance. At this time, as a hotel, providing the epidemic disease for employees for the first time will not only reduce employee anxiety at work, but also admit the hotel management from the heart and stimulate their work enthusiasm.

2. Implement Flexible Management in Accordance with Employee Ages

The post-1990s and even the post-2000s gradual becoming the mainstream of social work. From the top to the bottom of the hotel industry, there is a younger trend in grass-roots staffers. They have their way of lying as workers from post-1990s age.

Unlike the post-60s and Post-70s, the post-90s have come of age in a caring and responsive environment, which makes them lack the tenacity to face pressure and difficulties in the workplace, especially authoritative management, authoritarian leadership, and simple preaching, which they commonly despise. On the contrary, they prefer to be rewarded and accepted. As a rule, they are sensitive to and attentive about positive incentives (Bandar abutayeh, Manar al qatawneh, 2012).

Employee turnover of Chinese workers raised that after 1980s and the 1990s is substantially high compared to that of their parents. They like those tiresome and tedious jobs and are unhappy with the present situation. They prefer demanding jobs. Employees who lived only after 1980s and 1990s appear to focus their own self-worth and career development. On the contrary, when confronted by challenges at work, they do not see it as pressure but rather as a type of enjoyment. The hotel is brought back to life by this post-80s and post-90s personal characteristic, which provides the opportunity for the hotel to expand and change with the times (Yanhong Li 2018).

Employees formed just after mid-1980s prefer so-called "unrestricted" and "free" management. Furthermore, "flexible management" allows the individual govt of employees. Rely on human liberty, equal power, and democratic leadership to fire each employee's internal potential, initiative, and creative spirit from the bottom of their heart. So that they can feel comfortable and spare no effort to develop an amazing performance for the subsidiary, and become the source of strength for the enterprise to get a competitive advantage in the fierce global market fight.

The characteristics of "flexible management" include that the internal is more important than the external, the psychological is more important than the physical, the oral teaching is more important than the personal teaching, the affirmation is more important than the negation, the incentive is more important than the control, and the pragmatism is more important than the retreat. Yanhong Li said in 2018 that generation is more disciplined and lively than the era that came of age in the 1990s. The enthusiasm and originality of employees should be prioritized as employees, and of initiative and self-discipline.

b) *Adopt a Variety of Recruitment Methods to Increase Online Recruitment*

1. Expand the Recruitment Mode and Enable for Some Large Number of Online Freshers

The hotel industry is more traditional, and personnel selection is more or less based on face-to-face exchanges. However, the changing social environment had a significant impact on the hotel's standard recruitment model. The first is a market change. The gradual advancement of technology forces the industry to change. The advent of the information age has opened a new door for hotel development.

Essential new technologies like the Internet of Things, cloud computing, mobile Internet, information intelligent terminal, and the coming 5G era will inevitably improve the standards for service and management at traditional hotel. Second, due to the global epidemic, was a drop in communication and interaction. The state's policy control itself has reduced a fraction of gathering activities, such a large-scale job fairs, offline recruitment, enterprise school training, etc.

In an epidemic situation, hotel revenue growth is relatively slow, and online recruitment can save enterprises specific resources. For example, hotel managers should be able to leverage information techniques to tackle problems like internal hotel control, development of human resources, recruitment efficiency, and hotel energy consumption (Feng Lin 2018).

For example, in traditional staff recruitment, most hotel staff need take many forms and materials to the recruitment site, and the recruitment date and time are also entirely fixed. The efficiency is low, the time is frequently occupied, and recruiter communication generates certain expenses, which are often counterproductive. Presently, against the background of an epidemic, we can use information recruitment to implement recruitment innovation, as shown in Figure 3-2-1:

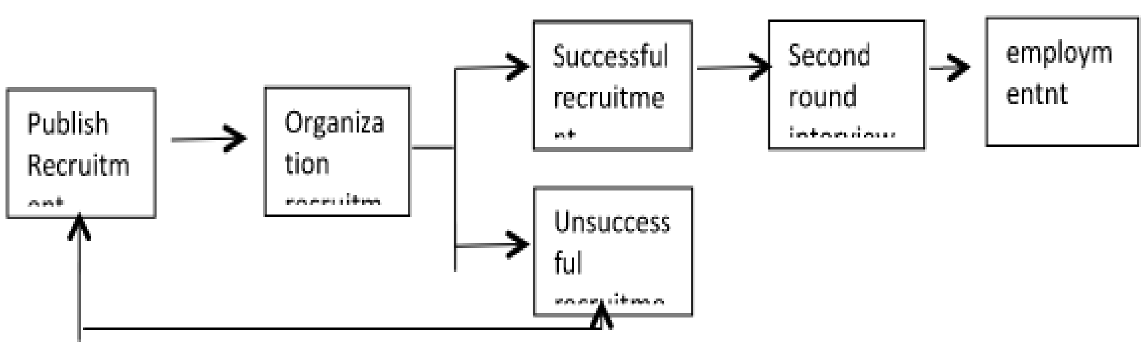

Figure 3-2-1: New Recruitment Process

The first step in recruitment is to publish job postings online and wait for applicants to submit resumes. Once we find a suitable person, we can contact the recruiter for the first time to set up an online recruitment group chat. If successful, the employee will be employed after the second interview; if failed, the information will be disclosed again. In an epidemic, we may use online hiring to decrease recruitment time and implement 24-hour recruitment. The so-called 24-hour recruitment method has had no fixed time, no fixed place, and no set time. Once the right individuals are collected online, we can use the network to build a recruitment group.

c) Accelerate the Development of Hotel Informatization and Establish a Human Resource Sharing Mode

Given the epidemic's immense impact, many hotel operators are looking toward online management. The growth of online technology has expedited the transmission of information across enterprises, which has also expedited the update and reform of the sharing system. Book value co-creation models are emerging. The epidemic period is a golden period of innovation and a period of major changes in the service ecosystem of the service industry.

Establish, develop, and extend a human resource-sharing service in the regional hotels sharing human resources. HR Shared Service Center (HRSSC) is one of the three-pillar models proposed by David Ulrich, which is a place that provides comprehensive shared services to enterprises' human resources (RuZhao Yue, RenZhou 2021). The process is shown in Figure 3-3-1:

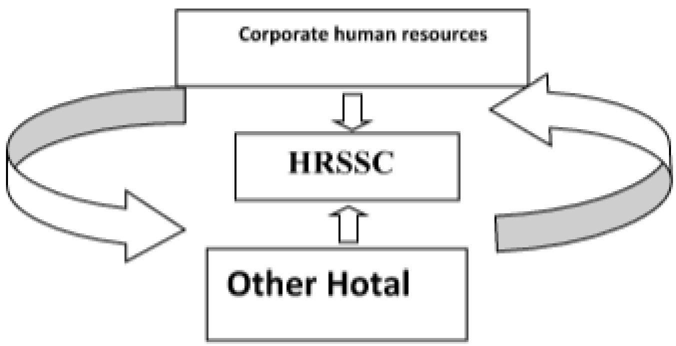

Figure 3-3-1

The HRSSC, which runs the input and output of internal and external human resources, is first and all at the core of the whole procedure and serves as one primary axis. So many hotels outside of the company are connected at the same time, and unified scheduling through HRSSC is suggested to input and output human resource information. Understand the enterprise's human resource status and promote information on demand and supply in an efficient way to shrink the human resource gap and deal with such surplus human resources. Ensure a talent exchange and collaboration network to change information communication between talents and between talents and employers.

It's been said that the establishing of the HRSSC Center is of great significance in light of the global epidemic, especially during the control of the epidemic, where offline work has encountered huge resistance and information communication has been hindered. In to hire, train, and get ready for the future, the hotel industry needs information communication and transmission. The previous single hotel enterprise management is incapable of adapting to the new development requirements, and the establishment of an exclusive public platform for hotel resources can achieve efficient management of human resources.

The second platform's information sharing has regional diversity. Hotels can focus on publishing posts on the forum, collaborate on recruitment, avoid competition and other undesirable phenomena, and improve the effectiveness and timeliness of the service industry according to their own needs. Excellent hotel management politicians can be screened using a platform at the same time.

IV. Conclusion

The hotel industry's production and operation have been strongly impacted by the new crown outbreak.

Influence. It also provides some questions for hotel human resource management in the future. Contactless online management has gradually replaced traditional methods as the epidemic has advanced. The new management mode improves human resource management operation mode, so promoting network, platform, and informatization of human resource management has become a notable trend. Like an end, future human resource management must be a management model the includes latest tech and coats. A new technology and information-based human resource management structure will grow as technologies such as 5G and VR mature.

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Binary Matrices in Qualitative Research of Complex Management Objects

By Alexey P. Tyapukhin

Abstract- The purpose of manuscript is to substantiate the effectiveness, clarify the content and determine the features of matrix approach to research of complex management objects. The matrix approach based on descriptive and facet methods of research of management objects, described mainly by qualitative characteristics, and involves the joint use of actual classification attributes and dichotomies, as the result of which binary matrices create, the sectors of which contain variants of studied management objects. The manuscript describes the features of using binary matrices in research of complex management objects, develops it basic classification, substantiates the choice of methods for determining actual qualitative attributes and dichotomies of management objects, reflects the methodological aspects of matrix approach to digitalization of management objects, to structuring these objects and substantiating the content of definitions of it terms, to the study of options for modeling and transformation of these objects, as well as the principles of matrix approach to research of complex management objects clarify.

Keywords: *binary matrix, management object, matrix approach, qualitative attribute, dichotomy, digitalization, modeling, principle.*

GJMBR-B Classification: *LCC: HD30.27 .B56*

BINARYMATRICESINQUALITATIVERESEARCHOFCOMPLEXMANAGEMENTOBJECTS

Strictly as per the compliance and regulations of:

Binary Matrices in Qualitative Research of Complex Management Objects

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Abstract- The purpose of manuscript is to substantiate the effectiveness, clarify the content and determine the features of matrix approach to research of complex management objects. The matrix approach based on descriptive and facet methods of research of management objects, described mainly by qualitative characteristics, and involves the joint use of actual classification attributes and dichotomies, as the result of which binary matrices create, the sectors of which contain variants of studied management objects. The manuscript describes the features of using binary matrices in research of complex management objects, develops it basic classification, substantiates the choice of methods for determining actual qualitative attributes and dichotomies of management objects, reflects the methodological aspects of matrix approach to digitalization of management objects, to structuring these objects and substantiating the content of definitions of it terms, to the study of options for modeling and transformation of these objects, as well as the principles of matrix approach to research of complex management objects clarify. The results of manuscript make it possible to substantiate and apply more effective management decisions due to it structuring by management levels and positions of organizational structure, rational distribution of resources to achieve the goals of management objects, reducing lost profits when creating values for end consumers of products and/or services, as well as forming methodological prerequisites for digitalization of management objects and their components. The originality of article based on the assumption that the joint use of qualitative attributes and dichotomies characterizing the object of management makes it possible to determine a specific quantity of its variants, establish relationships between them, create clear definitions of objects variants using computer and management software.

Keywords: binary matrix, management object, matrix approach, qualitative attribute, dichotomy, digitalization, modeling, principle.

I. Introduction

Management in business involves the impact of subject on objects that are difficult to describe with quantitative parameters. To solve this problem, it is necessary to use its qualitative characteristics. In particular, this is due to fact that in an economy focused on creating values (AMA, 2017), "consumer behavior is difficult to predict, even for experts in the field" (Armstrong, 1991).

This aspect of management activity supposes the use of qualitative research or "an approach for exploring and understanding the meaning individuals or groups a scribe to a social or human problem" (Creswell, 2014).

Unfortunately, the theory and methodology of qualitative research of complex management objects are not developed sufficiently, which leads to the following problems of science and practice:

1. The ambiguous description of objects of qualitative research, as evidenced by numerous definitions of management (Hitt, 2012); marketing (Contreras and Ramos, 2016); logistics (Kukovic et al., 2014); Supply Chain Management (Janvier-James, 2012); etc. The same is possible to say about the most popular management objects today, such as "value" (Loanne and Webster, 2014) and "sustainability" (Devuyst et al., 2001);
2. The vaguely expressed relationships between large sections of management and related scientific disciplines. For example, the interrelationships issue of "Supply Chain Management", "Value Chain Management" and "Demand Chain Management" concepts not resolved yet (Ramsey, 2005; Walters and Rainbird, 2004; Santos and D'Antone, 2014; Thublier et al., 2010). Despite the significant supporters number of Supply Chain Management concept (CSCMP, 2013), they never managed to prove its priority over Logistics concept (Georgi and Kaiser, 2009; Tyapukhin, 2012), etc; and
3. The subjective approach to substantiating research results. For example, the opinion of Bowersox et al. (2000) on existence of "ten mega-trends that will revolutionize logistics supply chains", with all due respect to authors, not proven, since questions remain unanswered: "Why are exactly ten, and, for example, not seven of these mega-trends listed ?", and "Why are these mega-trends proposed ?" Similar questions are possible to ask by many authors related to qualitative research, and not get a full answer.

In the absence of unambiguous solution to problems listed above, the steady practice of negative attitude towards attempts to improve methods of qualitative research takes place. This situation described by Charmaz (2006) very clearly: "…any methodological advice would go awry and researchers would blame him for the resulting mess. Offering methodological advice invites misunderstanding and constructive critiques". As

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result, the reasonable question arises: "If generally accepted methods are not able to objectively eliminate the existing problem, then why do they continue to be replicated ?"

The lack of tools for solving the problems outlined above leads to significant difficulties in modeling research objects and its behavior depending on environmental factors and the nature of managerial influences.

In the conditions of continuous improvement of computer and software, excellent conditions created for the digitalization of management objects. However, for the unambiguous description of these objects, it is necessary to develop its machine codes, the basis of which form mainly qualitative characteristics. Unfortunately, the scientific foundations of this approach developed still insufficiently.

The lack of classifications and adequate codes of management objects does not allowing investigate its structure and substantiate new management decisions. It is unlikely that management specialists can currently answer:

1. How the "distribution channel" differs from the "supply chain"?
2. What are the differences between numerous types of resellers: jobber, dealer, trader, commission agent, etc.?
3. Why in definition of term "Supply Chain Management" in CSCMP (2013) version only three functions of management listed: planning, coordination, cooperation, and most important functions such as motivation, control, coordination, etc. are ignored?"

The basis for solving above problems can provide by matrix approach to research of complex management objects, the main aspects of which presented in this manuscript.

II. Literature Review

The basis for solving above problems can provide by matrix approach to research of complex management objects, the main aspects of which presented in this manuscript. The matrix in scientific research, in particular, defined as "as set of numbers or terms arranged in rows and columns; that within which, or within and from which, something originates, takes form, or develops" (Agnes, 2000). As follows from this definition, matrices are widely represented in both quantitative and qualitative research. The features of management objects determine the use of matrix approach, which based mainly on qualitative methods, and "should be the preferred approach for social sciences" (Hameed, 2020). Matrices differ in significant variety, so it is necessary to clarify which types of matrices will discuss further. This type of matrices described in sufficient detail. Their peculiarity is the joint use, as a rule, of several classification qualitative attributes of research object. To identify these matrices, it is advisable to refer to it as the "attribute–dichotomy" matrix. To form binary matrices of this type, it is necessary:

1. To select the research object;
2. To identify the relevant classification attributes of this object in required quantity, for example, two;
3. To determine its dichotomies (in simplest case, according to principle of "more or less");
4. Using Cartesian coordinate system as the prototype, position horizontally (axis "0X") first classification attribute and vertically (axis "0Y") second attribute; and
5. Dividing each of axes into two parts, place the dichotomies corresponding to these attributes in each of it. As result, binary matrix field with four sectors formed to accommodate the desired variants of research object (Bailey, 1994) (Fig. 1).

		Quality attribute 1	
		Dichotomy "0"	Dichotomy "1"
Quality attribute 2	Dichotomy "0"	Variant of research object "00"	Variant of research object "01"
	Dichotomy "1"	Variant of research object "10"	Variant of research object "11"

Fig. 1: Example of the Binary Matrix based on Two Qualitative Attributes and it Dichotomies

As follows from contents of Fig. 1, variants of research object may have the binary codes processed using computer and software. In this case, the dichotomies of considered qualitative attributes indicated by symbols “0” and “1”, and variants of objects by binary codes “00”, “01”, “10” and “11”, respectively.

Binary matrices can form based on three and more the qualitative attributes. If the researcher uses three such attributes, then volume matrix with eight sectors form, in which codes use, starting from “000” and ending with “111” in binary system of calculus. If the quantity of attributes is more than three, then it is convenient to use the matrix in form of table to formalize research results (Table 1).

It follows from contents of Fig. 1 and Table 1 that on basis of “X” qualitative attributes, “2^x” variants of research objects are possible to distinguish (Bailey, 1994).For example, if the researcher uses 33 classification attributes, that he can describe 2^{33} = 8 589 934592 research objects uniquely. This means that every inhabitant of planet differs from other similar inhabitants by at least one of 33 actual qualitative attributes. When using appropriate computer and software, each inhabitant of planet can have the unique code that replaces his passport with limited set of qualitative and quantitative attributes.

Table 1: The Principle of Forming the N-Dimensional Matrix based on Three or More Qualitative Attributes

Quality attribute 1 (dichotomy “0”/dichotomy “1”)	Quality attribute 2 (dichotomy “0”/dichotomy “1”)	…	Quality attribute **x** (dichotomy “0”/dichotomy “1”)	Variant of research object (RO)
0	0	…	0 →	RO1
0	0	…	1 →	RO2
…	…	…	… →	…
1	1	…	1 →	$RO2^x$

If the researcher plans to distinguish between three management concepts: Supply Chain Management (Oliver and Weber, 1982), Demand Chain Management (Jüttner et al., 2007) and Value Chain Management (Porter, 1985), he should use 2 classification attributes (2^2=4>3). At same time, a fourth (Fig. 1) variant of chain management is possible to obtain, which deserves the separate research. These attributes and variant of chain management concept substantiated by Tyapukhin (2021).

Literature review confirms the high efficiency of binary matrices based on qualitative attributes to substantiate new research results. As example, it is possible to cite the achievements of such authors as Ansoff (1957); Hichens and Robinson (1978); Patel and Younger (1978); Weihrich (1982); Hax and Majluf (1983); Abell (1993); Thompson and Strickland (1995); Hinterhuber et al. (1996); Wheeler and Sillanpää (1997); Hussey (1999); Drummond and Ensor (2001); Rasiel and Friga (2001); Stern and Deimler (2006), etc. In these studies, matrices proposed that allow not only to organize various management objects, but also to offer practitioners the reliable tool for making managerial decisions in conditions of uncertainty and risk. At same time, it is necessary to mention the binary matrices as tool implemented after the problem of ordering and structuring management objects, usually subjectively substantiated earlier, becomes urgent. Therefore, the point of view of Stock and Boyer (2009) deserves attention, who investigated the structure of 176 definitions of term “Supply Chain Management”, dividing it according to attribute of “number of classification attributes used by authors”. As result of their research, the author's definition of term “Supply Chain Management” created, which did not find proper support from specialists. Consequently, the Stock and Boyer (2009) method certainly arouses scientific interest, but it is unproductive from point of view of clarifying the essence of studied term. Note that 8 qualitative attributes (2^x = 176) are sufficient to distinguish 176 research objects.

The literature analysis devoted to identification of essence of matrix approach to research of management objects showed that:

1. Experts in the field of qualitative research methods (Bailey, 1994; Charmaz, 2006; Creswell, 2014; Hameed, 2020, etc.) do not provide the description of methods for forming, analyzing and optimizing binary matrices. Their main attention focused on development and use of matrices, mostly for conducting sociological surveys;
2. Management specialists use the matrix approach to research of complex objects without substantiating actual qualitative attributes and it dichotomies

(Drews, 2008); apply insufficient amounts of these attributes to solve it objectives (Bea and Haas, 2016); have difficulties using quantitative parameters to position research objects on field matrices (Paul and Wollny, 2011), although attempts are made to eliminate these difficulties partially, in particular (Kim, 2020); and

3. Options for refining and supplementing the originally created binary matrices proposed (using the example of popular matrix of Boston Consulting Group (Stern and Deimler, 2006)), such as matrices for studying universities (Debrecht and Levas, 2014), determining options for transforming one research object into another (Mohajan, 2018), sharing different types of matrices to solve specific research objective (Lane, 2003; Myllylä and Kaivooja, 2015; Bäuerle and Görne, 2019; Khajezadeh et al., 2019; etc.).

This manuscript will reveal the theoretical and methodological aspects of matrix approach to research of complex management objects, which has significant potential for solving the problems of qualitative research listed above.

III. Result

(1) *Features of using Binary Matrices in the Research of Complex Management Objects*

To use the matrix approach to research of complex management objects effectively, it is necessary:

1. To create the list of classification attributes adequate to it, characterizing not only the state of these objects in process of evolution, but also environmental factors that determine the nature of this evolution. To solve this problem, it is advisable to use literary sources that contain the description of these objects, including it terms; and conduct sociological surveys of specialists and practitioners familiar with the composition, behavior and attributes of studied management objects. At same time, it should borne in mind that subjective factors have significant impact on research results. So, when answering the question: "Which attribute will be the main one for Supply Chain Management?" marketers will single out "value", producers: "relationships", logistics: "flows", etc. It is necessary to reconcile with the fact that there will be many definitions of same term depending on scope of it use;
2. To rank the classification attributes obtained on specific date of research by number of references to it both in literary sources and according to results of sociological surveys;
3. If the number of variants of research object is known (for example, 176 definitions of term "Supply Chain Management"), determine the number of so-called actual classification attributes (or first-level attributes). In relation to the term "Supply Chain Management", as mentioned earlier, there should be at least 8. Actualattributes should form large segments or variants groups of research object, within which it is possible to identify actual attributes of second level, etc.;
4. To form the list of possible dichotomies characterizing the state or behavior of studied objects of each of actual classification attributes. In this case, additional literature research and sociological surveys of specialists and practitioners may require; and
5. Depending on research objectives, to study the structure and dynamics of transformation of these objects using 1, 2, 3 or more attributes and dichotomies together (Fig. 1 and Table 1).

The above sequence of actions involves monitoring the list of classification attributes and especially it actual part. It is quite possible that after another analysis of literature and survey of specialists and practitioners, the number of these attributes, dichotomies and ranks assigned to it earlier will be revised, which will lead to the adjustment of essence and content of research object. The example is definition of term "Supply Chain Management" (CSCMP, 2013). The formation and development of concept of sustainability and sustainable development (WCED, 1987) seriously affects the essence and content of this term. New versions of its appeared (for example, Gupta and Palsule-Desai, 2011; Moral and Search, 2013). It is obvious that these terms are interrelated, but the nature of these relationships are necessary to specify, which are possible to identify on basis of matrix approach. The inevitable adjustment of essence and content of various research objects may lead to the change in number of actual classification attributes describing it. At same time, the appearance of new variant of object may require the use of new or previously irrelevant attributes and dichotomies. In this case, the newly formed or corrected binary matrix will include unfilled sectors, which will require additional research of seemingly already known research object in order to describe its new variants that remain out of field of view of specialists for a while.

Let's consider the prospects, as well as theoretical and practical aspects of implementation of matrix approach to research of complex management objects.

(2) *Basic Classification of Binary Matrices*

Binary matrices can form based on quantitative parameters and qualitative characteristics of complex management objects. Moreover, these parameters and characteristics are inherent of both the classification attributes and dichotomies. Based on this, it is possible to create the matrix shown in Fig. 2.

	Properties of Management Object Attribute	
	Parameters	Parameters
Properties of Management facility object dichotomy	A. Matrix of “quantity-quantity” type	B. Matrix of “quality-quantity” type
	C. Matrix of “quantity - quality” type	D. Matrix of “quality - quality” type

Fig. 2: Classification of Matrices Taking to Account the Parameters and Characteristics

As follows from contents of Fig. 2, four variants of matrices are possible to obtain: A “quantity – quantity”; B “quality – quantity”; C “quantity – quality”, and D “quality – quality”. Let’s explain the features of matrix variants presented above using the example of manufacturing process of cylindrical part (Table 2).

Table 2: Content of Binary Matrices on Example of Cylindrical Part (Fig. 2)

Type	Attributes of management objects	Dichotomies of management objects attributes
A	Diameter of cylindrical part D=100±0.05 mm	D=100,03 mm or within the tolerance (standard)
		D=99,2 mm or outside of tolerance (non-standard)
	Length of cylindrical part L=230±0.35 mm	L=230,3 mm or within tolerance (standard)
		L=229,5 mm or outside of the tolerance (non-standard)
B	Surface roughness quality	Corresponds to the highest profile height “Rz” and the deviation “ y”
		Not corresponds “Rz” and the deviation “y”
	Heat treatment quality	Corresponds to the depth “h" and the hardness “HRC”
		Notcorrespondsto the depth “h " and the hardness “HRC”
C	Diameter of cylindrical part D=100±0.05 mm	Size control performed
		Size control not performed
	Length of cylindrical part L=230±0.35 mm	Size control performed
		Size control not performed
D	Surface roughness type	Parallel
		Perpendicular
	Heat treatment type	Chemical and thermaltreatment
		Thermomechanical

As follows from contents of Table 2:

1. The option “A” involves use of two quantitative parameters: the diameter of cylindrical part D = 100 mm and its length L = 230 mm. The manufacturing tolerances (deviations of these parameters) chosen by dichotomies: ± 0.05 mm and ± 0.35 mm, respectively. As result of measuring the tolerances,

four basic options for manufacturing cylindrical part are possible, and in two cases it must reject;

2. The option "B" takes into account two qualitative characteristics: "surface roughness quality" and "heat treatment quality". Moreover, both first and second characteristics confirmed or refuted after appropriate measurements, respectively: by highest profile height "Rz" and deviation "y", as well as by depth "h" and hardness "HRC". This option prevails in qualitative research of complex management objects;
3. The option "C" based on two quantitative parameters: diameter of cylindrical part D=100±0.05 mm and its length L=230±0.35 mm. The dichotomies in this case are the qualitative characteristics reflecting the procedure for monitoring these parameters: "size control performed" and "size control not performed"; and
4. The option "D" characterize by two qualitative characteristics: types of roughness and heat treatment with it corresponding dichotomies: parallel or perpendicular, chemical and thermaltreatment or thermomechanical. Naturally, in addition to these dichotomies, there are other variants. However, in these conditions, this researcher may not be interested in other variants of dichotomies. This variant of matrix is most time-consuming in research of complex management objects and, unfortunately, not found proper application.

(3) *Binary Matrices as the Tool for Digitalization of Complex Management Objects*

Modern trends in development of economics and management imply the continuous improvement of qualitative research methods of complex management objects. In particular, the introduction of term "value" into scientific circulation (Porter, 1985) implies its uniqueness (Vargo and Lusch, 2008), created by unique *product and/or service* for unique *consumer* by unique *value chain* using unique *technology* from unique *set of resources*[1] or the situation referred to by author as Six "U". This situation assumes the classification of all components listed above separately and together without limiting the number of research objects, i.e. without using "some short and methods such as clustering algorithms or formulas" (Bailey, 1994). If it is impractical or impossible to limit the number of research objects, the digitalization is necessary for it processing using computer and software.

Fig. 3 shows the example of classification of Supply Chain Management components, which identified using content of its four terms. Such components are "enterprise" (Coyle et al., 2013), code "00"; "business processes" (Wisner et al., 2012), code "10"; "relationships" (Christopher, 2011), code "01", and "flows" (Blackhurst et al., 2012), code "11".

State of Chain Management in time

Static"0 "Dynamics"1"

Enterprise "00"	Business Processes " 10"	*Technology management*
Relationship s "01"	Flow or Inventory "11"	*Logistics management*
Enterprises Chain	*Process Chain*	

Fig. 3: Example of classification of Supply Chain Management components (Tyapukhin, 2021)

As follows from contents of Fig. 3, when creating values for end consumer of products and/or services, it is necessary to take into account the demands of this consumer and profile of activity of supply chain links capable of creating this value. These two dichotomies can use together under the auspices of such classification attribute as "supply chain formation factors". It should note that after fulfilling the consumer's demand, relationships between enterprises may not maintain, and flows between enterprises may change both quantitatively and qualitatively. In this case, the supply chain can be the object of statics: enterprises and relationships (the chain of enterprises) or the object of dynamics: business processes interconnected by resource flows (the chain of business processes). In this case, the dichotomies reflect opposite states of chain management in time. Thus, "enterprise" has activity profile and, if necessary, is able to receive and satisfy the demands of consumer; "relationships" are created and maintained, as the rule, unchanged when receiving and satisfying the demands of this consumer; "business processes" correspond to profile of enterprise and provide value creation for end consumer; "flows" move to time and space and include objects that create this value. Each of components presented in Fig. 3, in accordance with the information in Fig. 1, has corresponding binary code. The combination of these codes allowing form the code of complex management object. For example, code *11.10.000.01.001* reflects the sequence: "flow, business process, enterprise 1, enterprise 2, relationships" and characterizes the following object: *flow "11", accompanied by business process "01", fulfilled by enterprise "00.0", directed to enterprise "00.1" in accordance with the relationships "10*[2]".

[1] The author's note highlighted in italics.

[2] Italics of author.

(4) *Binary matrices as the tool for digitalization of complex management objects*

As it shown earlier, to solve this problem, analysis of literary sources and sociological surveys of specialists are necessary. It results allow to develop the binary matrices in one of two ways:

(1) Using the combination of various actual qualitative attributes of research object. Previously, it claimed that there are four chain management objects, such as supplies (products and/or services), demands, values and novelties (Tyapukhin, 2021). In combination with the components of chain management (Fig. 3), it allowing substantiate the list of characteristic aspects of chain management (Table 3) and develop the principles of this type of management.

Table 3: Characteristic Aspects of the Principles of Chain Management

Chain Elements	Management Objects			
	Product and/or service (100)	*Demand (101)*	*Novelty (110)*	*Value (111)*
Enterprises (000)	Order *(000100)*	Virtuality *(000101)*	Risk *(000110)*	Variant *(000111)*
Relationships (001)	Rhythm (clock cycle) *(001100)*	Unification *(001101)*	Synergy *(001110)*	Compromise *(001111)*
Processes (010)	Technology *(010100)*	Digitalization *(010101)*	Potential *(010110)*	Structure *(010111)*
Flows (011)	Sustainability *(011100)*	Barriers (noise) *(011101)*	Optimization *(011101)*	Lost profit *(011111)*

As follows from the contents of Table 2,

(a) this method does not use the dichotomy of objects and management components; and

(b) each characteristic aspect and further the principle of chain management is possible to indicate by the corresponding binary code that ensures its processing using computer and software management activities;

(2) with the help of some sequence of actions that allowing achieve the desired state of research object. So, for example, if it choose the enterprise as research object, and develop the quality management system for its, which means "a set of interrelated or interacting elements of an organization to establish policies, objectives, and processes to achieve those objectives" (ISO 9000:2015), then for this, as the analysis of literary sources shows, it is necessary to use the sequence of results aimed at adapting the quality management system to changes in the external and internal environment, presented in Fig. 4.

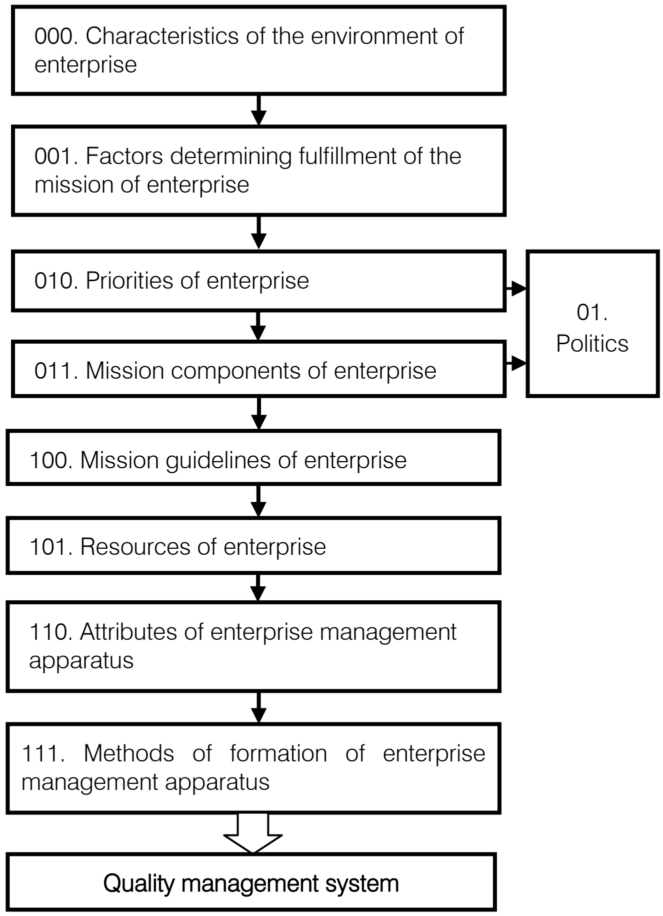

Fig. 4: The Sequence of Results Aimed at Adapting the Quality Management System to Changes in the External and Internal Environment of Enterprise

The contents of Fig. 4 and, in particular, the results "priorities of enterprise", code "010", and "mission components of enterprise", code "011", make possible to substantiate the components of enterprise's quality policy (Fig. 5).

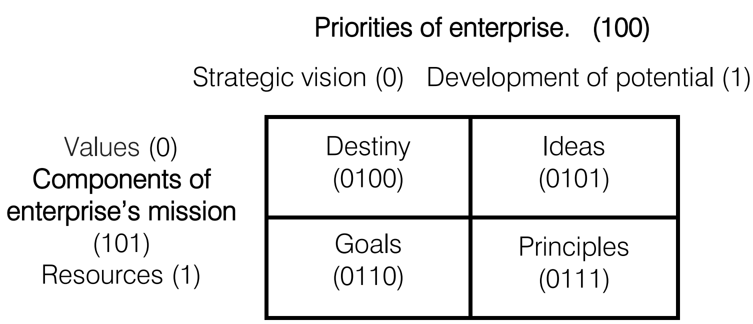

Fig. 5: Classification of Components of Enterprise's Quality Policy (01)

As follows from contents of Fig. 5, the enterprise's quality policy includes the destiny, code "0100", ideas, code "0101", goals, code "0110", and principles, code "0111". By analogy, other components of quality management system with codes "00", "10" and "11"are possible to obtain, which is the objective of further research.

a) Binary Matrices as the Tool for Structuring and Ordering Previously Created Management Objects

As example, let's consider the point of view of Cooper et al. (1997) on classification of main business processes of Supply Chain Management and show, while preserving the author's components of this classification, how its correctness can prove using binary matrix. Almost any business process of Supply

Chain Management designed either to create value for the end consumer of products and/or services, or not to create, but only to accompany or have indirect relationship to it. These dichotomies correspond to classification attribute "purpose of business process" (Table 4).

One or another business process can fulfill either by one link of supply chain (enterprise), or by two or more enterprises together (in this case, it are talking about supply chain including several links). Obviously, the link and chain are objects of management. Finally, any business process designed to prioritize achieving the goals of one of links in supply chain: consumer or supplier. The classification attributes and dichotomies outlined above make it possible to distinguish not eight or 2^3 business processes according to Cooper et al. (1997), but nine. The desire to preserve intact the business processes proposed by respected authors requires some clarifications of their point of view in following areas:

(1) Table 2 confirms the point of view of Cooper et al. (1997) on existence of eight business processes in supply chains. However, at same time, it is advisable to divide the business process "manufacturing flow management" into two business processes: "technology management" and "Flow management" (more correctly, "logistics management");

(2) In order not to "lose" the business process "customer service management" and to show its difference from the business process "logistics management", it should be taken into account that it accompany the value of end consumer, fulfill by several links in supply chain and contribute to achievement of goal of this consumer. At same time, these business processes have different objectives. If logistics management designed to eliminate barriers to the trajectory of products movement, then customer service management supports the quality of products that create value for this consumer. As will shown below, the matrix approach contributes to substantiation of already existing subjective points of view by "selecting" appropriate classification attributes and dichotomies, which, unfortunately, are ignored by specialists universally:

Table 4: Example of classification of business processes of Supply Chain Management (the basic version by Cooper et al., 1997)

<table>
<tr><th>Business process assignment</th><th>Type of management object</th><th>Chain link priority</th><th colspan="2">Key business processes of Supply Chain Management</th></tr>
<tr><td>Creating value</td><td>Chain link</td><td>Consumer</td><td colspan="2">Product Development and Commercialization (000)</td></tr>
<tr><td>Creating value</td><td>Chain link</td><td>Supplier</td><td colspan="2">Technology Management (001)</td></tr>
<tr><td>Creating value</td><td>Chain as the whole</td><td>Consumer</td><td colspan="2">Order Fulfillment (010)</td></tr>
<tr><td>Creating value</td><td>Chain as the whole</td><td>Supplier</td><td colspan="2">Return Management (011)</td></tr>
<tr><td>Accompag-nement value</td><td>Chain link</td><td>Consumer</td><td colspan="2">Customer Relationship Management (100)</td></tr>
<tr><td>Accompag-nement value</td><td>Chain link</td><td>Supplier</td><td colspan="2">Supplier Relationship Management (101)</td></tr>
<tr><td rowspan="3">Accompag-nement value</td><td rowspan="3">Chain as the whole</td><td rowspan="3">Consumer</td><td colspan="2">Business process task</td></tr>
<tr><td>Removing barriers in the supply chain</td><td>Maintaining product quality</td></tr>
<tr><td>Logistics management (110a)</td><td>Customer Service Management (110б)</td></tr>
<tr><td>Accompag-nement value</td><td>Chain as the whole</td><td>Supplier</td><td colspan="2">Demand Management (111)</td></tr>
</table>

b) Binary Matrices as the Tool for Substantiating the Content of Terms Definitions of Management Objects

As example, let's choose the well-known term "sustainability". Recall that the purpose of research is not to substantiate new definition of this term, but to demonstrate the possibilities of matrix approach to research of complex management objects.

Exploring this term, it should remember that the sustainability of management object predetermined by the state of its environment, or mode of its functioning, which is the reaction to influence of certain external factors. In addition to the term "sustainability" the terms "resilience" (e.g., Holling, 1973), "resistance", "transformability", "adaptability" (e.g., Pisano, 2012), etc. used in literature. What are the differences between these terms? To answer this question, it is necessary to remember that sustainability can violate, but it is possible either to restore the lost sustainability or to change its parameters and characteristics. These dichotomies are characteristic of above-mentioned mode of functioning management object with negative impact from the outside. The management object has goals initially, in particular, making a profit. The negative impact of external environment may allow the object to return to previously set goals, or these goals are necessary to adjust. These dichotomies reflect the classification attribute "stability of goals of management object". The use of above-substantiated attributes together leads to the formation of matrix shown in Fig. 6.

Classification attributes and dichotomies (Fig. 6) allowing give the following definition: "Sustainability of management object is the indicator that characterizes its ability to fulfill functions under the negative impact of external and/or internal environment in mode of returning to original or close to it state while maintaining previously set goals and subsequent full or partial restoration of its potential". Similarly, the definitions of other terms presented in Fig. 6 are possible to obtain.

Fig. 7 shows that the chain and channel assume consecutive movement of resources flows, while the channel maintains the parameters and characteristics of these flows stable, and the chain changes it. Similar conclusions are possible to make with respect to such types of logistics systems as front and echelon. If is the desire, it is possible to use term "network" (Netessine, 2007), which represented in Fig. 7 as echelon. However, it is the echelon, and not network, that has tree-like shape, so often used by specialists in research of management objects.

c) Binary Matrices as the Tool for Modeling Variants of Transformation of Research Objects

In some cases, the matrix approach allows to identify the number of research objects that can transform into one another. Let's consider the example of classification of previously mentioned enterprise management concepts (Fig. 8).

Mode of functioning of management object under negative external influences

Constancy of goals of management object	Disruption and recovery of potential	Disruption and change of potential
Saving (static)	Sustainability (Mode: *Returning*)	Transformability (Mode: *Adaptability*)
Adjustment (dynamic)	Resilience (Mode: *Survival*)	Viability (Mode: *Counteraction*)

Fig. 6: Classification of Components (Indicators) of Reliability of Management Object (Tyapukhin, 2019)

Type of resource flow movement

Stability of flow parameters and characteristics	Consecutive	Parallel
Stable	Chanell	Front
Not stable	Chain	Echelon

Fig. 7: Main Types of Logistics Systems (Tyapukhin, 2012)

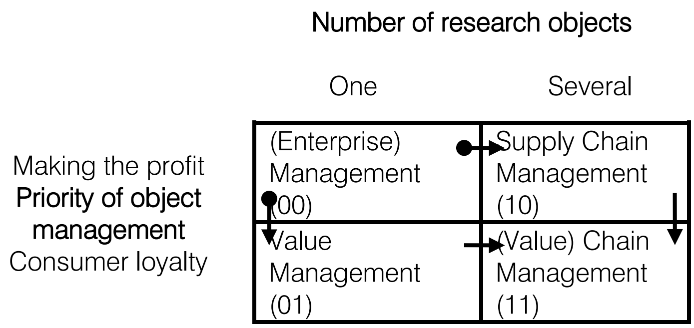

Fig. 8: Example of Classification of basic Enterprises Management Concepts

As follows from content of Fig. 8, the research object can be either one object or several objects, for example, the chain (Fig. 7). At same time, the priorities of managing objects can be profit or loyalty (satisfaction) of single consumer. If take into account the position of suppliers, then the key success factor for them is the formation of supply chain. In turn, consumers of products and/or services focused on creating and obtaining value (AMA, 2017). The use of above classification attributes and dichotomies allows to distinguish four types of concepts: Management, Value Management (Kelly and Male, 2006), Supply Chain Management and Chain Management (Tyapukhin, 2021). Among other things, Fig. 8 shows two options for transforming the Management concept into Chain Management concept: (1) managerial: Management → Supply Chain Management → Chain Management; and (2) marketing: Management → Value Management → Chain Management.

If it assume that the list of business processes specified in Table 4 can implement sequentially, then this sequence, providing for the transformation of one business process into another, can presented in Fig. 9.

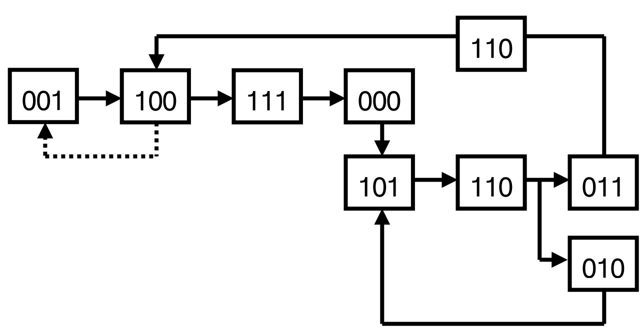

Fig. 9: Example of the Sequence of Transformation of Business Processes of Supply Chain Management (Table 4)

As follows from contents of Fig. 9, the profile of enterprise as part of supply chains determines technological management (code "001"). However, its implementation based on customer relationship management (code "100"). The enterprise can start fulfilling technology management after managing the demands of consumer (code "111"). These demands may provoke the development of product, the implementation of which should stimulate the commercial success of this enterprise (code "000"). To manufacture the above-mentioned product, it is necessary to manage relationships with suppliers (code "101"). Suppliers using logistics management (code "110a") supply the enterprise the necessary resources, after which this enterprise fulfills the customer's order (code "011") and manages returns (code "010"). In latter case, the business process "supplier relationship management" (code "101") is required. In turn, the manufactured product sent to consumer, who will subsequently need the business process "customer service management" (code "110b").

If take the management object with code "000" as basis and set the goal to transform it into object with code "111", while changing only one dichotomy and only one classification attribute, then is possible to form the universal sequence of transformation of these objects, presented in Fig. 10.

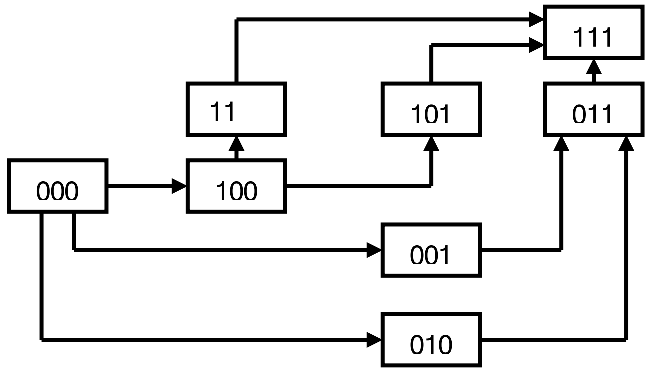

Fig. 10: Example of the Sequence of Transformation of base Object with Code "000" into Object with Code "111"

d) Binary Matrices as the Tool For Predicting New, More Complex Management Objects

According to information in Fig. 8, the management objects are continuously becoming more complex. At same time, researchers consistently and cyclically use synthesis and analysis operations. First, the basic definition of term formed (for example, the definition of term "Supply Chain Management"). Then its modifications appear (variants of term "Supply Chain Management"). Since the supplies include various objects, the researchers suggest using the already generally recognized basic approach to managing these objects more widely. This is how definitions of terms "Demand Chain Management" and "Value Chain Management" appear. After forming chain management modifications of various objects begins, and terminological situation comes to the standstill, a new, more complex management object "Chain Management" form (Tyapukhin, 2021). The above sequence substantiated using the appropriate classification attributes and dichotomies shown in Fig. 11.

Quantity of objects after the research	Quantity of objects before the research: One (0)	Quantity of objects before the research: Several (1)
One (0)	Introduction of new facility into circulation (00) (the term "Supply Chain Management")	Creating new more complex object (10) (the term "Chain Management")
Several (1)	Selecting facility options (01) (the term options "Supply Chain Management")	Creating object modifications (11) (the terms "Value Chain Management" and "Demand Chain Management")

Fig. 11: Stages of Creating New More Complex Object (Tyapukhin, 2021)

e) Binary Matrices as the Tool for Multilevel Structuring of Complex Management Objects

The fundamental work of Bowersox et al. (2000) aimed at substantiating mega-trends that designed to revolutionize logistics supply chains. Let's try not only to substantiate the list of these mega-trends, but also to supplement it using matrix approach. Let's turn to Fig. 12.

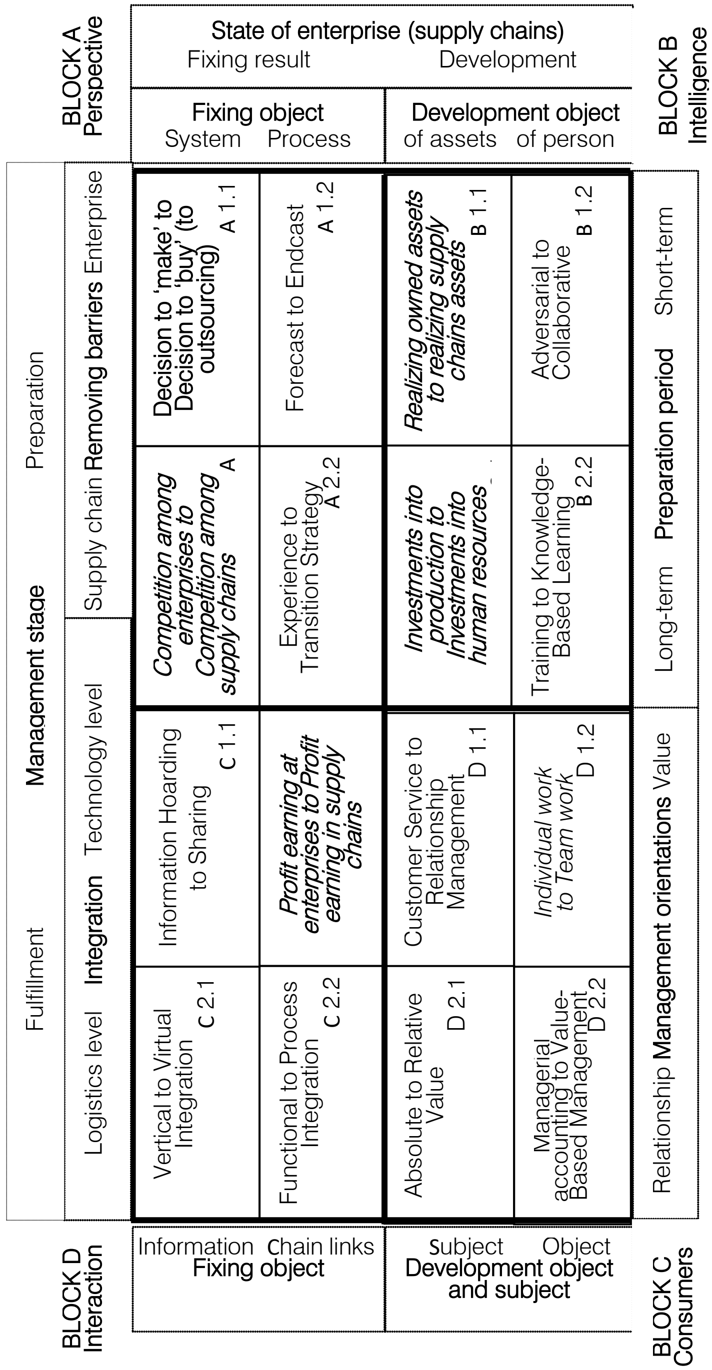

Fig. 12: Ten Mega-Trends According to Bowersox Et Al. (2000) and It Author's Interpretation

Analysis of contents of Figure 12 allows make the following conclusions:

(1) Supply chain management (including logistics chains) involves consolidating the results achieved through the development and standardization of appropriate techniques and methods of influencing management objects. At same time, the environment constantly provokes the development of these objects, which makes it necessary to continuously or periodically revise these standards;

(2) the achievement and development of results of supply chain management is accompanied by the preparation, implementation and application of appropriate techniques and methods of influencing management objects;

(3) the classification attributes and dichotomies listed above make it possible to substantiate four basic supply chain management units, within which, as it seems to author, Bowersox et al. (2000) could present their version of mega-trends. As follows

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from contents of Fig. 12, it include blocks: A. “Perspective”, B. “Intellect, C. “Consumers”, and D. “Interaction”;

(4) each of four basic blocks, in turn, using appropriate classification attributes and dichotomies, is possible to divide into four sections. For example, block A. “Perspective” on basis of such classification attributes and dichotomies as “fixing object”: system or process and “removing barriers”: enterprise or supply chain includes four sectors, for each of which is possible either pick up the already proposed Bowersox et al. (2000) mega-trends, or, based on selected classification attributes, suggest new mega-trends that not taken into account by respected authors. For example, sector A1.2 of block A. “Perspective” corresponds to previously proposed mega-trend “Forecast to Endcast”, and sector A2.2 mega-trend “Experience to Transition Strategy”. In turn, sectors A1.1 and A2.1 cannot fill with mega-trends proposed by Bowersox et al. (2000). Focusing on classification attributes and dichotomies of Block A allows fill these sectors with mega-trends in the author's execution, respectively, “decision to ‘make’ to Decision to ‘buy’ (to outsourcing)” (Sector A 1.1) and “competition among enterprises to competition among supply chains” (sector A 2.1). It highlighted in Fig. 9 with underlined text in italics; and

(5) similarly, the matrix fills with ten mega-trends proposed by Bowersox et al. ((2000). The remaining six unfilled sectors of matrix include mega-trends (underlined text in italics) substantiated by author of manuscript.

f) Principles of the Matrix Approach to Research of Complex Management Objects

As follows from above information, the matrix approach based on following principles: uniqueness (the set of classification attributes and dichotomies); hierarchy (the relationships and structure); continuity (the phase transitions); dynamism (the frequency of use and replacement time). The content and interpretations of these principles are necessary to prove. To do this, it is advisable to use the following classification attributes and dichotomies: “state of research object“: stability or development and “objects of system approach”: components and interrelations (Fig. 13).

State of Research Object

Objects of system approach	Stability (system)	Development (process)
Components	Uniqueness	Dynamism
Relationships	Hierarchy	Continuity

Fig. 13: Principles of Matrix Approach to Research of Complex Management Objects

Let’s demonstrate the features of these principles using the information in Fig. 14.

Uniqueness: Fig. 14 shows four types of binary matrices: A, B, C and D, each of which reflects the list of stages of manufacturing preparation. To create it, 4 classification attributes 1, 2, 3 and 4 with it corresponding dichotomies used. Matrix A formed by attributes 1 and 2; matrix B by attributes 1 and 3; matrix C by attributes 2 and 4; and matrix D by attributes 3 and 4. Fig. 14 shows that the change of one classification attribute changes the content of matrix partially, which makes it unique, differing at least one of stages of manufacturing preparation.

Hierarchy: Each of manufacturing preparation stages it is possible to structure also. For example, the objectives of logistics support in manufacturing preparation (the sector with filling of matrix D) is possible to distinguish using such classification attributes and dichotomies as “economic priority of value management”: costs and time, and “technological priority of value management”: quantity and quality (these priorities used in definition of logistics “7 Right” (Shapiro and Heskett, 1985) (Fig. 15).

Continuity: At certain stages of manufacturing development, as mentioned earlier, actual attributes can change in quantity and quality. Fig. 14 shows that replacing attributes 1 with attributes 2 allowing save such stages of manufacturing preparation as science-research work, constructeur manufacturing preparation and technologi-

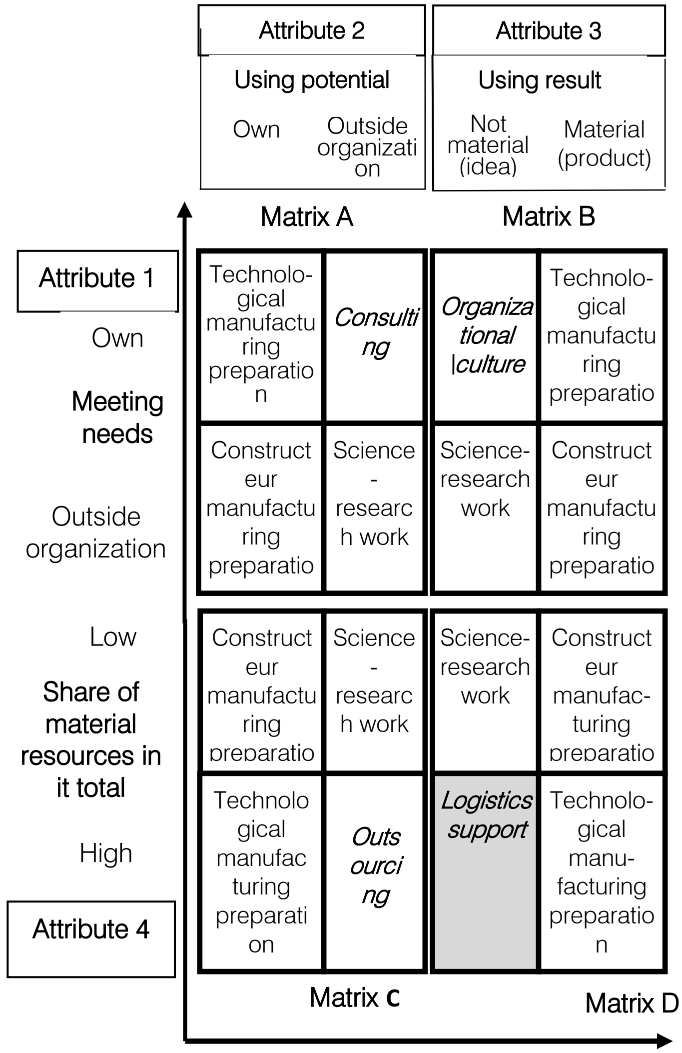

Fig. 14: Main Stages of Manufacturing Preparation (Tyapukhin, 2017)

cal manufacturing preparation. At same time, instead of consulting stage (matrix A), the stage of organizational culture (matrix B) becomes relevant. The consulting stage is possible to use also, but its rank becomes lower than rank of "organizational culture" stage.

Dynamism: This principle presupposes the timely replacement of some actual classification attributes and dichotomies with other actual attributes and dichotomies. Obtaining additional competitive advantages due to better service to end consumers at certain point in time may provoke the use of outsourcing (matrix C) or logistics support (matrix D) or all stages of manufacturing preparation presented in Fig. 14, but with it different ranks.

This article outlines the basics of matrix approach to research of complex management objects, on basis of which actual problems of organization and conducting qualitative research can solve.

IV. Discussion

Some theoretical and methodological aspects of matrix approach to research of complex management objects presented in literature and found application in practical activities of enterprises. At same time, the matrices proposed by various authors created mainly according to the "quality – quantity" type, that is, on basis of two qualitative attributes and dichotomies represented by the scale of quantitative parameters, the matrix field formed on which various variants of management objects placed. However, it is not always possible to quantify these objects. In this case, it is necessary to use "quality-quality" matrix. Matrices of this type make it possible to clearly distinguish the management objects; substantiate the content of definitions of it terms; take into account the professional interests of various groups of specialists who have own point of view on the management object; predict the appearance of new management objects and simulate the processes of transformation of these objects from one option to another.

According to prospects of using the matrix approach to research of complex management objects in the future, the discussion is possible about the determination of use fields of this approach; the selection of actual qualitative attributes of studied management object and it dichotomies; changes in content of traditional definitions of various terms and it standardization; refinement of content of dictionaries of various types; clarification of methods for research of management objects, methods of it digitalization , etc.

V. Conclusion

In this manuscript the previously published results systematized, and also theoretical and methodological aspects concerning the use of matrix approach to research of complex management objects substantiated. In future, it is necessary to clarify and supplement the essence, relationships and content of basic components of chain management, such as “enterprises”, “relationships”, “business processes”, and “flows”, taking into account the specifics of various types of chains. To do this, it is necessary to determine its actual qualitative attributes and dichotomies for each management object; to study the main variants of this object using it combinations; to substantiate the processes of transformation of one object variant into another; to develop first universal, and then specific definitions of terms of this object. After fulfilling these works, it is advisable to develop the hierarchy of management objects, which allows, in the event of the change in one or more management objects, to assess the consequences of this change on hierarchy of objects as whole.

In addition, the task of future research is to digitalize the research results of complex management objects, which allowing optimize the content and increasing the intellectual potential of computer and software of management activities in various types of chains.

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Postscript

Dear Reader! You have the opportunity to evaluate the prospects of matrix approach to research of complex management objects using simple example. Please answer the question: “If you are sitting now, what furniture item under you?” Possible answers to this question can find in binary matrix, which is located behind references (Appendix A, Table A1).

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Appendix A

Table A1: Classification of Furniture Items on which People Sit

How many people is furniture items designed for?	Hard or soft seat under you?	Does your furniture item backrest?	The furniture item you're sitting on
Per person	Hard	No	Tabouret
Per person	Hard	Yes	Stool
Per person	Soft	No	Ottoman
Per person	Soft	Yes	Armchair
On two or more	Hard	No	Bench
On two or more	Hard	Yes	Pew
On two or more	Soft	No	Sofa
On two or more	Soft	Yes	Settee

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Business Strategies: East and West, in International Competition

By Francisco Ballina Rios

Abstract- Faced with the rivalry of the powers of the East and West for world domination, the way is opened to understand what are the interacting factors that determine the competitive advantages of both blocs in the race to achieve technological supremacy. The debate on how business strategies have been generated in East and West has been part of different interpretations, an analysis of the competitive advantages and disadvantages of both versions from the second post-war period and the different scenarios for which it has been necessary transited the cold war in international competition.

Keywords: *business strategies, east, west, fourth industrial revolution, international competition.*

GJMBR-A Classification: *LCC: HD28-70*

BUSINESSSTRATEGIESEASTANDWESTININTERNATIONALCOMPETITION

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I. Introduction

The purpose of this paper is to analyze the business strategies that the East and the West have used to compete in the international market, using a qualitative methodology, considering two different moments in time, the years of the Cold War 1947-1989, with the fall of the wall of Berlin and the consequent dissolution of the Soviet Union, up to the present time, where. The hegemonic power of the United States and the European Union, in clear economic decline due to the rise of China, and the military challenge of Russia, marks the advent of a new international order.

The rivalry between the powers of the East and the West for world dominance is manifested in achieving technological supremacy of an artificial intelligence system. It is to be expected that with the convergence between 5G communication technology and the algorithms that manage artificial intelligence, in the power of large transnational companies and the governments that accompany them, what is at stake is the defenselessness of citizens subject to control and surveillance by governments or indeed by companies like Huawei, Facebook and Google.

It is important to locate the context of the world scenario, in which these two business strategies occur in the 21st century, in the dynamics of deglobalization.

Different events affect the world scene: To the impact of the covid-19 pandemic, we must add the war between Russia and Ukraine, without ignoring the economic conflict between the United States and China, added to the recessive trend of the world economy. This is part of a breeding ground for future conflicts and is part of the deglobalization debacle.

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The conflict between Russia and Ukraine has reached a situation that has not been experienced since World War II, of course it is a hybrid war located in different scenarios: economic, financial, warlike, media, cybernetic, etc.

II. Methodology

Strategy is a key element for the competitiveness and profitability of companies (Chandler, 1962 and Ansoff, 1965). These deliberately choose the appropriate strategy to fit the specificity of their environment, Miles, and Snow (1978), introduce the concept of adaptive capacity, by which successful companies develop over time, an identifiable and systematic approach to adaptation to the environment. The key dimension underlying the Miles and Snow typology is the organization's response to environmental changes (Obel and Gurkov, 2013), and it has been widely used in the literature (Shoham and Lev, 2015). Slater and Narver (1994), (Day and Wensley, 1988 and Kohli and Jaworski, 1990, Miles, Miles, and Cannon, 2012), (García, Ballina, Martínez, 2015).

However, the breadth of the concepts of strategy and performance used in empirical studies makes it somewhat difficult to generalize the results obtained. This article uses geographical representations as an object of study, regarding geopolitics, and the comparative method considering what is going to be interpreted and compared from the context in which it arises, which cannot be subsumed in laws universal to be explained, as occurs with empirical studies that use a quantitative methodology. This article arises from the perspective of Yves Lacoste (2003) and Michel Foucher (1991), who consider that geopolitics studies the rivalries of power in a territory and the representations that accompanies them, we consider the modes of representation —iconography, cartography, lived space, imaginary, etc.

The theme of the conceptualization of the East-West binomial has raised discussions of all kinds: philosophical, ontological, existential, economic, political, cultural, this study focuses on the study of business strategies that nurture the competitive advantages of East and West.

III. Literature Review

Different researchers take as referents the value systems, ways of thinking and perhaps behaviors that are not visible or implicit in the corporate culture. From these investigations, different studies have emerged regarding aspects of business work: Chumacero, Hernández (2016), identify the efforts made in the development of public policies (PP) of corporate social responsibility (CSR) and the instruments that exist for its promotion in countries from Africa, Asia, Europe and the United States, more recently in Latin America, Da Costa, Goicochea, Calderón, (2022), review Corporate Social Responsibility (CSR) in Latin America and the Caribbean, companies and implementation of new policies.

Another study on the state of the art of business strategies (Cesar da Silva, Nogueira, Ribeiro, Almeida, 2020), points out the new theoretical and social aspects that involve Chief Executive Officers (CEOs) in company strategies, through from a bibliometric study using matching techniques, with data from the period between 1992 and 2019. Studies on CEOs are intrinsically linked to strategic decision making. The results indicate the researchers' concern for corporate governance, experience and learning, the analysis of compensation and remuneration linked to contracts, as well as the relevance of the CEO's profile.

The field of intercultural communication in business identifies the attitudes, values and behaviors that are approved or accepted for good or bad business performance. As a preliminary premise, one can speak of a national cultural profile and a corporate cultural profile by country or by region. A preliminary definition of culture encompasses values, attitudes, behaviors, and dispositions as part of a national culture. The corporate culture of a country is reflected in the business practices of its companies. Although national and corporate culture are not identical, there is an intersection shared by both. (Ballina, 2006).

Hofstede (1984) introduces the model of "mental programs" or "mental programming". In this concept, Hofstede defines culture as “collective programming of the mind”. The three levels of mental programs are identified in three circles: 1.-. Circle of the nation arises from a specific, historical-cultural identification framework, some nations are very old, others of recent emergence. 2.- Circle of religion. It is defined by the religious macro culture, and it is easier to identify that religion as a system of symbols, norms, convictions, communications, behavior, and expectations has a longer period of influence in all nations. 3.- Circle of social subjects such as the family, the company, social classes, the professional group, etc. Which often establish their specific cultures, the so-called subcultures. The specific features of these subcultures derive from the two circles mentioned above.

In this framework, it seeks to compare the previously mentioned circles in the context of business strategies carried out in the East and the West, taking the countries headed by the United States and the European Union as a reference for the West, and the countries that are currently in the middle of the East. The bloc of Asian countries led by China.

A first central aspect in the difference between both blocks, is the religious circle Weber, Max (1922, 1978), dedicated part of his studies to the religious factor as a determinant of economic activity, identified the "Spirit of capitalism" in asceticism Calvinist of the sixteenth and seventeenth centuries, emerged in the Netherlands, France, England and the United States, where a modernizing process was generated, the ideal type of Weber's capitalist entrepreneur.

Within the Western perspective, particularly the North American, business culture has had as its central idea that the individual and not society should be the fundamental goal. This idea encouraged Calvinism and Puritanism before the industrial revolution. The conflict between the individual and society has always entailed a dilemma that implies the conception of collective learning, in the company and the organization, although in the North American context, this education is based on pragmatic and utilitarian principles.

The debate around Asian and Western values is imbued with circular reasoning in both contexts. The problem of governance in one block and the other differ from each other, the values of the West around the market economy are oriented towards meritocracy and pragmatism, the rule of law, utilitarian education.

In China, the structuring of its economy with a one-party system has shown that authoritarian regimes can foster stability and long-term strategic planning. Providing and improving the living conditions of the population. The Chinese government is changing the world's ideas about politics, the economy, and the world order.

Mahbubani (2008, p. 73), compares China from a renaissance, whose effervescence Europe experienced in the renaissance. Golden (2008: 121), defines Asian values: “where society prevails over the individual, order and harmony over individual freedom; religion is separated from the State, political leadership is respected and there is a non-adverse relationship between the Government and the business sector.”

Radina (2022), identifies the key concepts of thought and culture that the Chinese have created and used, and that are typical of their philosophy, humanistic spirit, way of thinking and values that have prevailed for thousands of years.

Within the Asian countries, the paradigmatic business model is China, where the fusion between tradition and modernity takes shape, a kind of synthesis between Confucianism and Maoism. According to Confucius, 2002, (551-479 BC), and his ethical principles, a prosperous society only if relationships are maintained in full harmony: Ruler/subject, husband/wife; father/son if the prince is virtuous, the subjects will imitate his example... The basis of the Confucian doctrine is to recover the ancient sages of Chinese culture and influence the customs of the people. To do this, he developed the necessary tools to make knowledge more accessible to all individuals, even the most underprivileged and marginalized.

Another differentiating factor between the business culture of the East and the West lies in the formula for accessing knowledge, when comparing them, D. T. Suzuki and Erich Fromm (1964, 2019, p.123, ss.), discover that the western mentality is: "analytical, selective, differential, inductive, individualistic, intellectual, objective, scientific, generalizing, conceptual, schematic, impersonal, legalistic , organizer, tax, self-affirming, willing to impose their will on others, socially directed to the individual, etc.

Faced with these Western features, those of the East can be characterized as follows: synthetic, totalizing, integrating, non-selective, deductive, non-systematic, dogmatic, intuitive (rather affective), non-discursive, subjective, spiritually individualistic, and socially directed to the group.

The scientific method, from the Western perspective, consists of observing an object from the formula of objectivity, as Fromm observes (p.19), for example a flower: "Scientists will subject it to all kinds of analysis, botanical, chemical, physical, etc., and they will tell us from their respective study angles what they have discovered about the flower" … "But the problem remains: "Has the entire object really been caught in the net?" "Definitely not. Because the object that we believe we have seized is only the sum of abstractions and not the object itself" (p. 20).

In Zen philosophy, the method of knowledge consists in penetrating directly into the object itself and seeing it from within: "To know the flower is to become the flower, to be the flower, to flourish like the flower, and to enjoy the sunlight and the The rain."

In Lao Tzu's version: "Realizing that our knowledge is ignorance, is a noble internal understanding; considering our ignorance as knowledge is a mental illness." (Tés, Lao, 1996, p. 51).

As we know, this oriental philosophy would be taken up again by Socrates 200 years later, where the oriental "intuitive consciousness" became "conceptual consciousness" and found a first organic systematization in the rationalism of the great triad: Socrates, Plato, and Aristotle. In rational knowledge, this classical profile leads to virtue, in terms of ethics and morality, and from this derives truth and justice. This conception, of course, is closely linked to Greek culture, particularly Greek politics, in which the full development of the individual within the State and the community was assumed.

From the perspective of Eastern religions: Hinduism, Confucianism, Taoism, Buddhism and Zen, as exposed by their compilers or creators: Pantajali, Buddha, Lao Tse, Confucius, Chuang-Tzè and the great Zen masters, we are all nature. The good, the bad, the black, the white, the unfair or the fair are Manichean expressions; good or evil only exist in the head of those who think so.

The religions that are defined as Abrahamic, originating from Abraham: Judaism, Christianity and Islam share some common characteristics: they are all monotheistic. Monotheism is the practice of worshiping a deity, although each religion refers to the deity using a different name, these religions believe that God created the world and has absolute authority over the world and humanity, God reveals himself to few people to offer guidance and salvation. All Abrahamic religions believe in the dichotomy between good and evil, in the afterlife the dead are judged according to their actions: the just are rewarded with entry into paradise, while the wicked must be punished by being thrown into hell.

In Christianity, the dichotomous representation of the social structure has been transposed to the world beyond, responding to various interpretations of the anatomical dichotomy, in which economic coercion and slavery persist. Thomas Aquinas said that "each estate has a function to fulfill". (Cerroni, 1973, p 33-89).

In the Eastern world, the teachings of Lao Tse and Buddha, 2002, (Siddhartha Gautama, VI-V centuries BC)), are modeled according to the idiosyncrasies of the different human groups that adopt, practice, and experience them.

The Art of War, compiled more than 2,000 years ago by a Chinese philosopher and warrior named Sun Tzu, (2001), (2008) is still today the most influential strategy book in today's world of business and world politics. Sun Tzu perceived that war required study and analysis, his work is the first known attempt to plan and execute military operations on a long-term rational basis, his principles have been adopted in different post-Cold War scenarios since 1945 in Japan, Korea, Vietnam, Laos, Cambodia and, above all, it is an instrument to understand China's foreign policy during the cold war periods of the 20th and 21st centuries.

Among the business strategies that emerged in the 50s, a series of lectures by Edward Deming, a statesman, professor and founder of Total Quality, Ignored by American corporations, went to Japan in 1950 at the age of 49 and taught Japanese administrators, engineers, and scientists how to produce quality, the development of the main theories on Total Quality by Japanese authors was formalized: Ishikawa, Kaoru (1985). Total Quality Management (abbreviated TQM, from English Total Quality Management).

Some of the constants that appear in the new recipes for organizational change are highly linked work teams, a greater degree of decentralization in increasingly flatter structures, less hierarchical, remuneration systems with multiple benefits and greater job security, etc. The engine that pushes towards change is learning. Organizations must change due to competitive pressures and the need to adapt to the structural change that affects the entire economy and each of the sectors.

Daniel Goleman (1999), from the Inter-systematic perspective, proposes developing emotional capacities to work as a team. According to this author, the new conditions of modern companies require the need for self-control in stressful situations and the importance of "being honest", upright and responsible. The most effective managers are emotionally intelligent because of their clarity of purpose, self-confidence, their power to influence positively, and their ability to "read" the feelings of others. According to this author, in the complex modern world, the progress of companies and individuals will depend more and more on "emotional intelligence".

Brown & Berry (1989) consider the organizations of the future as "refineries of knowledge", or like Peter Senge (1997) who mentions the "Fifth Discipline" (learning in teams), as the most important for organizational change.

The concept of emotional intelligence and labor competencies is under review due to its complexity. There are various categories of competencies: technical, professional, participatory, personal, basic, key, generic, transferable, emotional, socio-emotional, etc. (Alzina Rafael, Pérez Escoda 2007) consider emotional competencies, understood as a subset of personal competencies.

Oughourlain (2016), in his research, divides the functioning of the human brain into three parts: that of reason, that of passions and the mimetic brain, the latter two perform 90% of the operations that every individual performs, the brain Rational only appears when we consciously focus on an object. The mimetic brain is the basis of imitation, represented by mirror neurons, where the principle of empathy resides, thanks to emotional reasoning, reflected as an alternate self. It is empathy that makes it possible to decode and share emotions and feelings.

There are historical, cultural, and religious conception variables that influence the Japanese organization in the way of creating knowledge. A fundamental aspect of Japan's recent history is the way in which a country destroyed to its foundations manages to re-emerge and become a world empire, the key to understanding this growth has been the uncertainty that Japanese companies have faced for more of half a century, as well as the hostile competition, where the fear of disappearing and the hope of surpassing the competitors were the motor for them to anticipate change and generate new things: the great secret has been to keep constantly innovating, which has represented the characteristic of the successful Japanese company.

For this, the Japanese are aware of what happens inside and outside the organization and their future perspective is directed to anticipate the changes that will occur in technology, market, competition or product, these companies have incorporated the notion of change daily.

Uncertainty as a driving factor for growth and the search for knowledge, motivates a permanent consultation with people outside the company such as suppliers, customers, distributors, government agencies and even its rivals, all with the aim of seeking new alternative courses of action.

Nonaka and Takeuchi (1981, 1982) point out three key characteristics in the creation of knowledge that are related in the way in which the tacit can be made explicit: The first characteristic is identified from metaphor and analogy. It is argued that through metaphors people unify a new way of what they know and begin to express what they already know but cannot yet describe. On the other hand, the analogy clarifies how the two ideas or objects are similar and at the same time different.

The third characteristic that these authors point out is redundancy, which occurs above all when sharing information, it also disseminates new explicit knowledge throughout the organization so that employees can assimilate it. This explains the success of Japanese companies that work with shared work, thanks to the dynamic interaction that occurs between them. This interactive learning also extends to the producer-supplier-consumer relationship and their technological learning strategies. (Michiko Tanaka, 1981, 1982),

This dialogue can encompass considerable conflict and disagreement, but it is precisely the conflict that pressures employees to question existing premises and make new sense of their experiences. This form of dynamic interaction facilitates the transformation of personal knowledge into organizational knowledge. The differences between the business strategies of the East and the West are notorious and substantial: while in the West it was decided to divide body and mind, in the East the importance of an integral and harmonious functioning of both has been always valued.

In this sense, they are two opposing paradigms, which determine the way in which knowledge is accessed and understood, for this reason we reiterate that the West will have to make efforts to incorporate and change the individual conception of knowledge to share and socialize it in the various organizational spaces. It is an individual process of self-renewal at the personal and organizational level, it has to do with both ideals and ideas, and that fact serves as an incentive for innovation.

The essence of innovation is the recreation of the world in accordance with a particular ideal or vision. Creating new knowledge means, from this perspective, recreating the company and all those who belong to it within a continuous process of personal and organizational renewal. In other words, innovation is a process that is stimulated and promoted at two levels and not, as in the Western vision, which is seen as an "act of enlightenment" to which only a few have access and, therefore, care must be taken as if out of gold.

Japan's companies believe that new and proprietary knowledge cannot be created without intense interaction from outside and inside. To create knowledge, what is learned from others and shared skills must be turned internal, that is, reshaped, enriched, and translated to fit the identity and image of the community.

To try to understand the Japanese process, one must consider the post-war democracy and the so-called "Career Democracy" (Shusse minshushugui), which created the illusion of equality, of opportunity as popular formal education expanded and anti-warfare was increasing (against the Japanese militarism of the past and the US military presence), these measures, however, privileged the large Japanese corporations within a national productivism project. Consequently, the business culture in the Japanese case permeates the state, putting the bureaucracy at its service, managing society in general and its employees at the same time.

IV. Discussion

Despite the differences between Western and Eastern perception in the future of knowledge generation, these theories have in common that they trivialize knowledge in different ways. Regardless of the worldview of knowledge they adopt, whether from the Western or Eastern perspective, they refer us to schemes of competitiveness and rivalry between Western and Eastern companies.

The authors who point to innovation for the creation of organizational knowledge trivialize this fundamental consideration of classical epistemology, both Western philosophy and Eastern thought.

The result of improved productivity in a constrained ecosystem is simply increased production volumes of goods that use a few inputs, including workers and managers: and the consequent downsizing, reengineering—the tendency to reduce wages to increase profits simultaneously– and the displacement of the work of the managerial action of recent years.

This is how the United States and China have understood it in recent years, both fully involved in a race to achieve technological supremacy, which gives whoever achieves that position an undoubted competitive advantage when it comes to imposing their geopolitical, economic, commercial interests. or even cultural.

Few decisions have had as much global impact as the one taken by Chinese leaders, led by Deng Xiaoping, in December 1978. Two years after Mao Zedong's death, the leadership of the Communist Party (CCP) decided to give a radical reversal of the political course that had been outlined during the Cultural Revolution and implemented the "four modernizations" that were going to open the heavy doors of the Asian giant. Afterwards the world has not been the same. China has not only become the second world power, and the only one capable of challenging the hegemony of the United States. It is also a key part of world trade and, therefore, of globalization that began four decades ago with the reforms carried out by the Central Committee of the CPC. China has staged an economic miracle that, despite the effects of the Pandemic, is far from over. The Silk Road is an economic project by China to improve links with the rest of the world through the creation of two major trade routes: one by sea and the other by land, which will link the Asian giant with Europe, Africa, and Latin America.

The RCEP is an economic treaty that seeks to eliminate tariffs and quotas on 65% of products and other barriers to free trade. The agreement addresses trade in goods and services, the digital economy, intellectual property, and trade disputes, and allows technology transfer to less developed countries: Laos, Cambodia, and Myanmar, among other issues. Other countries belong to this organization, with which China already had free trade agreements: Australia, India, New Zealand

Much of Japan's electronic products are assembled in one of these countries. State-of-the-art and innovative technologies are manufactured in all of them. If at first it was textile products, plastics and toys that were most exported, now they are those referring to the electronics industry and information technology.

It is estimated that the combined gross domestic product (GDP) of the signatory countries amounts to some 26.2 trillion dollars (22.14 trillion euros), equivalent to 30% of global GDP. The agreement represents approximately 28% of world trade and a market of about 2 thousand 200 million people, about 30% of the world population, in the region with the highest economic growth in the world.

In the context of comparative advantages, Eastern culture has greater scope and possibilities of overcoming the dichotomies between individual and society, it allows combining classical physics with quantum, the coincidence of the causal with the casual, in the West science is linked with a vision materialist, while in the East there is a holistic vision based on a diffuse logic, integrated into the cosmos, where man

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and the divine are part of a whole, and where the individual cannot be conceived without the collective

In the evolution of Western science, epistemological objectivity means ontological subjectivity, the truth belongs to God or no one. Decision making occurs from the particular to the general, under the Cartesian influence of forecasting and planning, within the rational order of dichotomous logic.

The most serious error in which the western and eastern conception of organizational knowledge incurs is that it is identified with pragmatism and utilitarianism, with technological materialism, which conceives that all knowledge implies a physical activity and consequently has as its purpose a construction or a manufacture of an object or merchandise, in both cases these models have degenerated into imperialist visions within international competition.

The modern oriental perspective of knowledge differs radically with the raison d'être of classical oriental thought: Buddha, Lao Tse and Confucius felt the need to seek knowledge seeking to overcome conventional interpretations of society: the desire to possess social status, titles, reputation, power over others, etc.

This classical oriental vision contrasts with the utilitarian thought of the modern orient, particularly Japan, concerned with mechanization, automation, instrumental reason, the reason that the oriental classics questioned is present in the modern Japanese conception, of course we cannot create the wheel of history and going back from modern industrial Japan to ancestral artisan Japan, however, it suffers from the ills that afflict the West, as a promoter of the great development of science and technology.

Contemporary society is conceived as a contradiction of four sectors or subsystems: the economic subsystem, the political or administrative, the sociocultural subsystem, and the legitimation subsystem (Habermas, 1996)). Legitimation crises reflect the entropy or contradictory, self-destructive tendency of society, for example, in advanced capitalism the self-destructive tendency rises from the bases of the system. The legitimation crisis and other types of crises commonly escalate as we recapture the benefits related to organizational productivity.

Precisely since these interactions of human actions are contextualized on the material components of the economy, it occurs in the form of networks in which there are flows of technologies, sciences, techno-science, finances, energy, information, etc., with the environment creating the emergence of successive heterogeneous alternatives of instabilities and stabilities. Although these contradictions are manifested more in the West than in the East, Western man is more constrained, restricted, inhibited, his spontaneity is not his, certainly Westerners in consumer societies would not stop buying for even a minute, desire is the basis of pain and pleasure simultaneously. The person-machine contradiction manifests itself in different degrees of intensity, in the West and in the East, having as a common denominator the machine, behaviorism, conditioned reflex, psychological tension, automation in general, etc.

In the contemporary world, it is becoming necessary to incorporate the complexity approach in the study of business phenomena, starting from understanding action as: non-linear local interactions; connectivity; feedbacks; distributed networks; emergent complexity; creativity and innovation; flexibility and change orientation. Foresight and foresight have no value, it is impossible to establish a model, all we can foresee are eventual problems and possible solutions. We live in the kingdom of uncertainty.

Chaos Theory (Gleick, 1988; Hayles, 1991) allows us to reframe why all previous attempts to achieve scientific status in the humanities and social sciences have produced such disappointing results, what it proposes is a new and more comprehensive field. A work encompassing phenomena that are inherently complex, unpredictable, and chaotic allows us to outline a non-reductionist semiotics capable of confronting highly complex and chaotic phenomena that are inescapable and determining aspects of every outstanding political and social fact in the world today.

This task implies recognizing the company and organization in a complex world and entering a logic of integral, systemic, ecological coherence, that is, turning administration into a more universal and inclusive science.

For Fromm, (2020, p.59), the man oriented by science stopped being rational and independent. He lost the courage to think for himself and make decisions based on his full intellectual and emotional commitment to life. "He wanted to change the uncertain uncertainty that emotional intelligence provides, for an" absolute certainty "that supposedly has" scientific "predictability."

To this pathology, social conformism is added, the tendency to locate technical progress as the social panacea, means an emotional attraction to the mechanical, this attraction to what is not alive constitutes an attraction to death, the necrophilous tendency that I identify Freud (1991) on eros and Thanatos.

Currently the guarantee of certainty is deposited in the machines and algorithms that large companies, with the help of computers, can develop plans aimed at manipulating the intellect and human emotions.

In the contemporary world, different scenarios are looming economic, financial, cybernetic, warlike, media, etc. Since the Crimean conflict (2014) between Russia and Ukraine, for many analysts the decline of the West as the dominant civilization began, which is evolving towards the emergence of a new international order.

In poor countries, the possibility of new theoretical developments and strategies are opened from a more critical perspective and aware of their ecological, cultural, and political conditions, it requires quantitative and qualitative studies, which are approximations of what happens in the environment., these circumstances open future lines of research. (Ballina, 2012).

V. Conclusions

From the Western perspective, particularly the American one, administrative theories have had as their central idea that the individual and not society should constitute the fundamental purpose. This idea encouraged, before the industrial revolution, Calvinism and Puritanism; the conflict between the individual and society has always entailed a dilemma that implies the conception of collective learning, in the company and the organization, although in the North American context, this education is based on utilitarian principles.

In the oriental worldview, business theories are influenced by the different philosophies and religions that emerged in Asia, particularly by the Confucianism that governs the ethics and morality of China and many Asian countries, the family is its base, and the State It is considered as the great family. In Confucianism, morality does not make sense unless it is connected to a social and humanistic ethic.

In this field, business strategies in the Asian continent have had greater scope and possibilities to overcome the dichotomies of Western strategies, the duality of science and metaphysics, dissolves in the principle of synchronicity that allows combining classical physics with the quantum, the coincidence of the causal with the casual, in the West science is linked to a materialistic vision, while in the East there is a holistic vision based on a religious syncretism of diffuse logic, integrated in the cosmos, in nature, where man and the divine are part of a whole.

The ethical conception of organizational knowledge, both in the West and in the East, requires a rethinking of attitudes and ethical and moral values. Humanistic planning emphasizes understanding in the control and planning of scenarios, cybernetic technology and computers should be a functional part of a system oriented for life and not to kill the system, in this sense political participation requires a much higher degree of those involved in companies and organizations and their environments.

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Comapritive Analysis of Ford and Volkswagen on the basis of their Strategies

By Siddharth Keswani & Chirag Seth

Abstract- The paper aims at providing a systematic analysis of operations of Ford Motors and Volkswagen. They are compared on basis their strategies and how they are performing globally. Brief description about both of them is mentioned below.

Ford is one of the leading players in the global automotive industry and has implemented a successful product and pricing strategy in its international marketing efforts. The company's product strategy involves offering a wide range of vehicles that cater to diverse consumer needs and preferences. Ford has a robust product development and innovation process that allows it to introduce new models and upgrades frequently, ensuring that its offerings remain competitive and relevant in the market. In terms of pricing strategy For example, in India, Ford has launched several models with smaller engine sizes to cater to the country's growing demand for fuel-efficient vehicles. In terms of product strategy.

Volkswagen (VW) is a multinational automotive company that has successfully implemented various strategies in international marketing. One of the company's main strategies is to customize its products and marketing campaigns according to the needs and preferences of different regions and countries.

Keywords: *analysis, automobile, comparison, ford, Volkswagen.*

GJMBR-A Classification: *ACM: J.4*

COMAPRITIVEANALYSISOFFORDANDVOLKSWAGENONTHEBASISOFTHEIRSTRATEGIES

Strictly as per the compliance and regulations of:

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Volkswagen (VW) is a multinational automotive company that has successfully implemented various strategies in international marketing. One of the company's main strategies is to customize its products and marketing campaigns according to the needs and preferences of different regions and countries. VW has established local production facilities in several countries, enabling it to produce cars that are specifically tailored to the local market's demands. This approach has helped the company to increase its market share in various regions, including Europe, Asia, and the Americas. Another important strategy for VW is to create a strong brand image globally.

This paper can help in coming to the conclusion which company is better in terms of operations.

Keywords: analysis, automobile, comparison, ford, Volkswagen.

I. Introduction

Ford and Volkswagen (VW) are two of the largest automotive companies in the world, with a rich history of producing some of the most iconic cars on the road. These companies have been at the forefront of innovation, technology, and design, and have consistently adapted to changes in the global automotive industry to maintain their position as industry leaders. This research paper aims to provide an in-depth analysis of Ford and VW, examining their history, current operations, and future plans, as well as comparing and contrasting their strategies in various areas of the business.

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a) *History of Ford & Volkswagen*

Ford Motor Company was founded by Henry Ford in 1903 and quickly established itself as a leading manufacturer of automobiles. Ford is credited with revolutionizing the automotive industry with the introduction of the assembly line, which made mass production of cars possible. The Model T, which was introduced in 1908, became the first affordable car for the middle class, and by 1913, Ford was producing over 1,000 cars per day. The success of the Model T cemented Ford's position as a major player in the global automotive industry.

Over the years, Ford continued to innovate and produce some of the most iconic cars in history, including the Mustang, the Thunderbird, and the F-150 pickup truck. The company also expanded into other areas of the automotive industry, such as luxury cars and electric vehicles. Today, Ford is a global company with operations in over 100 countries, and continues to be a major player in the automotive industry.

Volkswagen was founded in 1937 in Germany, with the goal of producing affordable cars for the masses. The company's first car was the Volkswagen Beetle, which became one of the most iconic cars in history. The Beetle was designed to be simple, reliable, and affordable, and it quickly became a symbol of the post-war economic boom in Germany. Volkswagen continued to produce a range of successful cars over the years, including the Golf, the Passat, and the Polo. In recent years, Volkswagen has faced a number of challenges, including the "dieselgate" scandal in 2015, which involved the company using software to cheat emissions tests on some of its diesel engines. The scandal resulted in billions of dollars in fines and compensation, and damaged the company's reputation. However, Volkswagen has since implemented a number of changes and is working to regain the trust of consumers.

II. Overview and Strategies of Volkswagen Along with its Comparison with Ford

a) *Current Operations of Volkswagen*

Volkswagen is also a global company with operations in Europe, Asia, and the Americas. The company produces a range of cars under various brands, including Volkswagen, Audi, Porsche, and

Lamborghini. In recent years, Volkswagen has focused on expanding its electric vehicle offerings, and has launched several new models, including the ID.3 and ID.4. The company has also invested heavily in research and development, particularly in the area of autonomous driving technology. In addition, Volkswagen has established partnerships with other companies, such as Ford, to collaborate on technology and production.

b) Company Overview

Ford Motor Company is an American multinational corporation that was founded in 1903. It is the second-largest automaker in the United States and the fifth largest in the world. The company produces a wide range of cars, trucks, SUVs, and commercial vehicles under various brands, including Ford, Lincoln, and Mercury. Ford is known for its innovation, such as the assembly line, and has a strong legacy of producing high-performance cars such as the Mustang.

Volkswagen Group is a German multinational corporation that was founded in 1937. It is the largest automaker in Europe and the second-largest in the world. The company produces a wide range of cars, including Volkswagen, Audi, Porsche, Skoda, and Bentley. Volkswagen is known for its engineering excellence, such as the air-cooled engine and the DSG transmission. The company has a strong focus on sustainability and has been investing heavily in electric and autonomous vehicles.

i. *Business Strategies*

Ford and VW have both implemented various business strategies to maintain their competitiveness in the global market. These strategies include product differentiation, cost-cutting, diversification, innovation, and strategic partnerships.

ii. *Product Differentiation*

One of the primary strategies that both companies have used is product differentiation. Ford and VW have focused on producing cars that cater to different market segments and regions. Ford's product portfolio includes a wide range of cars, trucks, and SUVs that are targeted towards different consumer segments. For instance, the Ford Mustang is targeted towards performance enthusiasts, while the Ford F-Series is targeted towards commercial customers. VW has also adopted a similar approach by producing cars under different brands such as Volkswagen, Audi, Porsche, and Skoda, each targeting different customer segments.

iii. *Cost-Cutting*

Both companies have also implemented cost-cutting measures to improve their profitability. Ford has been restructuring its operations and reducing its workforce to improve efficiency and reduce costs. VW has been focusing on reducing its material costs and streamlining its production processes to increase efficiency.

iv. *Diversification*

Both companies have diversified their product offerings to expand their market presence. For example, Ford has expanded its business to include mobility services such as ride-sharing and electric bikes. VW has also diversified its business to include mobility services and has invested heavily in electric and autonomous vehicles.

v. *Innovation*

Both companies have also invested in innovation to stay ahead of the competition. Ford has been investing heavily in electric and autonomous vehicles and has formed partnerships with various tech companies such as Argo AI and Rivian. VW has also been investing in electric and autonomous vehicles and has set ambitious targets to become carbon neutral by 2050.

vi. *Strategic Partnerships*

Finally, both companies have formed strategic partnerships to strengthen their market position. For instance, Ford has formed partnerships with various companies such as Mahindra and Rivian to develop electric and autonomous vehicles. VW has formed partnerships with various tech companies such as Microsoft and Amazon to develop digital services for its cars.

vii. *Products*

Ford produces a wide range of cars, including sedans, trucks, SUVs, and electric cars. The company's most popular models include the F-150, the Mustang, and the Explorer. Ford's electric cars, such as the Mustang Mach-E, are becoming increasingly popular as consumers seek eco-friendly and fuel-efficient cars.

Volkswagen also produces a wide range of cars, including sedans, SUVs, and electric cars. The company's most popular models include the Golf, the Passat, and the Tiguan. Volkswagen's electric cars, such as the ID.4, are becoming increasingly popular as consumers seek eco-friendly and fuel-efficient cars.

viii. *Partnership*

In 2019, Ford and Volkswagen formed a partnership aimed at increasing their competitiveness in the global market. The partnership includes joint development of commercial vans and pickup trucks, as well as collaboration on autonomous and electric car technology. The two companies have also agreed to share manufacturing facilities and explore other potential collaborations in the future.

ix. *Future Prospects*

Both Ford and Volkswagen face a number of challenges in the future, including increasing competition from new players in the automotive industry, changing consumer preferences, and government regulations aimed at reducing emissions and increasing fuel efficiency. However, both companies are well-positioned to meet these challenges. Ford has a strong focus on innovation and a history of producing affordable automobiles.

x. *Marketing Strategies*

Volkswagen (VW) is a global automotive brand that has successfully implemented various marketing strategies to establish itself as one of the world's leading automakers. VW's marketing strategies are aimed at creating a strong brand image, increasing customer loyalty, and attracting new customers. In this section, we will discuss some of the key marketing strategies adopted by Volkswagen.

xi. *Global Branding*

VW has a strong global brand image, which has been built through its extensive marketing campaigns and sponsorship deals. The company's marketing efforts are focused on creating a sense of reliability, innovation, and sustainability associated with the brand. VW has also established partnerships with other global brands and events to increase its brand awareness. For example, VW has been the official partner of the FIFA World Cup since 2002.

xii. *Product Customization*

VW has implemented a product customization strategy to cater to the diverse needs and preferences of customers across different regions. The company has established local production facilities in several countries, enabling it to produce cars that are specifically tailored to the local market's demands. This approach has helped the company to increase its market share in various regions, including Europe, Asia, and the Americas.

xiii. *Digital Marketing*

VW has invested heavily in digital marketing to reach a wider customer base and increase its sales and revenue. The company's digital marketing efforts are focused on creating engaging content and interactive experiences for customers through its website, social media platforms, and mobile apps. VW has also launched several online campaigns, such as its "Think Blue" campaign, which promotes sustainable mobility.

xiv. *Sponsorship and Event Marketing*

VW has a strong focus on sponsorship and event marketing to increase brand awareness and connect with customers. The company has been involved in various sports sponsorships, including its long-standing partnership with the FIFA World Cup. VW has also sponsored cultural events, such as the Berlin International Film Festival and the Salzburg Festival, to promote its brand values and connect with a wider audience.

xv. *Customer Relationship Management (CRM)*

VW has implemented a CRM strategy to increase customer loyalty and engagement. The company has established a customer loyalty program called "Volkswagen Loyalty Plus," which offers exclusive benefits and rewards to its loyal customers. VW also provides personalized services to customers, such as online service booking and customized financing options, to enhance the overall customer experience.

III. Overview and Strategies of Ford Along with its Comparison with Volkswagen

Ford Motor Company is a global automotive brand that has successfully implemented various international marketing strategies to expand its reach and increase sales. In this section, we will discuss some of the key international marketing strategies adopted by Ford.

a) Current Operations of Ford

Ford is a global company with operations in North America, South America, Europe, Asia, and Africa. The company produces a range of cars, trucks, SUVs, and electric vehicles under various brands, including Ford, Lincoln, and Mustang. In recent years, Ford has focused on streamlining its operations and reducing costs, including restructuring its global business and cutting jobs. The company has also invested heavily in research and development, particularly in the area of electric and autonomous vehicles. In addition, Ford has established partnerships with other companies, such as Rivian and Volkswagen, to collaborate on technology and production.

i. *Global Branding*

Ford has established a strong global brand image through its extensive marketing campaigns and sponsorships. The company's marketing efforts are focused on creating a sense of reliability, innovation, and quality associated with the Ford brand. Ford has also established partnerships with other global brands and events to increase its brand awareness. For example, Ford has been a long-standing partner of the UEFA Champions League.

ii. *Localization*

Ford has implemented a localization strategy to cater to the diverse needs and preferences of customers in different regions. The company has established local production facilities in several countries, enabling it to produce cars that are specifically tailored to the local market's demands. This approach has helped the company to increase its market share in various regions, including Europe, Asia, and the Americas.

iii. *Digital Marketing*

Ford has invested heavily in digital marketing to reach a wider customer base and increase its sales and revenue. The company's digital marketing efforts are focused on creating engaging content and interactive experiences for customers through its website, social media platforms, and mobile apps. Ford has also launched several online campaigns, such as its "Ford Mustang Customizer" campaign, which allows customers to customize and build their own Mustang online.

iv. *Sponsorship and Event Marketing*

Ford has a strong focus on sponsorship and event marketing to increase brand awareness and connect with customers. The company has been involved in various sports sponsorships, including its long-standing partnership with the UEFA Champions League. Ford has also sponsored cultural events, such as the Ford Cork Week sailing event in Ireland, to promote its brand values and connect with a wider audience.

v. *Customer Relationship Management (CRM)*

Ford has implemented a CRM strategy to increase customer loyalty and engagement. The company has established a customer loyalty program called "FordPass Rewards," which offers exclusive benefits and rewards to its loyal customers. Ford also provides personalized services to customers, such as online service booking and customized financing options, to enhance the overall customer experience.

b) Overview

Ford's international marketing strategies have enabled the company to expand its reach and increase sales in different regions. The company's focus on localization, digital marketing, sponsorship and event marketing, and customer relationship management has helped it to connect with customers and create a strong brand image. Ford's marketing strategies have also enabled the company to innovate and position itself as a leader in sustainable mobility, which is increasingly important in the global market. Whereas Volkswagen (VW) is a global automotive brand that has successfully implemented various international marketing strategies to establish itself as one of the world's leading automakers. In this section, we will discuss some of the key international marketing strategies adopted by Volkswagen.

i. *Global Branding*

VW has a strong global brand image, which has been built through its extensive marketing campaigns and sponsorships. The company's marketing efforts are focused on creating a sense of reliability, innovation, and sustainability associated with the VW brand. VW has also established partnerships with other global brands and events to increase its brand awareness. For example, VW has been the official partner of the FIFA World Cup since 2002.

ii. *Localization*

VW has implemented a localization strategy to cater to the diverse needs and preferences of customers in different regions. The company has established local production facilities in several countries, enabling it to produce cars that are specifically tailored to the local market's demands. This approach has helped the company to increase its market share in various regions, including Europe, Asia, and the Americas.

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IV. Conslusion

From the above mentioned information it can clearly said that both the companies are doing exceptionally well. They both are leading players in automobile industry and have grown manifolds in recent years. t's difficult to say which company is better as it depends on various factors such as personal preferences, needs, and priorities. Both Ford and Volkswagen are well-established automobile companies with a rich history and diverse product offerings. Ford is known for its durable trucks and sports cars, such as the Ford F-150 and Mustang, respectively. It also has a strong focus on innovation and has been investing heavily in electric and autonomous vehicle technology.

Volkswagen, on the other hand, is renowned for its reliable and efficient cars, such as the Golf and Passat. It also has a strong presence in the luxury market with brands like Audi and Porsche. Volkswagen has also been making significant investments in electric vehicle technology and has ambitious plans to become a leader in the field.

Ultimately, the choice between Ford and Volkswagen would depend on individual preferences, such as budget, driving needs, brand loyalty, and personal taste. Both companies have their strengths and weaknesses, and it's essential to do thorough research before making a decision.

But by the research it can be stated that Volkswagen is doing well as compared to Ford Motors as it comparatively huge and has larger product portfolio which gives it a competitive advantage. Volkswagen will, by and large, manufacture a superior car with higher quality and greater dependability. The vehicle will survive for a very long period as long as it is maintained in accordance with the owner's manual. The vehicle will start normally and its doors will stay sealed and close normally.

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The full postal address of any related author(s) must be specified.

Abstract

The abstract is the foundation of the research paper. It should be clear and concise and must contain the objective of the paper and inferences drawn. It is advised to not include big mathematical equations or complicated jargon.

Many researchers searching for information online will use search engines such as Google, Yahoo or others. By optimizing your paper for search engines, you will amplify the chance of someone finding it. In turn, this will make it more likely to be viewed and cited in further works. Global Journals has compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

Keywords

A major lynchpin of research work for the writing of research papers is the keyword search, which one will employ to find both library and internet resources. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining, and indexing.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy: planning of a list of possible keywords and phrases to try.

Choice of the main keywords is the first tool of writing a research paper. Research paper writing is an art. Keyword search should be as strategic as possible.

One should start brainstorming lists of potential keywords before even beginning searching. Think about the most important concepts related to research work. Ask, "What words would a source have to include to be truly valuable in a research paper?" Then consider synonyms for the important words.

It may take the discovery of only one important paper to steer in the right keyword direction because, in most databases, the keywords under which a research paper is abstracted are listed with the paper.

Numerical Methods

Numerical methods used should be transparent and, where appropriate, supported by references.

Abbreviations

Authors must list all the abbreviations used in the paper at the end of the paper or in a separate table before using them.

Formulas and equations

Authors are advised to submit any mathematical equation using either MathJax, KaTeX, or LaTeX, or in a very high-quality image.

Tables, Figures, and Figure Legends

Tables: Tables should be cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g., Table 4, a self-explanatory caption, and be on a separate sheet. Authors must submit tables in an editable format and not as images. References to these tables (if any) must be mentioned accurately.

Figures

Figures are supposed to be submitted as separate files. Always include a citation in the text for each figure using Arabic numbers, e.g., Fig. 4. Artwork must be submitted online in vector electronic form or by emailing it.

Preparation of Eletronic Figures for Publication

Although low-quality images are sufficient for review purposes, print publication requires high-quality images to prevent the final product being blurred or fuzzy. Submit (possibly by e-mail) EPS (line art) or TIFF (halftone/ photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Avoid using pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings). Please give the data for figures in black and white or submit a Color Work Agreement form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

For scanned images, the scanning resolution at final image size ought to be as follows to ensure good reproduction: line art: >650 dpi; halftones (including gel photographs): >350 dpi; figures containing both halftone and line images: >650 dpi.

Color charges: Authors are advised to pay the full cost for the reproduction of their color artwork. Hence, please note that if there is color artwork in your manuscript when it is accepted for publication, we would require you to complete and return a Color Work Agreement form before your paper can be published. Also, you can email your editor to remove the color fee after acceptance of the paper.

Tips for writing a good quality Management Research Paper

Techniques for writing a good quality management and business research paper:

1. Choosing the topic: In most cases, the topic is selected by the interests of the author, but it can also be suggested by the guides. You can have several topics, and then judge which you are most comfortable with. This may be done by asking several questions of yourself, like "Will I be able to carry out a search in this area? Will I find all necessary resources to accomplish the search? Will I be able to find all information in this field area?" If the answer to this type of question is "yes," then you ought to choose that topic. In most cases, you may have to conduct surveys and visit several places. Also, you might have to do a lot of work to find all the rises and falls of the various data on that subject. Sometimes, detailed information plays a vital role, instead of short information. Evaluators are human: The first thing to remember is that evaluators are also human beings. They are not only meant for rejecting a paper. They are here to evaluate your paper. So present your best aspect.

2. Think like evaluators: If you are in confusion or getting demotivated because your paper may not be accepted by the evaluators, then think, and try to evaluate your paper like an evaluator. Try to understand what an evaluator wants in your research paper, and you will automatically have your answer. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

3. Ask your guides: If you are having any difficulty with your research, then do not hesitate to share your difficulty with your guide (if you have one). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work, then ask your supervisor to help you with an alternative. He or she might also provide you with a list of essential readings.

4. Use of computer is recommended: As you are doing research in the field of management and business then this point is quite obvious. Use right software: Always use good quality software packages. If you are not capable of judging good software, then you can lose the quality of your paper unknowingly. There are various programs available to help you which you can get through the internet.

5. Use the internet for help: An excellent start for your paper is using Google. It is a wondrous search engine, where you can have your doubts resolved. You may also read some answers for the frequent question of how to write your research paper or find a model research paper. You can download books from the internet. If you have all the required books, place importance on reading, selecting, and analyzing the specified information. Then sketch out your research paper. Use big pictures: You may use encyclopedias like Wikipedia to get pictures with the best resolution. At Global Journals, you should strictly follow here.

6. Bookmarks are useful: When you read any book or magazine, you generally use bookmarks, right? It is a good habit which helps to not lose your continuity. You should always use bookmarks while searching on the internet also, which will make your search easier.

7. Revise what you wrote: When you write anything, always read it, summarize it, and then finalize it.

8. Make every effort: Make every effort to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in the introduction—what is the need for a particular research paper. Polish your work with good writing skills and always give an evaluator what he wants. Make backups: When you are going to do any important thing like making a research paper, you should always have backup copies of it either on your computer or on paper. This protects you from losing any portion of your important data.

9. Produce good diagrams of your own: Always try to include good charts or diagrams in your paper to improve quality. Using several unnecessary diagrams will degrade the quality of your paper by creating a hodgepodge. So always try to include diagrams which were made by you to improve the readability of your paper. Use of direct quotes: When you do research relevant to literature, history, or current affairs, then use of quotes becomes essential, but if the study is relevant to science, use of quotes is not preferable.

10. Use proper verb tense: Use proper verb tenses in your paper. Use past tense to present those events that have happened. Use present tense to indicate events that are going on. Use future tense to indicate events that will happen in the future. Use of wrong tenses will confuse the evaluator. Avoid sentences that are incomplete.

11. Pick a good study spot: Always try to pick a spot for your research which is quiet. Not every spot is good for studying.

12. Know what you know: Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

13. Use good grammar: Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice.
Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

14. Arrangement of information: Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. Multitasking in research is not good: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

18. Go to seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.

19. Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

20. Think technically: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.

21. Adding unnecessary information: Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

22. Report concluded results: Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

23. Upon conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

The introduction: This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear: Adhere to recommended page limits.

Mistakes to avoid:

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.

- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

Title page:

Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- o Single section and succinct.
- o An outline of the job done is always written in past tense.
- o Concentrate on shortening results—limit background information to a verdict or two.
- o Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

- o Explain the value (significance) of the study.
- o Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- o Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- o Briefly explain the study's tentative purpose and how it meets the declared objectives.

Approach:

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:

- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.

Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.

Content:

- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or manuscript.

What to stay away from:

- Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- Do not include raw data or intermediate calculations in a research manuscript.
- Do not present similar data more than once.
- A manuscript should complement any figures or tables, not duplicate information.
- Never confuse figures with tables—there is a difference.

Approach:

As always, use past tense when you submit your results, and put the whole thing in a reasonable order.

Put figures and tables, appropriately numbered, in order at the end of the report.

If you desire, you may place your figures and tables properly within the text of your results section.

Figures and tables:

If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

Discussion:

The discussion is expected to be the trickiest segment to write. A lot of papers submitted to the journal are discarded based on problems with the discussion. There is no rule for how long an argument should be.

Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.

Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact, you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved the prospect, and let it drop at that. Make a decision as to whether each premise is supported or discarded or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."

Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work.

- You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

When you refer to information, differentiate data generated by your own studies from other available information. Present work done by specific persons (including you) in past tense.

Describe generally acknowledged facts and main beliefs in present tense.

The Administration Rules

Administration Rules to Be Strictly Followed before Submitting Your Research Paper to Global Journals Inc.

Please read the following rules and regulations carefully before submitting your research paper to Global Journals Inc. to avoid rejection.

Segment draft and final research paper: You have to strictly follow the template of a research paper, failing which your paper may get rejected. You are expected to write each part of the paper wholly on your own. The peer reviewers need to identify your own perspective of the concepts in your own terms. Please do not extract straight from any other source, and do not rephrase someone else's analysis. Do not allow anyone else to proofread your manuscript.

Written material: You may discuss this with your guides and key sources. Do not copy anyone else's paper, even if this is only imitation, otherwise it will be rejected on the grounds of plagiarism, which is illegal. Various methods to avoid plagiarism are strictly applied by us to every paper, and, if found guilty, you may be blacklisted, which could affect your career adversely. To guard yourself and others from possible illegal use, please do not permit anyone to use or even read your paper and file.

Criterion for Grading a Research Paper (Compilation) by Global Journals

Please note that following table is only a Grading of "Paper Compilation" and not on "Performed/Stated Research" whose grading solely depends on Individual Assigned Peer Reviewer and Editorial Board Member. These can be available only on request and after decision of Paper. This report will be the property of Global Journals.

Topics	Grades		
	A-B	**C-D**	**E-F**
Abstract	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
Introduction	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

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