

State University of Trade and Economics
Department of International Management

FINAL QUALIFICATION WORK

on the topic:

**«IMPLEMENTATION OF THE BUSINESS MODEL OF THE
BUSINESS MODEL OF THE SUBJECT OF FOREIGN ECONOMIC
MODEL IN THE CONTEXT OF DIGITALIZATION»**

(according to the materials of Cubic Verein, Austria, Innsbruck)

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1. Topic of a final qualifying paper

Implementation of the business model of the subject of the foreign economic model in the context of digitalization*(according to the materials of Cubic Verein, Austria, Innsbruck)*

2. Approved by order of STEU from «12» January 2023 № 38
3. Deadline for the submission of completed final qualifying paper by the student is «22» May 2023
4. Initial data of the final qualifying paper:

Purpose of the research is to implement the business model of the subject of the foreign economic model in the conditions of digitalization and use

the potential of building foreign economic activity of a business with improvement and optimization of the processes and implemented strategies in Cubic Verein.

The **object** of research: the process of implementation of digital tools such as social media, websites, etc. into the activity of the organisation Cubic Verein and its follow-up observation, calculation of parameters and efficiency.

The **subject** of research: practical aspects of implementation digitalisation in the model of foreign economic activity on the base of non-governmental organisation with establishment and influence of external and internal factors.

5. Consultants are Yuliya Demkiv and Lyudmyla Serova.

6. Contents of a final qualifying paper (project) (list of all the sections and subsections)

CHAPTER 1. STUDY OF THE ACTIVITIES OF THE ENTITY

1.1. Assessment of economic activity, services and financial conditions of organisation Cubic Verein

1.2. Analysis of foreign economic activity, membership and implementation of projects of Cubic Verein

CHAPTER 2. ASSESSMENT OF THE STATE OF THE PROCESS OF BUSINESS MODELLING OF THE DEVELOPMENT OF THE ENTITIES OF THE FEA

2.1 Determination of trends and trends in the process of modelling the development of FEA on world market in conditions of digitalization

2.2 Study of the status and prospects of the implementation of the business model of the development of the FEA in Ukraine in the conditions of digitalisation

CHAPTER 3. IMPLEMENTATION OF THE BUSINESS MODEL OF DEVELOPMENT BASED ON THE MATERIALS OF THE CUBIC VEREIN

3.1 Resource support for the implementation of the business model of the development of Cubic Verein in the conditions of digitalization.

3.2 Assessment of the prospective result of the implementation of the business model of the development of Cubic Verein

CONCLUSION AND PROPOSALS

REFERENCES

APPLICATIONS

6. Time schedule of the paper (project)

No.	Stages of a final qualifying paper (project)	Terms of a final qualifying paper (project)	
		de jure	de facto
1	Approval of the content of the final paper	11/02/2023	11/02/2023
2	Collection of information	27/02/2023	27/02/2023
3	Writing and submitting for review the first chapter of the final paper	15/04/2023	15/04/2023
4	Writing and submitting for review the second chapter of the final paper	1/05/2023	1/05/2023
5	Writing and submitting for review the third chapter of the final paper	13/05/2023	13/05/2023
6	Check of the final paper	25/05/2023	25/05/2023
7	Completion of the final paper	3/06/2023	3/06/2023

8	Submission of final qualifying paper to the examination commission	certain schedule	
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7. Date of receiving the task 01/02/2023

8. Scientific adviser of the final qualifying paper Demkiv Y. M.

9. Guarantor of the educational program Pyankova O.V

10. The task received by the student Tsopa K.I.

11. Resume of a scientific adviser of a final qualifying paper

The study "Implementation of the business model of the subject of the foreign economic model in the conditions of digitalization" is devoted to an extremely relevant topic today and considers the organizational and practical aspects of the organization of the implementation of IT communications on the basis of practical site implementation. The author has conducted a sufficiently in-depth study of both foreign economic activity and technical . A detailed analysis of the global and Ukrainian IT industry markets deserves special attention. The justification for the implementation of digital marketing communications was carried out comprehensively, with objective justification and conclusions. Additional interest is added by the valuation of growth in the value of Cubic Verein, which we would like to see in a more detailed and algorithmic format.

The task of research in the work has been completed.

A final qualification work may be recommended for defense

Scientific adviser of a final qualifying paper Demkiv Y. M.

Note about preliminary paper defense

(last name, initials, signature)

12. Resume about a final qualifying paper

A final qualifying paper of the student can be admitted to defense in the Examination Board.

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_____.20____.

SCIENTIA DIFFICILIS SED FRUCTUOSA

ANNOTATION

Tsopa Kateryna Ihorivna “Implementation of the business model of the subject of the international economic model in the context of digitalization” (according to the materials of Cubic Verein, Austria, Innsbruck). Manuscript.

Graduate qualification work in the specialty "Management", educational program "Management of foreign economic activity". State University of Trade and Economics, Kyiv, 2023.

The final qualification work is devoted to the practical aspects of organising and implementing the business model of foreign economic activity in the context of digitalization, which includes: research of the functioning of the enterprise subject to foreign economic activity, analysis of the development of digitalization, differences in business activity in Austria and Ukraine, implementation of NGO activity, effect of digitalisation on the foreign economic activity and the understanding of its advantages and disadvantages in a modern approach to business. This graduation qualification work uses the development of a particular organisation as an example and identifies the success of its activity and cooperation with partners in the face of frequent changes and innovations.

Key words: foreign economic activity, digitalization, subject of the international economic model, non-governmental organisation

Анотація

Цопа Катерина Ігорівна "Реалізація бізнес-моделі суб'єкта міжнародної економічної моделі в умовах цифровізації" (за матеріалами Cubic Verein, Австрія, м. Інсбрук). **Рукопис.**

Випускна кваліфікаційна робота за спеціальністю "Менеджмент", освітня програма "Менеджмент зовнішньоекономічної діяльності". Державний торговельно-економічний університет, Київ, 2023.

Випускна кваліфікаційна робота присвячена практичним аспектам організації та реалізації бізнес-моделі зовнішньоекономічної діяльності в умовах діджиталізації, що включає: дослідження функціонування підприємства-суб'єкта зовнішньоекономічної діяльності, аналіз розвитку діджиталізації, відмінностей у веденні бізнесу в Австрії та Україні, здійснення діяльності НУО, вплив діджиталізації на зовнішньоекономічну діяльність та розуміння її переваг і недоліків в сучасному підході до ведення бізнесу. У цій випускній кваліфікаційній роботі на прикладі розвитку конкретної організації визначено успіх її діяльності та співпраці з партнерами в умовах частих змін та інновацій.

Ключові слова: зовнішньоекономічна діяльність, діджиталізація, суб'єкт міжнародної економічної моделі, неурядова організація

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INTRODUCTION

The chosen topic for this graduation qualification work on the topic: «Implementation of the business model of the subject of the foreign economic model in the context of digitalization» (according to the materials of Cubic Verein, Austria, Innsbruck) is aimed in studying and analysing the international activity of a non-governmental Austrian organisation Cubic Verein that is already for more than 20 years is on the market and provide its services, and got several awards in this sphere and operates in several countries with a big international partnership community.

All this data makes this company interesting to analyse and discover more about the implementation of the business model in the context of digitalisation. In addition to this it is impossible to mention the difference between development of digitalisation in Austria and Ukraine, and basically development of international digital trade.

Purpose of the research is to implement the business model of the subject of the foreign economic model in the conditions of digitalization and use the potential of building foreign economic activity of a business with improvement and optimization of the processes and implemented strategies in Cubic Verein.

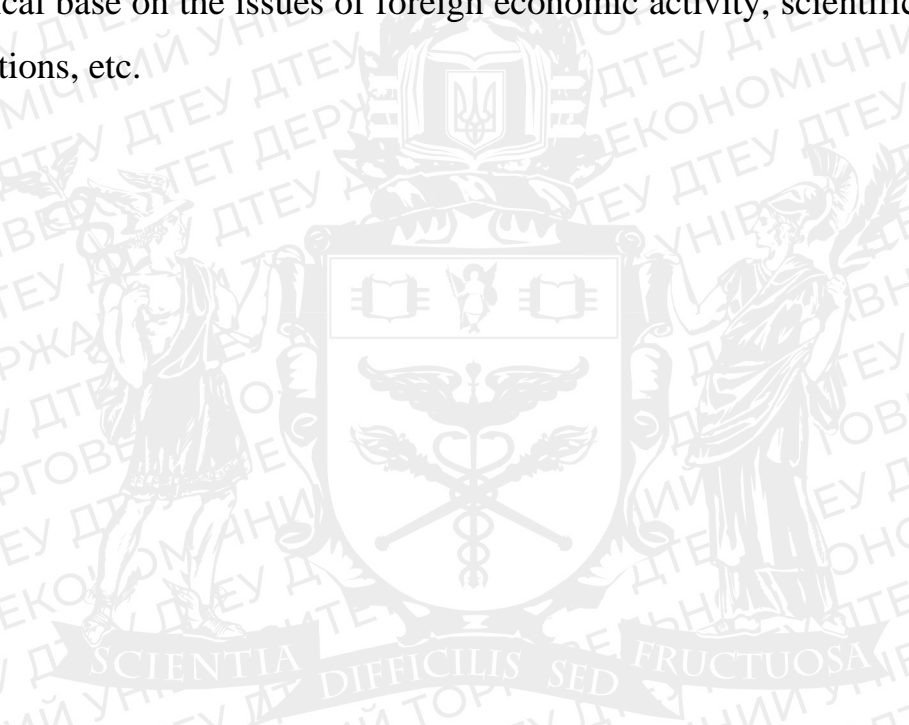
The object of research: the process of implementation of digital tools such as social media, websites, etc. into the activity of the organisation Cubic Verein and its follow-up observation, calculation of parameters and efficiency.

The subject of research: practical aspects of implementation digitalisation in the model of foreign economic activity on the base of non-governmental organisation with establishment and influence of external and internal factors.

The research methods for this work are the study, analysis, mathematical calculation and prognosis method of data compilation, comparison and summary.

The practical significance of this work lies in the ability to plan the implementation of new strategies, tools and methods in the company, followed by the evaluation of success and viability indicators, as well as the development of the skills of networking and market analysis.

The information foundation of the study is the data provided by Cubic Verein, investigative journalism, statistical data, official documentation, the theoretical base on the issues of foreign economic activity, scientific articles and publications, etc.



CHAPTER 1. STUDY OF THE ACTIVITIES OF THE ENTITY

1.1. Assessment of an economic activity, services and financial conditions of organisation Cubic Verein

The assessing of an Cubic Verein economic activity involves evaluating its financial health and practices, impact, and sustainability. The assessment can help identify strengths and weaknesses, and inform decision-making related to resource allocation, programmatic focus, and strategic planning.

The association "Cultur & Education in Context" Cubic Verein was founded in 2005 and firstly was claimed a non-profit association. The founders of association are two ex-workers of Austrian company «AK-Tirol» which is mainly engaged in maintaining statistics on economic activity and employment of the population, they also have units that deal with training and preparatory courses for workers [1]. By new made organisation Cubic Verein wanted to support young people and their own initiative and carry out projects that will strengthen international exchange and integrative processes.

Over time, the company began to grow, so now it has a CEO, board of directors, accountant, SMM/marketing manager, project managers and supervisor. Throughout work Cubic Verein involved funding from the European Union and the Chamber of Labor Tyrol as a main source of funding [2], and dealt with partners from Austria, Ukraine, Italy, Spain, Portugal, Finland, Greece, Slovenia, United Kingdom, Denmark and France. Cubic Verein has implemented various international projects to increase the social participation opportunities and improve integration.

The main activity of the organisation could belong to the section 94: Activities of public organisations under the Ukrainian nomenclature «KVED» (КВЕД). This section includes the activities of organisations that represent the interests of special groups that promote certain ideas in society. These organisations usually have a select circle of members, but their activities may

also affect non-members and carry out activities in their interests. The main division of this section is determined by the tasks that these organisations set themselves [3]. Case of Cubic Verein activity defined as an organisation that supports community development and educational opportunities, it includes class 94.99 by promoting cultural, educational ideas and activities.

But by European Commission nomenclature system - NACE - the economic activity of association Cubic Verein' will be classified as «Q.88.99 - Other social work activities without accommodation n.e.c.» and also belongs to «R.90.0 - Creative, arts and entertainment activities» [4]. NACE - is an acronym that means Nomenclature of Economic Activities - it was developed in 1970 and integrated as a classification system throughout the countries of the European Union.

The NACE codes are a standard classification system of similar European industries in function to Standard Industry Classification (SIC) and North American Industry Classification System (NAICS) for classifying business activities [5]. Usage of such nomenclature for dealing with registrations, documentation is compulsory.

In a simpler language, Cubic Verein can be called an NGO - non-governmental organisation that has its own legal status in Europe. The establishment of such an organisation means it is a self-governing economic subject that is not included into political parties and can be either informal body or ones which have legal personality. In the situation of an organisation where students practise, it has the legal representative and official institutions. The important note for such cases is that NGOs with legal personality should have the same capacities as are generally enjoyed by other legal persons and should be subject to the administrative, civil and criminal law obligations and sanctions generally applicable to those legal persons [6].

To register an NGO or any type of business activity in Austria, companies should go through pre-registration, registration and post-registration process,

which Cubic Verein basically did a long time ago. With the pre-registration process the requirements are pretty similar to Ukrainian standards: company name, incorporate certificate, minimum capital shares, local bank account, financial statements of the company, managing director (the same as in Ukraine there should be two people), articles of memorandum, agreement of shareholders or notarised establishment declaration [7]. It is the basic step of collecting documents. But already at this step managing directors from the verein started to work with a lawyer as some of the declarations could be hard to deal with from the side of bureaucracy, basically it is the same situation in Ukraine.

A major advantage of holding a regular foundation with public interest in Austria is that it is exempt from corporate income tax and has to pay only a withholding tax on specific types of investment income only (see the Table 1.1). Unlike the majority of the foundations established in many European countries, the majorities of Austrian foundations are private and may pursue a private goal [8], without contributing to the welfare production. Cubic Verein is exempt from income tax, property tax but does pay employees tax (as medical insurance and social security). So it should register employees for social security, display company seals, and extend share certificates to the company's shareholders or board of directors. Even though the company could be free from some of the taxes, the cost of preparing legal documents, registration and fees will take around 3000-3500 euros. The minimum capital requirements are numerous in Austria and Ukraine, while in Ukraine it varies from 20 000 hryvnia to 54 000, in Austria it requires 70 000 euros for newly established organisations and thirty thousand more for the long-term existing company [8]. But it is worth mentioning that most of the procedures are similar to Ukrainian.

Table 1.1.

Cubic Verein current assets in 2020-2022, thousand EUR

Current assets			
	2020	2021	2022
Government investment	21 000	18 000	17 500
Grants	34 000	57 000	58 230
Fundraising	12 000	10 000	13 750
Investment Net Profit	19 000	23 000	21 000
Individual/business donations	8 200	9 300	15 000
Total	94 200	117 300	125 480

Source: created by the author based on [information provided by Cubic Verein [1]]

In table 1.1. is shown the amount of current assets in Cubic Verein throughout the past three years. Their main focus remains the grants and government investment, though the individual/business donations are twice lower than government investments it still remains a valuable asset.

As non-governmental organisations (NGOs) are generally not-for-profit organisations, their main objective is not to generate profit but to pursue their social, environmental, or humanitarian missions. However, NGOs may still generate revenue from various sources, such as grants, donations, and fundraising activities, to support their programs and operations. In terms of financial management, NGOs should have a clear understanding of their income and expenses, and develop a sustainable financial plan to ensure that they can continue to operate and achieve their mission in the long term. They should also implement proper accounting procedures and regular financial reporting to maintain transparency and accountability. The exemption from paying certain

taxes adds a boost to the odds and raises the current ratio coefficient (see the Table 1.2).

Table 1.2.

Cubic Verein current liabilities in 2020-2022, thousand EUR

Current liabilities			
	2020	2021	2022
Accounts Payable	2 300	1 100	2 300
Outstanding Expenses	3 000	2 100	0
Taxes Payable	3 600	4 200	4 800
Deferred Revenue	2300	4 760	1 780
Income Tax Payable	0	0	0
Other Outstanding Expenses	10 440	15 470	21 760
Total Current Liability	21640	27630	30640

Source: created by the author based on [information provided by Cubic Verein [2]]

The total current liabilities (Table 1.2) of the Cubic Verein do not exceed the profit and the indicator of the current and liquidity ratio stays in money.1 The company is doing quite well and can cover certain debts and liquidity itself. The specifics of the company also play a role, because most of the profit is received from project activities, which are funded by taxpayers' money, meaning that this company is exempt from taxation. And the surplus from events or projects is often recorded by companies as the outstanding expenses, an important role plays the long-term.

Table 1.3.

Current and absolute liquidity ratio of Cubic Verein in 2020-2022

Current ratio (current assets/current liabilities)			
	2020	2021	2022
	3,36	3,25	3,01
Absolute liquidity ratio (cash+marketable securities)/current liabilities			
	2020	2021	2022
	0,21	0,25	0,26

Source: created by the author based on [information provided by Cubic Verein [1]]

Performance of Cubic Verein activity grows stable (see Table 1.2. and Table 1.3.), and shows the health of the organisation economy in general. It depends in a way each organisation maintains its own accountancy to take a record of its financial activity in order to continue general activity, it is still business that is created to earn money, though most of its earnings depend on grant activity, as grants are allocated for the implementation of certain projects and the surplus remains in the organisation's profit.

Though in 2022 they got more grants and in connection bigger profit due to implementation of more projects, and extra financing for development of events/projects connected to the migration crisis. Nevertheless, the company claimed that the overall total value with each year is increasing (see Table 1.4).

Table 1.4.

Cubic Verein overall value 2020-2022, thousand EUR

Overall total			
	2020	2021	2022
Total	147 900	171 000	181 930

Source: created by the author based on [information provided by Cubic Verein [2]]

The overall total value of Cubic Verein throughout the years remains in a profit (Table 1.4.), which determines the general condition of the enterprise in the long term. It shows the future benefits from owning a business, for investors, grants and associations, as well as the sum of discounted cash flows generated by the enterprise. So far activity of the company and the economic development has been well supported by various donations, especially in crisis times, this is a kind of privilege of intelligent handling of the company in a social sector.

Implementation of proper accounting procedure and internal control on their financial data is accurate and reliable. This includes maintaining proper documentation of all financial transactions, implementing segregation of duties to prevent fraud, and regularly reconciling bank statements and other financial records.

The company's profits are gradually increasing, and although it is inferior in terms of income to other organisations, it is still quite confident in the market and gains high positions in comparison with other organisations.

Cubic Verein NGO's financial activity is basically guided by principles of transparency, accountability, and sustainability. By implementing proper financial management practices, they succeeded to ensure that they are able to achieve their mission, make a positive impact in their communities and such a position can help to get a good reputation in front of the National Agency, and get more financing. The organisation's activity is actively developing and every year they take on more and more projects, and the national agency has an opinion about this company that they are always busy and doing something. It is a huge burden on the work of managers and it costs the executive manager his health. In general, the organisation is still developing well. I would recommend them to grow the staff of permanent project managers and use new management methods and conduct a complete audit of their finances and the type and style of management.

1.2. Analysis of foreign economic activity, membership and implementation of projects of Cubic Verein

An analysis of foreign economic activity can provide valuable insights into the effectiveness and impact of the development of an organisation, and can help identify areas for improvement to better achieve the program's objectives. It goes by assessing the effectiveness, impact, and outcomes of a grant program or foundation's funding activities.

In the case of CubicVerein the grant-making activity goes in order of a non-governmental organisation. Non-governmental organisations (NGOs) are nonprofit groups organised independently of the government by private citizens. They can pursue a wide variety of goals for social, developmental, or political purposes and can operate on a local, national, or even international plane. The accountant system in NGO can vary from a type of an association to its main activity sources [9]. It relies on a variety of sources for funding projects, operations, salaries, and other overhead costs. Depending on the amount of project financed and launched the annual budget could be in the hundreds of millions of euros, fundraising efforts are important for the NGO's existence and success. Funding sources could consist of membership dues, the provided services, private companies, philanthropic foundations, grants from local, state or federal agencies, as well as foreign governments. Cubic Verein is mostly related to the launching services funded by state agencies and foreign government institutions.

Private companies can comprise a significant portion of NGO funding. Though, there are not so many examples in percentage equivalent, for example, Warren Buffet's in 2006 pledged to give 10 million Berkshire Hathaway shares to the Bill & Melinda Gates Foundation (valued at more than \$31 billion in June 2006). As of the end of 2021, Buffett had donated a total of \$32.7 billion to the

Gates Foundation [10]. However, NGOs also can rely on a large number of small donations rather than a small number of large donations.

To obtain additional funding for the implementation of international projects as one of the company's activities, it is worth engaging in grant activity. For local projects financing is obtained mostly by local institutions, companies and state/regional departments. There are various grants for specific projects, themes or events. In the Austrian case, grants for the additional projects could be gotten from the National Austrian Agency (OeAD) or European Commission, all of the institutions provide financing that is 70% covered with a payment of taxpayers [11]. The financial year for such applications starts in February, and for short-term events or projects applications could be submitted in a specific time that is considered in the agreement. It is easier to specify and get the investment by short-term projects in the way of less competition, lighter barriers and conditions of chosen topic and its maintenance. For the long-term projects are stricter deadlines, auditing and longer period of funding process and results, though it brings more money and wider opportunities of choices.

A project can be described as a set of activities planned to solve a particular issue in a particular locality. It should have a well-defined scope, clear deadlines and a specific target population, and put an idea to logical strategies. While developing a project managers should set specific target areas as location, benefits of it and amount of participants [12]. Success of modelling the strategy of international economic activity of enterprises of a different scale is based on planning activities, detailed strategy development and clear goals that entities/companies want to achieve, simply answering the question "Why?". In terms of development, there are certain principles of strategy growth that can be traced in many companies in various fields: retail and wholesale, video/movie productions, NGOs, etc. in different parts of the world. Mostly, such development of short-term and long-term goals agreed upon managerial meetings can last for hours if the key points they want to achieve or need are not

initially highlighted, then it looks like wandering at sea without a compass. Therefore, it is worth highlighting the principles of development at once.

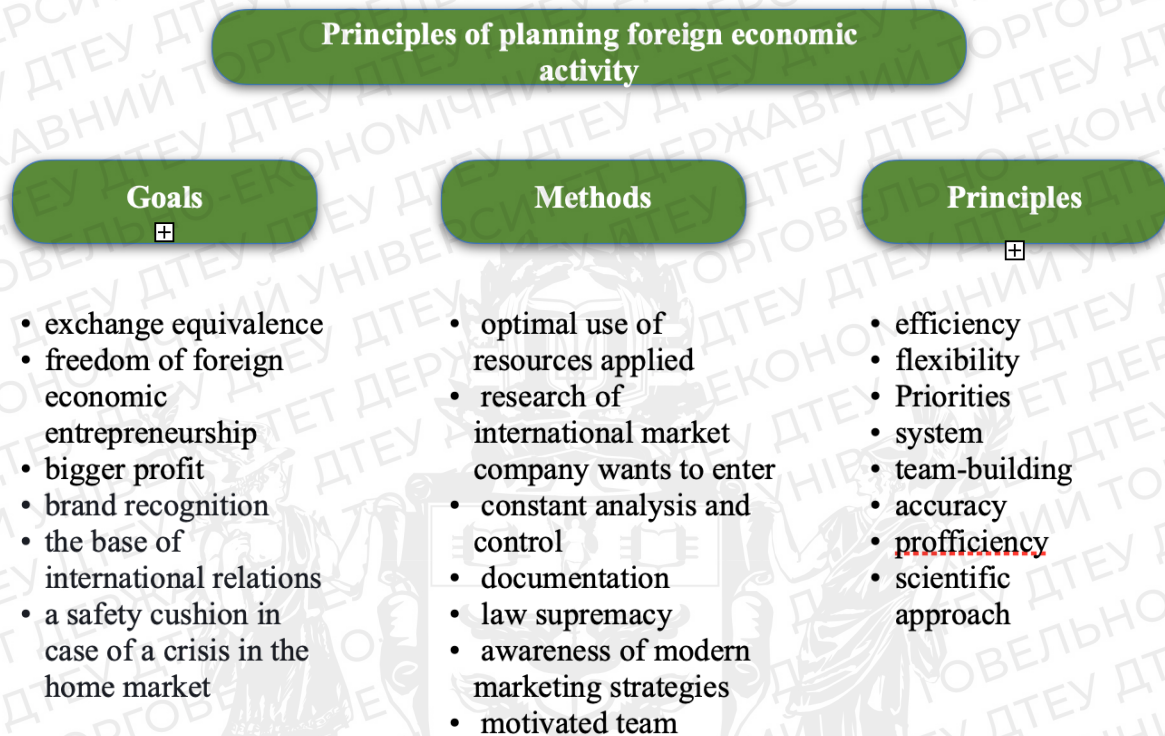


Chart 1.1. Principles of planning foreign economic activity [based on 13]

It is vital to build trust with participants and members of an association, as it could be helpful in achieving a goal. Some of the companies take extra payment from members and its wide spread strategy, Cubic Verein claimed in their statut that they are not taking any membership fees from participants or members but in the case of extra expenses or longer term event it can be possible.

To take into account the situation of the past three years, the planning of international activity was definitely influenced by a pandemic that made it almost impossible to implement international projects and cooperation with new partners, as every country had different legislation for lockdowns. In this way Cubic Verein was working on a tight area within the country or with neighbouring countries, such as Hungary, Slovenia. In 2022 the situation and percentage definitely changed,

because it became possible again to lead exchanges with Italy - one of the main partners, UK, Spain, etc. (see the Table 1.5.)

Table 1.5.

Involvement of partner firms (by companies) in projects in collaboration with Cubic Verein as % of the total share of projects within a period of 2020 - 2022

Name of partner companies	Year & Share of project involvement in %		
	2020	2021	2021
Ikigai Development (Austria)	27	15	17
USB NGO (Greece)	24	16	12
Cornwall (UK)	10	20	27
Vagamondo (Italy)	0	20	18
Hastekasen (Denmark)	7	5	3
Centro de Juventude (Portugal)	7	3	3
Youth4Equility (Slovenia)	6	4	5
FBI NGO (Hungary)	6	0	0
NGO Stella (Ukraine)	5	7	3
Wipsee (France)	4	2	4
SEEDS NGO (Iceland)	3	5	3
Proyecto Kieu (Spain)	1	3	5

Source: created by the author based on [information provided by Cubic Verein [14]]

There are several preferred partner countries with which Cubic Verein does the largest share of projects, because, for example, cooperation with Hungary has been

discontinued due to misunderstandings between the executives of both sides. Cubic Verein does the largest number of short-term volunteer and youth exchanges with Italy, additionally it is very convenient in terms of logistics, because it is close to Italy from Innsbruck. Cooperation with Austria is the most convenient for local projects in the country, as this organisation is located in Vienna, so it is convenient to cooperate with the centre, even in terms of submitting documents.

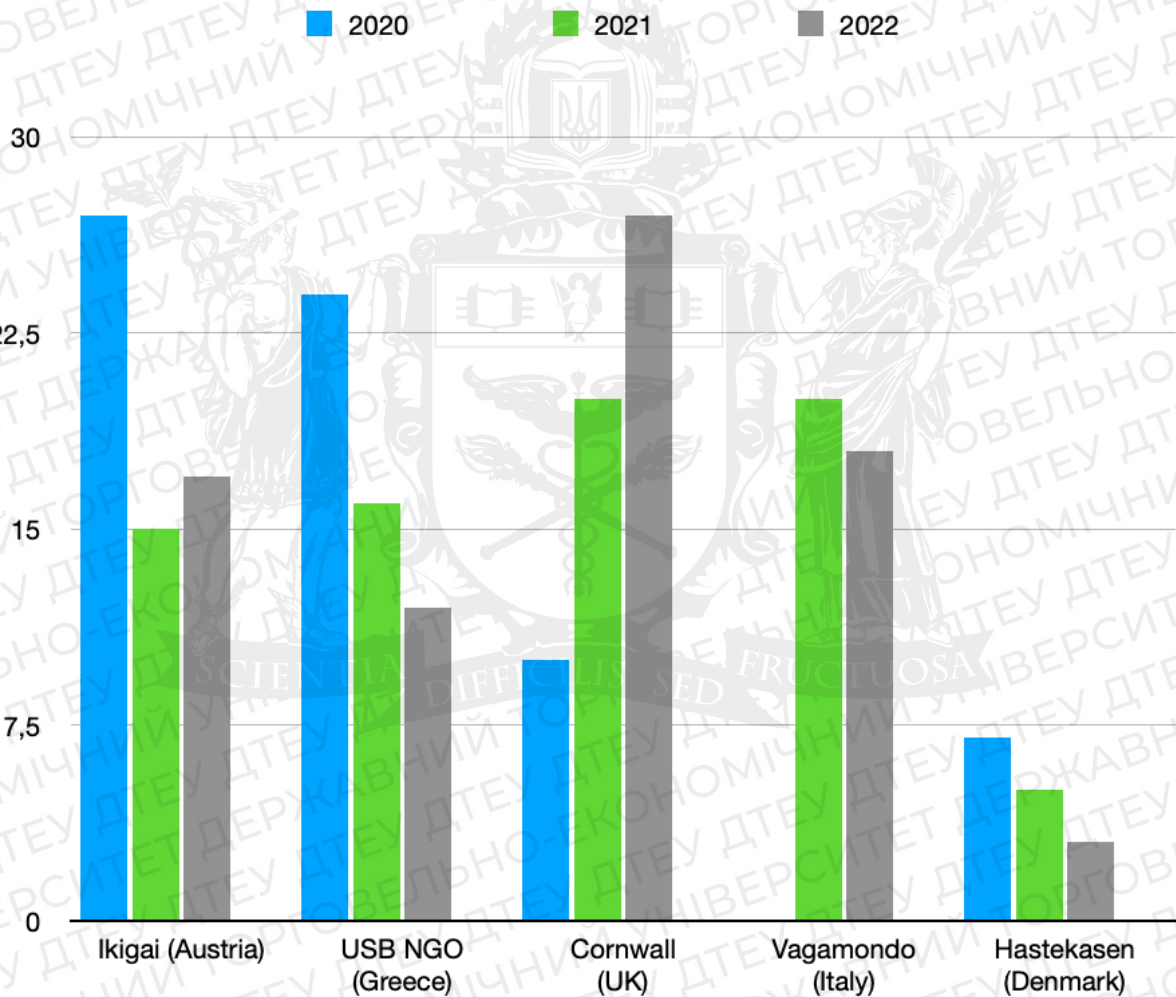


Chart 1.2. Cooperation with top-5 partner companies for Cubic Verein within 2020-2022

Source: created by the author based on [information provided by Cubic Verein [14]]

In the chart 1.2. shown the cooperation percentage with top-5 partners for Cubic Verein, where the blue line marks year 2020 and affected by circumstances of pandemic, the green line is year 2021 and it is relatively stable within the

partnership, and 2022 where the full-scale invasion in Ukraine affected the economies of many countries, so such country as Greece got less finance for social sector, on the opposite UK got the growth.

The main product/service of Cubic Verein are the implementation of projects such as educational cultural activities, youth exchanges, and the implementation of local initiatives (see Table 1.6.), so in general it is about event and project management. Their main resources are obtaining grants and funding from the state and foundations, and implementing projects in the European Union area with constant maintaining of international partnership.

Table 1.6.

Types of activities of Cubic Verein by amount implemented within a period of 2020 - 2022

Type of the implemented project	Year & Amount of projects implemented					
	2020		2021		2022	
Short-term volunteering	8	17%	31	36,47%	25	23,5%
Long-term volunteering	12	26%	23	27,06%	42	40,4%
Erasmus projects	17	37%	25	29,4%	34	32%
Local projects (Tirol, Austria)	9	20%	6	7,07%	5	4,1%
Total for year	46	100%	85	100%	106	100%

Source: created by the author based on [information provided by Cubic Verein [14]]

During the pandemic, there was a decline and the organisation's activities were generally based on the resources of previous years and government grants. But by 2022, they reached the previous performance levels by increasing level of

long-term volunteering projects (though this type of activity does not bring a lot of money but is a stable income for a period of 10-12 months from one project) and Erasmus projects (such type of activity involve a lot of people, as organisations as participants, takes plenty of resources but gives the most profit and relations with partners).

The share of involvement of certain projects and implementation always depends on many factors, both external and internal. Sometimes the implementation of youth exchange can be delayed due to problems with documents, or not receiving a grant in the first year and then having to apply again.

● Denmark ● UK ● Greece ● Italy ● Austria ● Slovenia

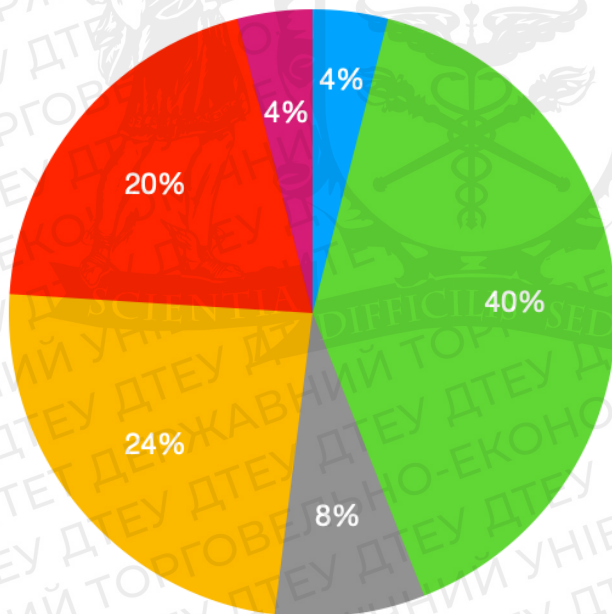


Chart 1.4. Share of short-term volunteering projects with country partners in 2022

Source: created by the author based on [information provided by Cubic Verein [15]]

Within the partner companies (by countries) the biggest share of launching short-term exchanges together was with the UK, Cornwall with 10 projects, Austria (6 projects in a year) and Slovenia (5 projects in a year).

Of all the organisation's partners, we can look at the example of the Ukrainian partner NGO “Stella”. The association was born in December 2013 with the main objectives of promoting youth development, the mobility of young people and fostering active participation of Ukrainian citizens in civil society. The founders of the organisation are former EVS volunteers, who have been involved in international volunteering activities since 2008. Through various activities, young people gain new knowledge and international experience, they enrich their personal lives, and they develop their key competencies such as communication in foreign languages, teamwork, and cultural awareness. The main objectives of the organisation are:

- To support development of international exchange programmes aimed at international understanding, and promote active participation and youth action in Ukraine
- To promote non-formal education as a tool for intercultural learning and self-development
- To inform Ukrainian youth about different exchange programmes abroad

The company was started by young people who didn't even have an office for a while, but gradually gained more scale and partners. More funding was gained during the crisis times in Ukraine, as more additional grants were allocated to this area of the organisation [16].

In 2020 NGO Stella managed to get grants in the amount of 35 000 euros, in 2021 - 47 000 euros and the 2022 year became the most profitable year for the company as they managed 96 long-term volunteering, 35 short-term and 15 youth exchanges - 97 000 euros [17]. As the possibility of project grants was completely cancelled for russia and the money were conditionally transferred to funding in Ukraine, since we do not have many organisations, Stella has been on

the market for a long time and has a reputation, contacts and a well-established base, it became possible to launch several projects at once. Also, the company started to develop their TikTok channel and instagram page, and asked participants to mention NGO Stella on stories from projects.

In 2022, the company was able to implement 106 projects of various types: short-term volunteering, long-term volunteering, erasmus projects and local in the regions; which is three times bigger than in 2020 that the activity was stopped due to pandemic [16]. The company is still waiting for full payment and has unpaid debts. In general, the company has returned to the level of success of previous years and is constantly introducing something new, although they lack structure and are often affected by last-minute inconveniences that need to be abruptly closed.

Due to the established partnership between the “NGO Stella” and Cubic Verein strengthened their cooperation in 2022 and launched 1 Erasmus exchange and 2 long-term volunteering projects together. To conduct due diligence and research on potential international partners to ensure that they share similar values and goals, have compatible working styles, and can collaborate effectively to achieve shared objectives. Additionally, it is recommended for NGOs to establish clear communication channels and processes for managing the partnership to ensure that both parties benefit from the collaboration.

CHAPTER 2. ASSESSMENT OF THE STATE OF THE PROCESS OF BUSINESS MODELLING OF THE DEVELOPMENT OF THE ENTITIES OF THE FEA

2.1. Determination of trends and trends in the process of modelling the development of FEA on the world market in conditions of digitalization

The development of civilization causes the constant involvement of individual states in international economic relations, which leads to the creation of a single world economy. All countries of the world are developing according to general economic laws, which determines the priority of the economic nature of international relations. Economic development and population growth in different regions of the world are uneven, which also necessitates the expansion of international exchanges, which contribute to the development of new markets (goods, services, labour, information, financial, etc.), the import of raw materials, technological and information exchange, scientific, scientific, technical, industrial, cultural and other foreign economic relations. What leads to development of foreign economic relations, especially in the era of digitalisation. Foreign economic activity is a complex system of various forms of international cooperation between states and their subjects in all sectors of the economy [18]. The subjects of the state include holders of the rights and duties assigned to them by the state. These are self-governing regions, business entities (business partnerships and societies, unitary enterprises, etc.) and individual entrepreneurs.

Foreign economic relations are a historical and economic category. They arise with the advent of states and develop with them. The decomposition of feudalism gave a particularly powerful impetus to the development of these ties. The transition from subsistence economy to commodity-money relations caused a sharp jump in the development of national markets of individual states [19] and in the exchange of goods of these national markets, which led to the

expansion and deepening of international relations and international exchange in the economic sphere of state relations.

Foreign economic activity refers to the various activities that businesses engage in when conducting business across international borders [19]. The strategies of foreign economic activity can vary depending on the nature of the business, the products or services offered, and the markets being targeted.

Through the mechanism of foreign economic relations, the demand for goods and services of the world market is transferred to the domestic market of one or another state. This causes a need for the development of productive forces, which, in turn, contributes to the development of industry, agriculture, trade, services and financial institutions [20].

The development of the country's domestic market leads to advancing supply over demand within the state, which causes the expansion of foreign trade operations, the cheapening of the cost of capital and lower costs of production and circulation.

In the modern world economy, foreign economic relations act as factors in the growth of the national income of the state, the economy of national economic costs and the acceleration of scientific and technological progress.

The implementation of these relations allows us to transfer interstate cooperation from the usual exchange of goods to trade in services, the development of scientific and industrial cooperation and other forms of joint economic activity, including the creation of joint ventures [21].

Foreign economic relations in modern conditions are becoming a powerful means of accelerating scientific and technological development and economic intensification. Now, to master the latest achievements of science [22] and technology without intensive exchange of scientific research, various goods and services, it means irrational use of resources, waste of time and pace of development.

Countries, their national economies interact in production, economic, political, military, cultural, humanitarian, environmental and other fields. Diplomatic relations are established for the implementation of these relations between the countries, agreements and treaties regulating different directions of cooperation are concluded. Countries seek to participate in international global organisations (United Nations - United Nations, International Monetary Fund - IMF, World Trade Organization - WTO, etc.), create intergovernmental regional organisations - economic (eg, European Union - EU), military, political (North Atlantic Treaty Organization - NATO) and the like [19]. Numerous international connections unite the countries of the world in a close system - the world community, and their national economies - in the world economy.

The trends of development of foreign economic activity are impacted by globalisation, digitisation and e-commerce development, political uncertainty, trends for sustainability and change of consumer behaviour [23].

Today, social media has changed the format of the relationship between business and customers. This, in turn, raises customer expectations from the market as a whole - users increasingly expect their requests to be processed quickly, personally, and 24/7. The data collected in the course of interaction using predictive analytics allows us to model customer behaviour and further improve the quality of service [24].

Considering digital transformation it is also changing the business model. This can include changes in distribution, the creation of related digital products, or a complete business reformatting. A number of industries have already switched to digital sales, for example we do not need to go to the office or airport to buy plane tickets.

Thus, the digital economy will launch the third wave of capitalism [25], that will transform business and government and lead to the creation of extraordinary wealth around the world. In general, comparing the ratings of countries, according to different methods and indicators, we can see that the

TOP-10 countries in every rating change because the overall calculation of the digitalization of the economy is carried out on different indicators (see the Table 2.1).

Table 2.1

TOP-10 countries rating of business digital transformation and implementation into development of economy according to the different indexes

Place	Digital Evolution Index	IMD Digital Competitiveness	DiGix	DESI(EU)	Bloomberg Innovation Index	ICT Development Index	Networked Readiness Index
1	Norway	Singapore	Luxembourg	Denmark	South Korea	Iceland	Singapore
2	Sweden	Sweden	Great Britain	Finland	Sweden	Korea	Finland
3	Switzerland	USA	Hong Kong	Sweden	Singapore	Switzerland	Sweden
4	Denmark	Finland	USA	Netherlands	Germany	Denmark	Norway
5	Finland	Denmark	Netherlands	Luxembourg	Switzerland	USA	USA
6	Singapore	Netherlands	Japan	Belgium	Japan	Hong Kong	Netherlands
7	South Korea	Hong Kong	Singapore	Great Britain	Finland	Netherlands	Switzerland
8	Great Britain	Switzerland	Norway	Ireland	Denmark	Norway	Great Britain
9	Hong Kong	Canada	Finland	Romania	France	Luxembourg	Luxembourg
10	USA	Norway	Sweden	Bulgaria	Israel	Japan	Japan

Source: *IMD World Digital Competitiveness Ranking [25]*.

Global trends of digitalization of the economy show that highly developed countries have the best level of digitization of their own economies because they are characterised by high-quality access to the Internet (broadband and mobile

Internet), a high level of development of scientific and technological potential and wide information access [26].

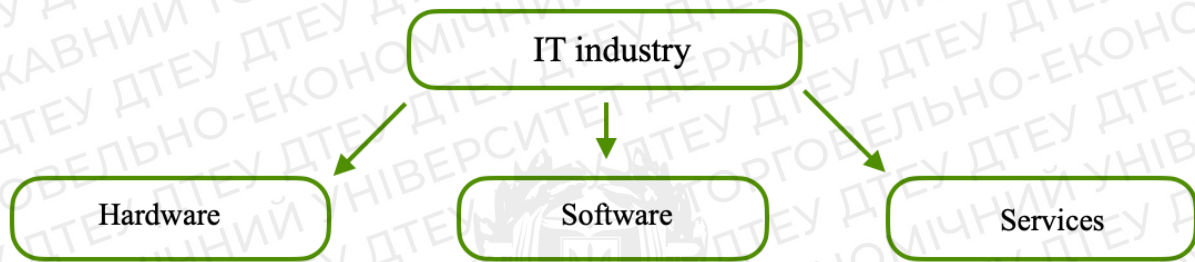


Chart 2.1. *Main spheres in IT within 2011-2021*

Source: based on [25]

The tendency of business models in the IT sector are hardware - development of high-tech equipment, software - IT codes, programmes, websites, etc. and providing of services. Each business model consists of three parts: 1) everything related to the development and production of the product; 2) everything related to the sale of the product, from finding the right customers to distributing the product; 3) everything related to how the customer will pay and how the company will earn [27]. According to the product model, a company develops finished products, replicates them, and offers them to potential customers. Product companies usually focus on a narrow product segment. When applying the product model, the development of an IT product is carried out before customers appear, and all promotion efforts are carried out after development. Prices for IT products in the product model are formed using basic tools: a starting price level, a system of discounts, and terms of instalment and credit. For the service model, the price is usually determined by the product of the hourly wage and the number of hours worked by an IT specialist [28]. Prices for SaaS (Software-as-a-Service) services can be set in the form of a

subscription fee for service; payment for each transaction or payment for a certain amount of information. For the promotion and subsequent sales of IT products, Internet resources are mainly used.

Some companies prefer working with software developers, others looking for professional IT consultants, both variants are fine but as high-level technical specialist companies prefer to work with IT consultants. To stay competitive and turn technologies into a growth driver, companies of all sizes resort to software consulting [29]. Some IT consultants charge from 85\$ - 125\$ per hour and up for their expert advice.

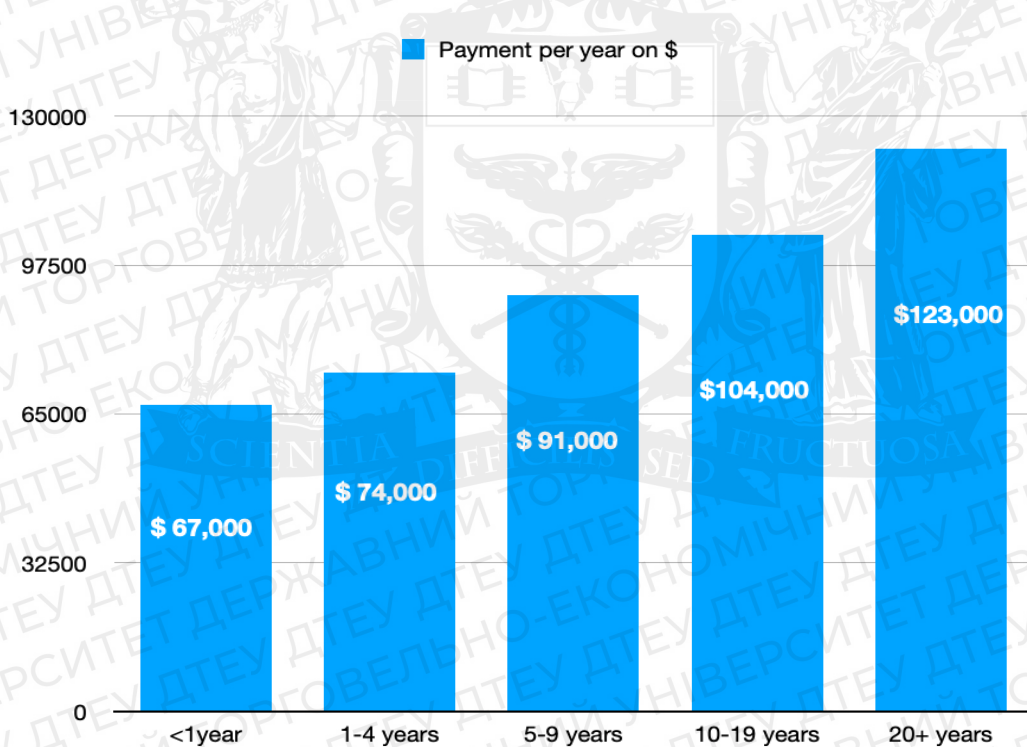


Chart 2.2. IT consultants' pay by experience level

Source: based on [26]

According to Glassdoor, one of the world's largest websites, Java consultants get \$40/h on average and with years of experience and qualification this amount grows. The United States leads the consulting market in terms of providing services, so the average US consultant charges one of the highest fees

per hour - \$100 - \$250. Europe keeps the third position in the Global IT Consulting Market [30]. Such factors as fast investments in development programs and government support define the European consulting market's growth. If there is a case of cost-effective offshore destination Central Europe could be the right solution, with a high quality service for the competitive price [31].

Table 2.2.

IT-consulting billing rates in different countries within 2020-2022

Region	Year & average rate in \$ per hour		
	2020	2021	2022
United States	100-160	100-150	100-175
Canada	100-110	100-115	100-130
Western Europe	80-90	90-130	100-150
Australia	70-110	80-110	80-120
Eastern Europe	15-40	20-50	25-50
Latin America	10-25	15-45	20-50
Asia	10-30	16-35	20-40
India	8-20	15-30	20-30

Source: IMD World Digital Competitiveness Ranking [29].

Besides the IT-consultants there are also various products and services that are developing in IT, such as software, hardware development, export/import and e-commerce. E-commerce is a vital part of the development of trade and relations, especially in the international trade area, it affects the lead of the economy nowadays. Though if we identify countries's manufacturing leaders

and leaders in the digitalisation and providing of IT-services they will basically remain the same (see Chart 2.4).

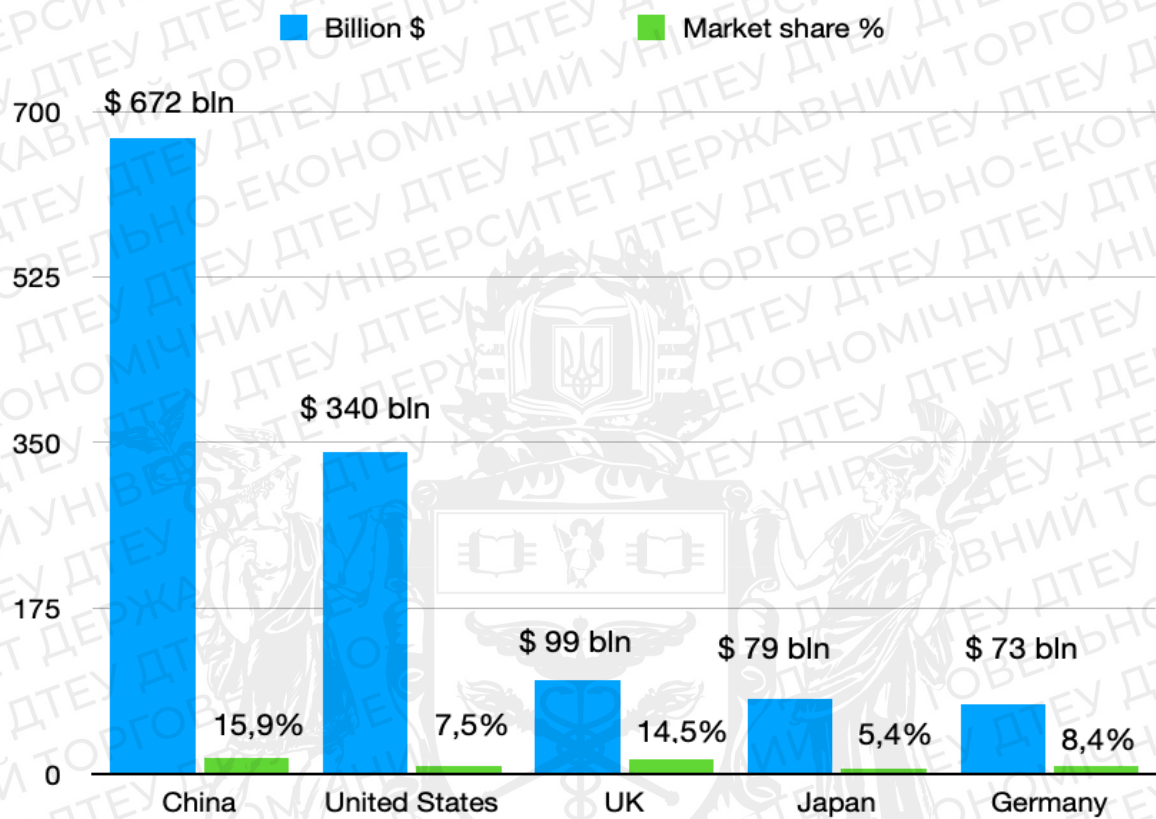


Chart 2.4. Development of digital commerce in 5 largest e-Commerce markets in 2021.

Source: based on [32]

An integral part of digital Commerce is e-Commerce, it simplifies the purchase and sale for both buyers and sellers. This reduces the chain from seller to buyer and it is easier to purchase [33]. The 5 largest e-Commerce markets include:

1. China: \$ 672 billion, share of e-Commerce in total retail sales – 15.9%
2. United States: \$ 340 billion, share of e-Commerce in total retail sales – 7.5%
3. UK: \$ 99 billion, share of e-Commerce in total retail sales – 14.5%

4. Japan: \$ 79 billion, share of e-Commerce in total retail sales – 5.4%

5. Germany: \$ 73 billion, share of e-Commerce in total retail sales is 8.4% [33].

The core of the digital economy is the "digital sector": the IT / ICT industry that produces fundamental digital goods and services. Computerization covers all the tools that have led to the progress of society and its transition from industrial to information]. The advantages of the economy on demand are: high speed of obtaining the necessary services or goods, reducing their cost for the end-user by reducing the number of intermediaries; simplifying the output of suppliers of goods and services to users [34]. China has been ranked as one of the top exporters of information and communication technology services in a UN report [31].

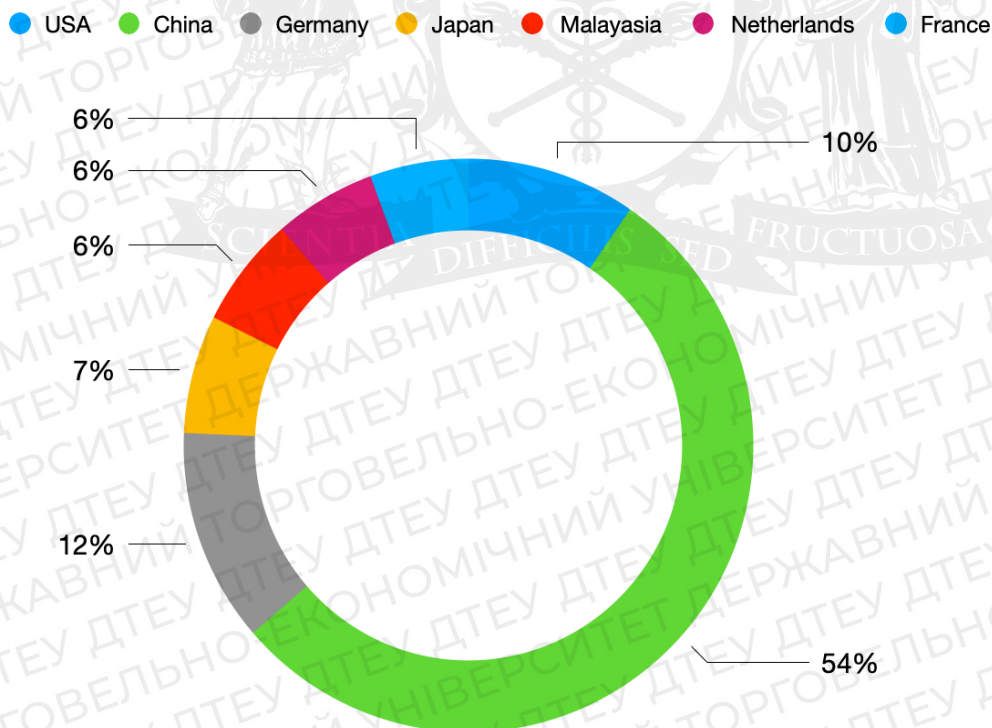


Chart 2.5. Percentage share between 7 main exporters of the IT export in 2021.

Source: based on [31]

China exported in 2021 the amount of 942,3 billion \$, next is Germany with the amount of 209,74 billion \$, and the USA - 169,22 billion \$. There is a

certain inequality of international trade. Three countries (China, the US, and Germany) dominate, with all others far behind [35]. The largest exporter, China, has 32% more exports than the second-ranked United States. Several countries in the top exporters are surprising as to how they made the list, in particular, the Netherlands. At the same time main importers of the Communication & Information sphere, and technologies remain China, USA and Germany.

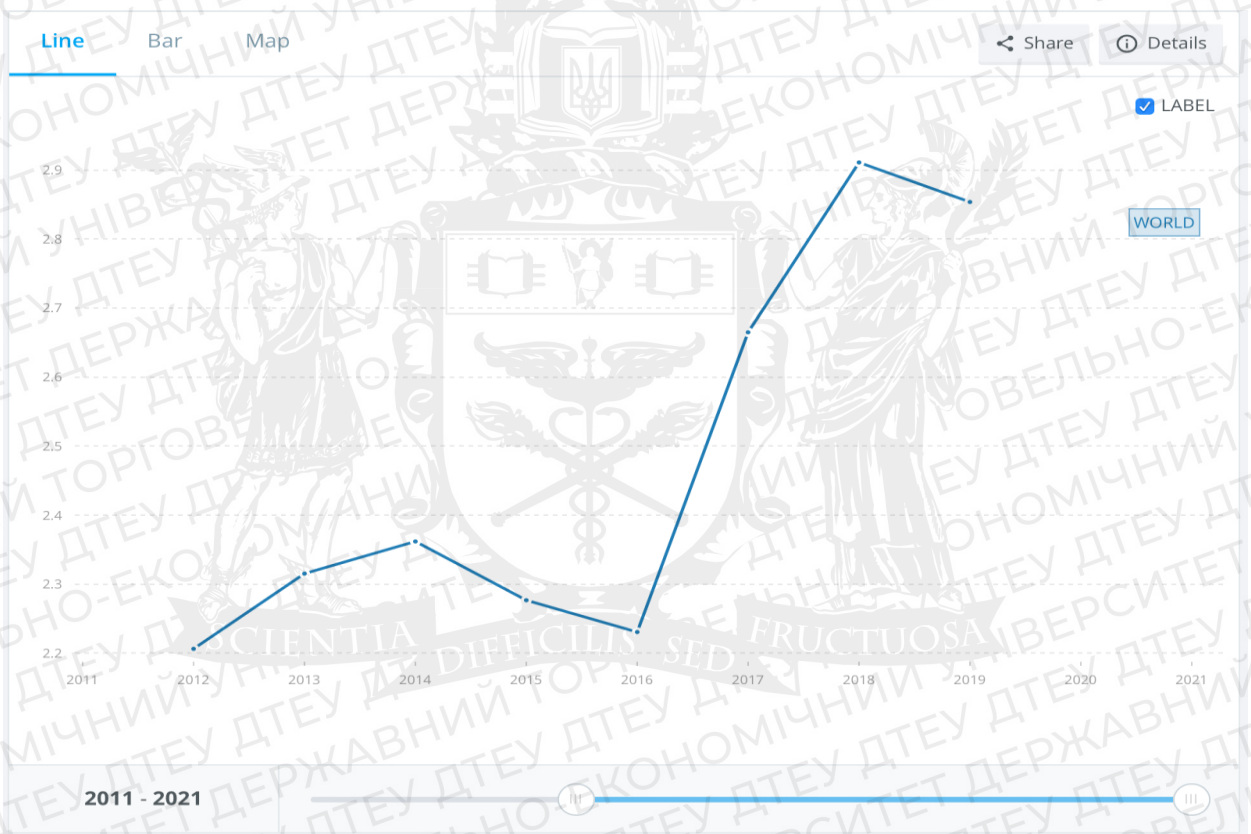


Chart 2.6. *Development of digital/ IT export in the period of 2011-2021*

Source: based on [35]

In recent years, the market has really grown and there are countries that were industrially developed have also started to invest in digitalization, so Britain, Switzerland, India, and Ukraine are also valid competitors.

The average value for China's export during the 2010-2021 is 603878.79 million U.S. dollars with a minimum of 342 573.97 million U.S. dollars in 2010 and a maximum of 942 314.82 million U.S. dollars in 2021. The latest value from

2021 is 942 314.82 million U.S. dollars. For comparison, the world average in 2021 based on 98 countries is 28 736.10 million U.S. dollars [36].

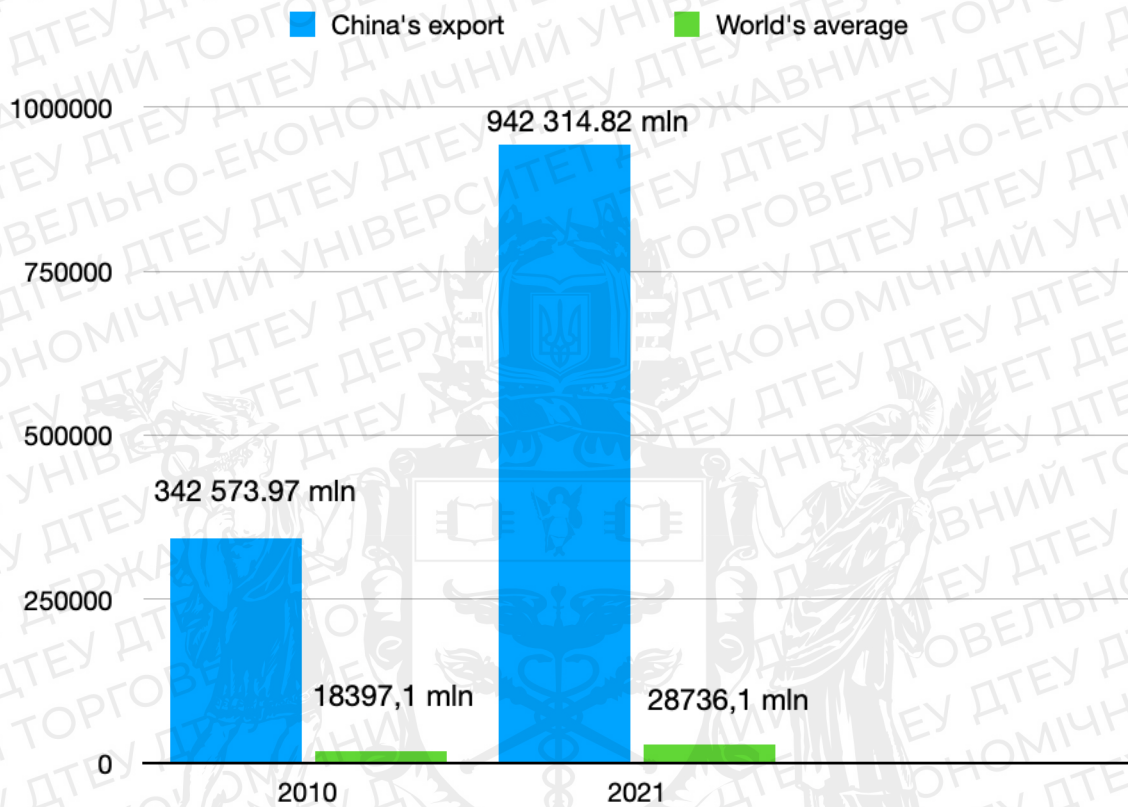


Chart 2.7. Share of the China's and world's average export of IT in \$ in 2010 and 2021

Source: based on [36]

So far in rank the U.S. remains the world's leading technology and innovation hub, global technology innovation survey [37]. Germany, China and India are also innovators, trend setters and general competitors in this market. It should be noted that the Indian market is gradually leaving the position of low-paying, leaving China lagging behind.

Globalisation and digitalisation had a significant impact on foreign economic activity of enterprises, companies and various types of businesses, as well as on the development of non-governmental organisations (NGOs) as it helped to increase funding opportunities, expand network and support. The digitalization of foreign economic activity is enabling companies to operate on a

global scale. This is leading to more cross-border trade and the development of new markets and opportunities. It has made it easier for NGOs to access funding from a range of sources not only domestic but also world-wide grants and fundings, foundations, and corporations [38].

It is becoming clear that a high level of digitalization makes a company more competitive today and more secure in the face of future challenges [39]. The digitalization ratio, which is used to benchmark companies, includes four parameters: strategy, digital culture, competencies, and organisational model. This indicates the importance of these components in digital transformation.



2.2 Study of the status and prospects of the implementation of the business model of the development of the FEA in Ukraine in the conditions of digitalisation

Innovation is an integral part of the context of modernization and reorientation of the economy to the possibility of competing with countries with developed economies in the world. In the conditions of the digital economy, the primary task is the formation of priority vectors of economic development in the domestic and foreign markets, strengthening of international positions, development of state policy in the context of innovation [40].

The tendency of development of foreign economic activity of Ukraine is going on the way to global markets, seeking to increase trade and investment flows with other countries, and promote economic growth.

One important development has been Ukraine's ongoing efforts to deepen economic ties with the European Union (EU). In 2016, Ukraine signed an Association Agreement with the EU, which includes a Deep and Comprehensive Free Trade Area (DCFTA) [41]. The agreement aims to boost trade and investment between Ukraine and the EU, and align Ukraine's economic and regulatory standards with those of the EU.

Another significant factor in the development of Ukraine's foreign economic activity has been declining trade economic relations with Russia. Ukraine has been working to diversify its export markets and reduce its dependence on Russian imports while focusing on the European and international market. In addition, Ukraine has been implementing a number of economic reforms aimed at improving its business climate and attracting foreign investment. These reforms have included measures to simplify the process of starting and operating a business, reduce corruption, and strengthen the rule of law.

The assignment of DCFTA basically aims to boost trade in goods and services between the EU and Ukraine by gradually cutting tariffs and bringing Ukraine's rules in line with those of the EU in certain industrial sectors and agricultural products [42]. This tendency and regulations also became helpful in the time of full-scale invasion war when the EU implemented the abolition of all trade restrictions on Ukrainian exports with remaining non-trade restrictions, so that the requirements for Ukrainian goods to meet European quality standards are still taking place. Mainly such regulation was connected to iron, steel and machinery, which is still a big share of profit and export. But many companies in Ukraine have been affected by the fighting. Some production facilities have been destroyed, and some companies are under temporary occupation, from where they cannot export goods to the government-controlled part of the country. Many surviving companies have faced a number of other challenges. The war cut Ukraine off from the sea, which accounted for 60% of its exports. Fuel shortages, queues at the borders, and the destruction of logistics centres made it difficult to export goods to the EU [43].

Political instability in Ukraine leads to the withdrawal of capital from the country, a significant reduction in investment, and such first steps have consequences in the form of lower wages, lower living standards, crises, and migration [44]. Economics is a social science that means that all these charts, diagrams and graphs ultimately affect people's living standards, local situations and satisfaction/dissatisfaction, which can lead to an increase or decrease in crime, academic performance, etc. With such an economic situation and the development of Internet resources, many people have started to turn to online digital professions in search of better salaries, conditions and not to go abroad by leaving home. Not surprisingly, the development of the IT industry is better in countries with unstable economies. It is possible to claim that exactly globalisation and digitalisation affected the development of the areas and economic strategies for companies and countries, and is a certain innovation.

One of the main supporters of the economy is digitalization, it is a strong driving force of the Ukrainian economy, providing significant opportunities for growth and development [45]. The country has made significant progress in recent years, with the government prioritising the development of the digital economy as a key strategy for economic growth. Based on all the indicators and reasons, like even political instability, it is the leaning towards digitalization that is becoming a certain strong driver.

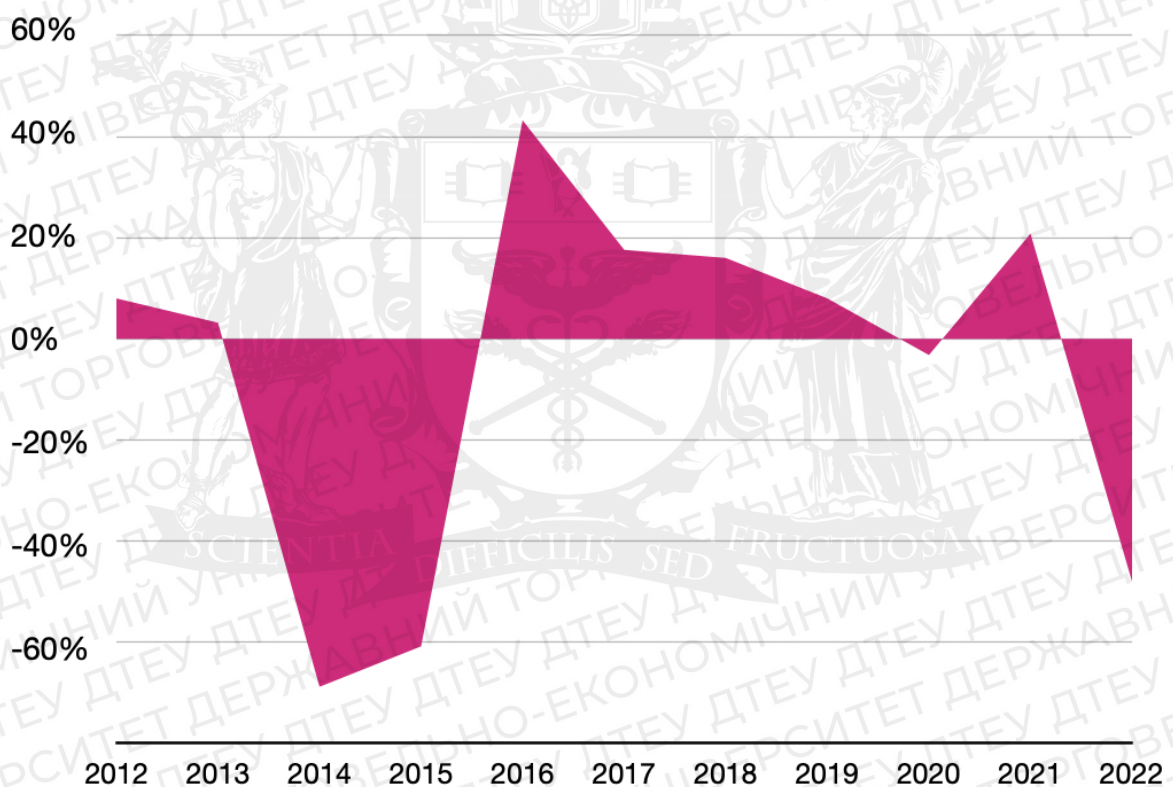


Chart 2.8. Growth of IT enterprises revenues as GenesisTech, GlobalLogic, Epam in Ukraine [based on 45]

Exports of the Ukrainian IT industry in these 5 years vary, but after the shortage of 2014-2015 has grown and gives profit to the general economy, and involves even more people to work.

According to the State Customs Service, exports of goods in 2022 decreased by 35% to \$44.2 billion. The decline hit all industries. The only

exception was the export of IT services, which grew by 6% to \$7.3 billion [46].

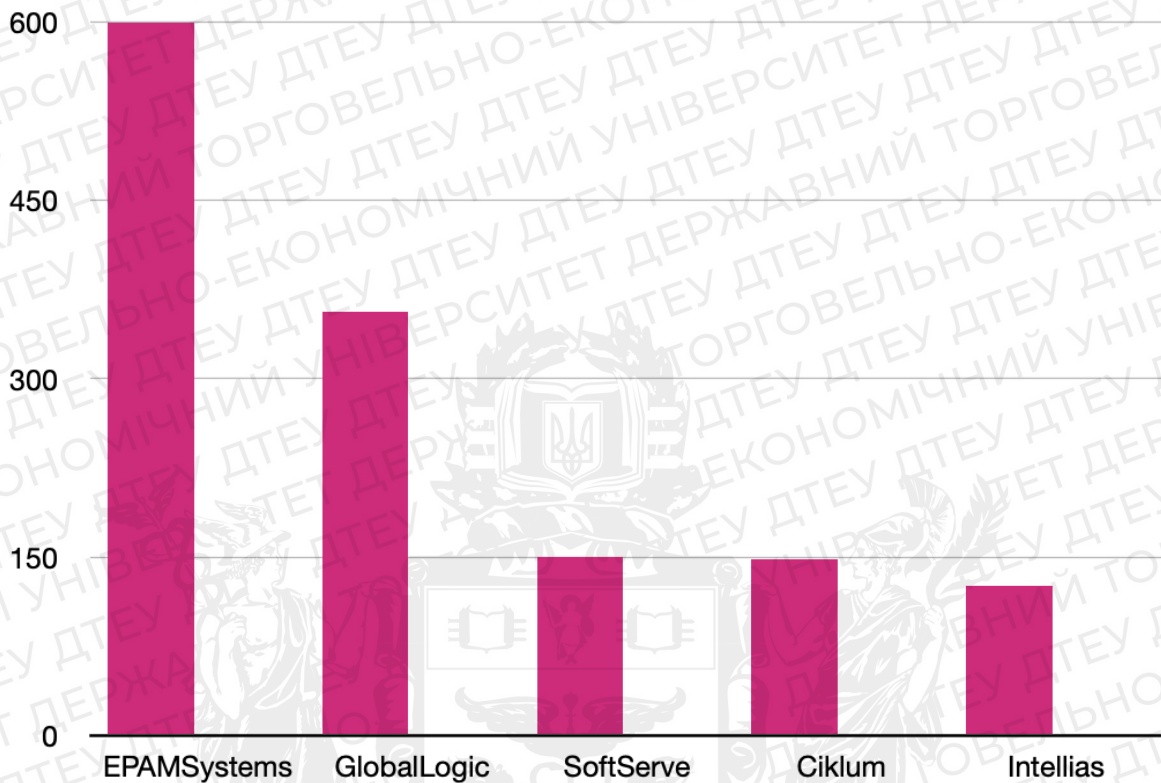


Chart 2.9. The main Ukrainian companies' exporters in 2022 [based on 46].

EPAM Systems exported in 2022 the amount of \$600 mln, GlobalLogic - \$356 mln, SoftSeve - \$150 mln, Ciklum - \$148 mln, Intellias - \$126 mln.

Another interesting fact is that the well-known Big Mac index shows that our IT professionals have the same level of purchasing power in Ukraine as their counterparts in the US and Australia. All this has a positive impact on the fact that many software developers choose Ukraine as their place of residence. For comparison, in the US and Europe, programmers are not even among the top 10 best-paid professionals [47], according to the CNBS website (with the exception of Software Architect, which ranked 10th), while in Ukraine, due to the export orientation of the IT sector, software engineers are definitely at the top of the list of highly paid professionals.

Table 2.3.

Increase in personnel of Top-5 Ukrainian companies work on IT export within 2020-2022

Year	2020		2021		2022	
	Experts in Ukraine	Experts specialties	Experts in Ukraine	Experts specialties	Experts in Ukraine	Experts specialties
EPAM Ukraine	8 300 (+800)	7 750 (91%)	10 300 (+2 000)	9 500 (92%)	13 860 (+2 260)	12 670 (91%)
Soft Serve	7 445 (+363)	5 840 (78%)	7 900 (+707)	6 250 (79%)	11 082 (+1 620)	8 959 (81%)
GlobalLogic	4 600 (+237)	4 305 (94%)	5 712 (+819)	5 366 (94%)	7 329 (+964)	6 890 (94%)
Luxoft	3 675 (+5)	3 597 (98%)	3 469 (-54)	3 192 (92%)	4 000 (+419)	3 200 (80%)
Cicklum	2 917 (+50)	2 457 (87%)	2 725 (+33)	2 389 (88%)	3 249 (+375)	2 700 (90%)

Source: based on [47].

One of the most significant benefits of digitalization for the Ukrainian economy is increased efficiency and productivity. By embracing digital technologies, businesses can streamline processes, reduce costs, and improve their overall performance. This, in turn, can drive economic growth by increasing competitiveness and boosting innovation. Ukraine's IT industry continues to grow rapidly. In 2019, tax payments and unified social contribution from the IT industry reached UAH 16.7 billion compared to UAH 13 billion in 2018. For example: exports of computer services amounted to USD 4.17 billion, which is more than the revenue from wheat exports (USD 3.65 billion) [48]. The largest export markets for IT companies with development centers in Ukraine are the United States - \$2.007 billion, the United Kingdom - \$503 million, and

Malta - \$304 million. This is followed by Israel - \$238 million, Cyprus - \$205 million, and Germany - \$197 million.

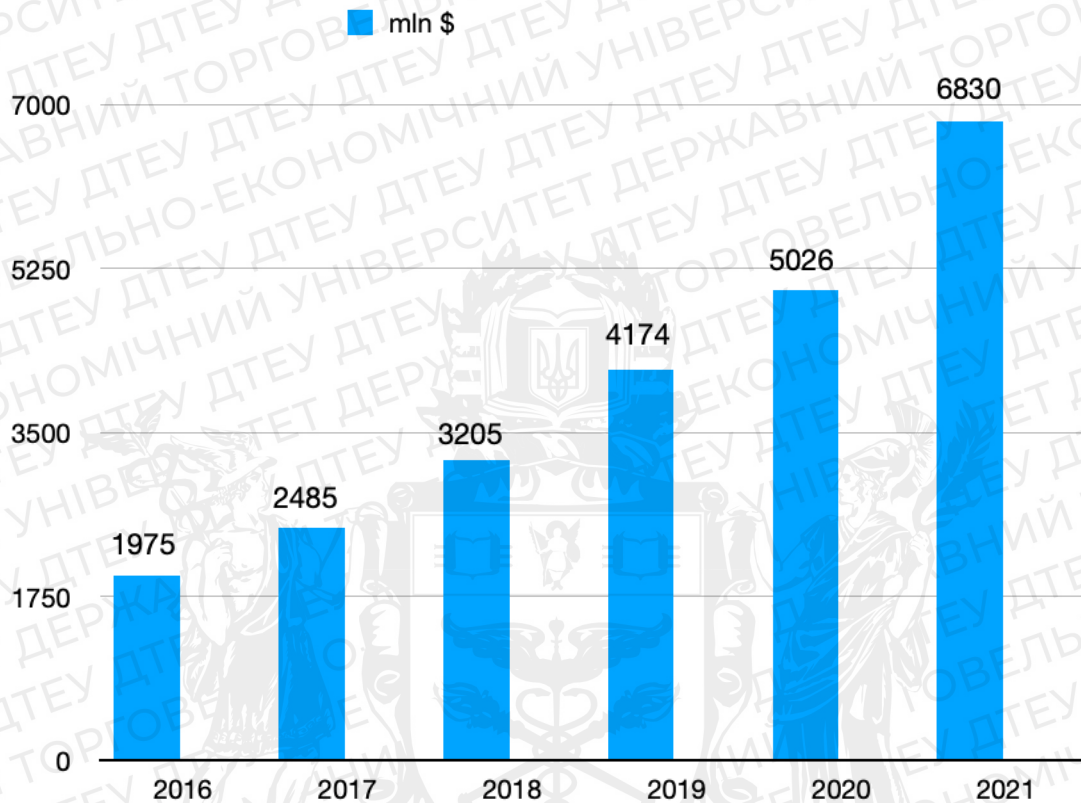


Chart 2.10. Export of computer services in 2016-2021 [based on 48].

Ukraine has a highly skilled workforce, and the IT industry has become a key driver of economic growth in recent years. Digitalization has enabled Ukrainian IT companies to compete globally, providing services and solutions to clients around the world.

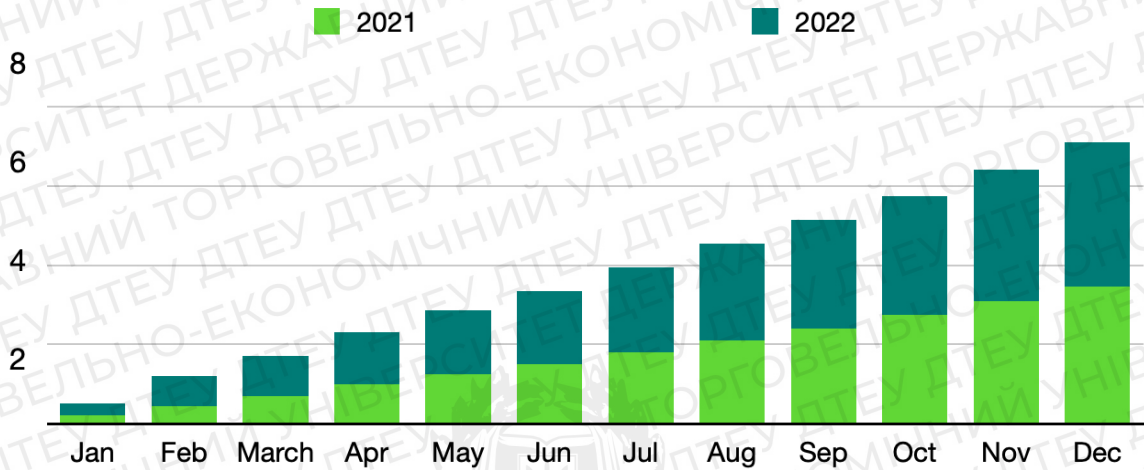


Chart 2.11. Increasing IT-export in Ukraine [based on 48].

The chart 2.10. shows the increase of Ukrainian IT service in comparison with 2021, in the period of the full-scale war IT and digitalisation has become a powerful impetus for the development. The pre-war achievements of the IT sector in Ukraine were impressive: salaries in the IT industry have reached \$3,000 per month, which is much higher than the national average of \$500 [49]. Ukrainian IT outsourcing companies typically have specialised skills in cloud computing, artificial intelligence, and big data. Since the 2022 level of salaries had fallen as most developers worked for a foreign market or on the principle of hiring for a specific project, specialists began to agree to lower pay due to the crisis, thus dumping the international IT market [49].

In 2020, the e-commerce market grew by 41% and became one of the fastest growing in Ukraine. The figure has reached \$4 billion, which is 8.8% of the total retail trade.

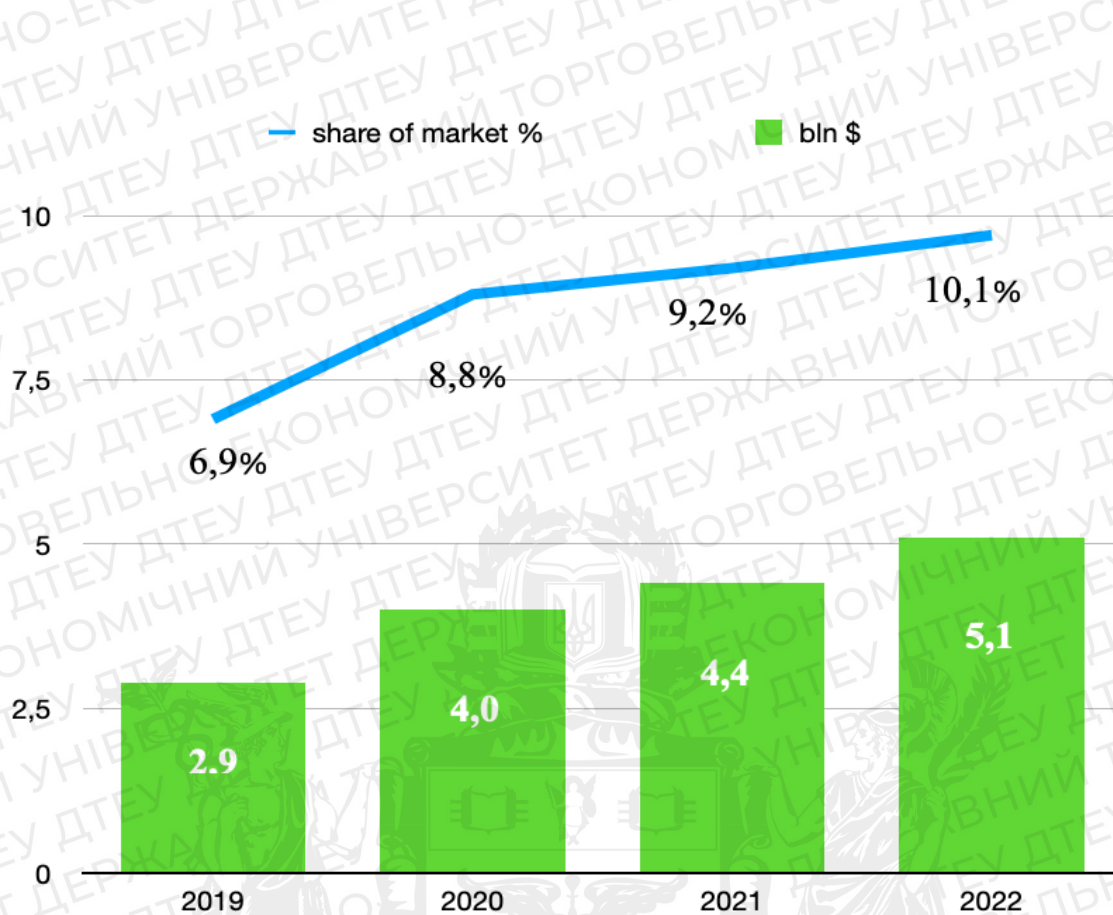


Chart 2.12. E-commerce market dynamics and its share in retail trade in Ukraine [based on 48].

Ukraine ranks sixth in Europe in terms of open data and is one of the first countries to introduce Covid-19 digital certificates recognized by the European Union. In 2022, Ukraine ranked fourth in the world in terms of the number of certified IT professionals [50].

One of the digital products is the development of software. Before implementing digital tools, managers of companies need to understand how much it costs to develop a program, and the price depends on many factors, including functionality and capabilities. The price of resources that will be used for software development, purchase of modules and third-party components, staff salaries, and additional outsourcing costs are taken into account - the more complex the project, the more specialists will be needed [51]. The terms of product creation are determined, based on which the lead is expected to be

maintained. Despite the fact that it is fixed, the calculation is influenced by the number of personnel, their experience, and the duration of their work.

Table 2.4.

IT outsourcing billing rates in different technologies in Ukraine within 2021-2022, in \$

Technology	Outsourcing rate
C#	\$30-90
C++	\$35-100
Java	\$30-100
PHP	\$35-50
Python	\$35-120
Mobile development	\$15-100
Unity	\$15-50
QA	\$10-60

Source: based on [51].

The outsourcing rate is also based on the type of developing technology and complexity of it. Custom software development rates range depending on both the specialist's programming language skill set and their years of experience. A junior developer receives a minimum wage for 1-4 years while they accrue expertise and prepare for more complex projects. A middle developer with at least 3-5 years of experience usually knows several programming languages and can handle more challenging tasks. A senior

developer, after over 5 years of work, is normally proficient with practically any technology they use and can handle the most complex tasks [51].

Table 2.5.

Monthly salary rate of software developer due to their technology and position in the sphere in Ukraine, thousand \$

Technology / position	Junior dev minimal salary	Middle dev minimal salary	Senior dev minimal salary
C#	\$1,000	\$2,500	\$4,000
C++	\$1,000	\$2,400	\$4,000
Java	\$1,100	\$3,000	\$4,000
JavaScript	\$800	\$2,500	\$4,000
PHP	\$850	\$2,000	\$3,500
Python	\$1,000	\$2,330	\$3,900
Mobile development	\$950	\$1,310	\$1,650
Salesforce	\$1,300	\$1,800	\$2,100
Unity	\$1,500	\$2,420	\$3,300
UI/UX design	\$1,500	\$2,340	\$2,500
QA Automation	\$950	\$2,793	\$3,600
QA Manual	\$760	\$2,100	\$2,300

Source: based on [51]

The monthly salary of the specialist varies greatly depending on the position and level of the programmer, on the city and region, because in Kyiv or

large cities the rate of payment is generally higher (before the war it was so, now it has shifted to Lviv and the trans-Carpathian region). A great role can play a company where the programmer is employed or is freelance, since the freelancer's rate may be lower because companies will charge more to cover taxes, insurance, employee costs and utility bills for the office, at the same time freelancers may not even be registered as an individual contractor [52].

The Ukrainian government has also recognized the potential of digitalization to drive economic growth, and has implemented a range of policies and initiatives to support the development of the digital economy. These include investment in digital infrastructure, the establishment of digital innovation hubs [51], and the promotion of entrepreneurship and innovation. Ukrainian cryptocurrency policy is going far beyond a lot of European countries. Crypto exchanges are now allowed to operate in the country, consumers have protections against fraud, and the National Bank of Ukraine and the National Securities and Stock Market Commission have been appointed as regulators. The National Bank may eventually launch its own digital currency, according to those behind the new legislation [52]. The modern legislation rules become a good ground for creating an IT company and its development, for example Ukrainian company “GenesisTech” for 10 years of existence became a solid employer with high annual ranking not only in Ukraine but in Europe, United States and Africa by launching local e-newspapers, projects. Between 2020 and 2021, the IT sector in Ukraine grew by 36% [51].

Overall, digitalization is playing an increasingly important role in the Ukrainian economy, providing significant opportunities for growth and development. By continuing to prioritise the development of the digital economy, Ukraine can position itself as a leader in the region and attract investment and talent from around the world.

CHAPTER 3. IMPLEMENTATION OF THE BUSINESS MODEL OF DEVELOPMENT BASED ON THE MATERIALS OF THE CUBIC VEREIN

3.1 Resource support for the implementation of the business model of the development of Cubic Verein in the conditions of digitalization

Cubic Verein has been on the market for a long time already and was founded back when the Internet was not so popular at the level of everyday routine and social networks overall did not exist. Of course, with the development of the world economy and its modernisation, companies had to change and adapt to modern trends, especially by attracting and working with potential clients. The organisation specialises mainly in working with people and sending participants abroad for short or long-term projects, therefore, creating and working on a good reputation and people's trust in the organisation's activities is an integral part. In addition, the NGO market is not so wide in Austria and its overall tendency in Europe. In this way the situation when everyone knows each other is quite common, and this is a specificity of the work in this field: the more people and organisations you know around you, the more opportunities for new projects and grants you have. Thus gained the trust from the National Agencies and governmental institutions, as in general these institutions encourage NGOs to constantly write new topics projects.

Therefore, networking is very important for this type of activity, as it almost directly affects the course of business development. For such purposes, nowadays not only offline meetings exist but also social media and the developed popular usage of Internet resources, as marketers say that if a business does not exist online, it does not exist at all. Although the growth of social media and digital is not so rapid in Austria as in Ukraine, where the market is developing pretty fast with new trends and tendencies, and the quality is much better, many businesses in Austria are gradually coming to the point where they

hire SMM-managers, web-site developers, and start to invest in the direction of digital marketing. So as Cubic Verein did. In 2013, they opened a website with a corresponding domain and in 2017 launched Instagram and Facebook pages [53].

The use of social media can be incredibly helpful for the work of NGOs for several reasons:

- **Increased Reach:** social media platforms have a lot of users, providing NGOs with an opportunity to reach a much larger audience than they could through traditional media or marketing channels. By posting updates, news, and stories on social media, NGOs can engage with a wider range of people and potentially attract new supporters or donors.
- **Cost-Effective:** Instagram and Facebook platforms are free to use, making them a cost-effective way for NGOs to reach out to supporters and raise awareness of their cause. Though any variations of ads need to be paid.
- **Real-Time Communication:** it allows NGOs to stay in touch and be easier to reach, even to compare, now for us it is much easier and better to ask in social media pages about applications, making appointments for the service, etc.

The advantages of digital development in the general sphere of NGOs is the creation of a single database of projects and questionnaires of participants European Youth Portal [54]. It gave an incredible boost in the development and speed of adaptation of projects, as well as young people, which in a way made it possible to increase this market and include the possibility of more projects, the opportunity for more people to enter this field and participants to take part, because the market has grown. The focus of Cubic Verein is particularly on youth-related issues or work with young people and the European Youth Portal is an online platform that provides information and resources on a range of topics related to youth, including education, employment, volunteering, and travel. The decision of Cubic Verein to join this platform and update the

information about recruiting became beneficial to their business activity. It definitely gave access to Information as NGO can use the European Youth Portal as a source of information on youth-related issues, policies, and initiatives in Europe. The portal provides up-to-date news, research, and data on a range of topics, which can be helpful to stay informed and make evidence-based decisions [54].

As far as it is known Cubic Verein did not succeed to find new partners via this platform but there is such an opportunity as the European Youth Portal provides information on funding and partnership opportunities for youth-related projects and initiatives. For sure the youth engagement is what the platform is developing and there is quite a beneficial reason to join, because there is a certain crisis in the involvement of young people into any activities in Austria, lean towards the reason for the change in behaviour, infantilism, and difficult adaptation among new people due to the prolonged strict lockdown during the covid period.

The basic activity of Cubic Verein oriented on youth and young people. Regarding it, the most common type of work is team volunteering project for young people from 18-30 for 3 weeks. Originally project-managers write the idea and plan of the project and send the draft of a plan to partners in order to involve them. After the meeting they sign the agreement of partnership for the exactly discussed project and submit it for the grant from the European commission. In the case of the positive response (waiting time is for about 1-2 months), Cubic Verein book the place for accommodation, and launch the call for participants and facilitators. After all these phases are completed, the project itself goes when all the participants meet in the specific place and start their work/education/etc. depending on a topic and aim of the project. After this the closure part involves gathering feedback from participants, collecting the archived results and final submission of a report to the National Agencies as evidence that granted money were really spent by its aim.

By the most common directions of digital development Cubic Verein included in their activity: social media, website and the digital platform.

Social media is yet a powerful tool for NGO, allowing them to reach a wider audience, engage with supporters, and raise awareness of their cause. By using social media effectively, NGOs can increase their impact and achieve their mission more effectively. And the European Youth Portal can be a helpful resource for NGOs that work with young people or on youth-related issues. By providing access to information, networking opportunities, and resources for youth engagement, the portal can help NGOs to expand their impact and achieve their mission more effectively.

One of the areas of digital work in the company is the development and updating of the website, as its old version is no longer sufficient for professional services. With such intentions, the organisation needs to engage a website developer or contact the company for the initial development and further support of the service, as well as provide access to the site to the assistant general manager or SMM manager [55]. An important role in the implementation of this project is played by the availability of resources, technical resources such as computers, cameras, equipment, equipment for film screenings, and material management which includes planning, executing, directing, coordinating, monitoring and controlling of all the processes that are associated with the project materials.

Within identifying of resources it goes that the average salary for an SMM manager in Austria is 40,000 euros per year, but a SMM manager working in Cubic Verein works only 20 hours a week, so the official salary is 21,000 euros per year (without counting bonuses and allowances, because in Austria there are also 13th and 14th salaries, which are paid in June and late December). So every year since 2017 Cubic Verein spent about 23,000 - 25,000 euros on SMM manager, as this woman works halftime, and in 2018 they got grants in the amount of 61,000 euros and 17,000 euros of government investments. What

makes it claim that the company got revenue three times bigger than invested in a new employee. Though it was one of the most successful years for Cubic Verein, the next year a pandemic happened and the amount of grants decreased. There were discussions in the company about the relevance of having SMM, but still it seems as for business existence in the modern world you need to have social media. Focusing on the digitalisation of the Cubic Verein, updating the website as an active tool for interaction with participants, as well as new partners. In the chart 3.1. is shown the estimated timeframe for the implementation of such a project.

	Initiation and planning	Execution	Monitoring and controlling	Closure
Development of the concept of the website	3-4 weeks			
Hiring of a programmer				
Programming of website - implementation		2-3 month	Once a month during 6 months	After the implementation and during the monitoring process
Feedback and payment				

Chart 3.1. Phases of the launching a new website for Cubic Verein [built by the author]

Besides Cubic Verein needs to use the skills of a programmer to launch a new website, the day rate of the programmer in Austria is on average 70-110 euros, or a monthly starting from 2500 euros. As every business Cubic Verein wants to save more in order to get a bigger surplus of profit, especially as an NGO. So there is a comparative analysis of potential IT companies in Austria, nearest German city (Munich) and Ukraine to choose for website launching.

Table 3.1.

Comparative table of website implementation costs for Cubic Verein, EUR

Name	Programming payment	Domain registration	Monthly corrections	Google Analytics	First instalment
WebDesign Agentur (Innsbruck, Austria)	3100 EUR	56 EUR	56 EUR	Included	3212 EUR
WebDesign (Innsbruck, Austria)	2690 EUR	69 EUR	90 EUR	None	2849 EUR
Bayern Design (Munich, Germany)	2500 EUR	79 EUR	130 EUR	Included	2709 EUR
WebHead (Wien, Austria)	1790 EUR	80 EUR	110 EUR	None	1980 EUR
Epam systems (Kyiv, Ukraine)	1700 EUR	20 EUR	50 EUR	None	1770 EUR
GenesisTech (Kyiv, Ukraine)	1500 EUR	53 EUR	75 EUR	None	1628 EUR

Source: based on [54]

It is likely to be more profitable for the company to apply for the services of a GenesisTech (Kyiv, Ukraine) or WebHead (Wien, Austria). As the quality of the provided service of GenesisTech is equivalent to a well-paid company in Germany, Switzerland with a preliminary calculation (Table 3.2.) I would recommend launching this project in cooperation with GenesisTech.

Table 3.2.

Monthly expenses of Verein Cubic for employee benefits, including the salary for the work of a half-time programmer, eur

Position	Amount of people	Occupation	Salary
CEO	1	Full time	3200 EUR
Assistant	1	Full time	2800 EUR
Accountant	1	Full time	2450 EUR
SMM	1	Half time	1750 EUR
Project manager	2	Project based employment	450 EUR per project
Board of directors	4	Half time	700 EUR
IT specialist (if to hire one to the company)	1	Half time	2100 EUR
Total monthly expenses for employee benefits			15550

Source: based on the information provided by Cubic Verein [3]

Compared to the cost of hiring the halftime programmer employee, that is 2100 EUR per month and first instalment price of GenesisTech 1628 EUR (followed by monthly payment of 75 EUR) it makes more sense to apply for services of Ukrainian IT company from the side of profit, quality, Cubic Verein does not have to buy new techniques and software but at the same time comfort and live communication with the employee will be absent and can cause some of the miscommunication issues. At the same time updating the website is necessary for the company, because they cooperate with young people and partners from different countries. and the website is like the face of the company and the first business card for cooperation and engagement of participants, because all the necessary information is found through the sites. [55].

Table 3.3.

Staff base for the implementation of the website in Cubic Verein

Position	Amount of people	Occupation
IT developer	1	Project based employment
Project-manager	1	Part time
Administrator	1	Project based employment

Source: based on the information provided by Cubic Verein [53]

On the basis of the information provided by Cubic Verein, while selecting GenesisTech company for implementation of the website the project will have a project manager, an IT specialist, and an administrator responsible for the project. This is a reliable basis for starting the project even if you consider accidental quitting of one of the members. There is an extra variant and

people responsible for the development of the project, moreover company will be responsible for hiring new people in order to finish the project.

By launching the website in cooperation with Cubic Verein (Innsbruck, Austria) and GenesisTech (Kyiv, Ukraine) first contribution for instalment will be for about 2000 euros and it is important to put budget for accidental breakdowns, extra costs or replacement of something for three years in anticipation of the activity and cooperation. That is, an additional budget for the project should be set aside for an extra 400 euros per year. What means that in total calculation for three years this project will cost 3200 euro.

As Cubic Verein is a non-governmental non-profitable organisation it should take money resources for the extra activity and events, in this way the company went to a Standortagentur Tirol for extra funding, by explaining what are they doing, that the point is the social work and the youth work. This topic goes under the main areas of funding of the Standortagentur Tirol [59]. The main department that is responsible for the funding is the Wirtschaftservice GmbH, which is mainly Austrian federal service that checks the NGOs activity and its financing. So Cubic Verein can get a grant from this institution as it fits to main topic and areas of funding, moreover 3200 euro for three years is basically not that big amount of money for the Austrian federal institution.

Based on Table 1.6 of Chapter 1 in 2022 Verein Cubic launched about 106 projects which were international long-term and short-term projects, as well as local Tirolinas initiatives with a total estimated profit of 258,500 euros. Though it is worth noting that it is not a stable monthly profit as it does not have an equal number of projects and provided services per month, and payment delays also take place. In this case, it does not make sense to have a permanent employee involved in IT with the current flow and amount of money, and the outsourcing option will bring more benefits and fewer problems in terms of costs.

3.2 Assessment of the prospective result of the implementation of the business model of the development of Cubic Verein

The results of implementation of digital tools into an activity of Cubic Verein business model depend on several factors: availability of resources, amount of qualified personnel, specific goals, external environment in which the NGO operates, internal and external factors, such as crisis, pandemic, death of the founder, government support, socio-economic condition of the society. Despite that Cubic Verein claimed it succeeded to achieve financial stability and it is easier to generate revenue by diversifying the funding sources and developing revenue-generating activities by reducing reliance on grants, which can be unstable and unpredictable, with a help of better awareness about worldwide opportunities and situation on a market.

The organisational efficiency had grown as company's management started to use online-planning apps and every member of a team can be aware of what is happening in the organisation, and schedule something accordingly. This really improved the decision-making process. With some modernisation of the processes Cubic Verein became also more accountable to its stakeholders, beneficiaries and public, as it became easier to lead the accountancy and basically, their main account now is the person that went to this organisation as assistant after university graduation. By measuring and reporting on its performance and impact, an NGO demonstrates its effectiveness and builds trust. Which is an important part for the work and helps to avoid potential risks. Because if the organisation is not successful in generating revenue or developing sustainable revenue-generating activities, it may become financially unstable. And by approaching a well-build transparent system as digitalisation helps to make the strategy it will lead to a successful activity and continuation of business, and its growth.

With the development of the company's social pages, the number of cooperations between partner organisations has increased, as networking and

recognition have been established, most organisations work on brand awareness for further promotion. The introduction of digitalization definitely gives more opportunities and possibilities. In 2018 the company succeeded in launching 13 short-term, 5 of them were financed by local Tirolean institution and handled in the Innsbruck area such projects are called FabLab and aimed at developing local communities and attracting unemployed youth or those who are looking for work so that they can gain new knowledge and skills for possible further career [3]. Also 17 long-term projects were granted from National Agency and European Parliament Initiation, some of them were profitable law as from the side of Cubic Verein the company was only required for the organisation of interviews and selection of participants, and further support with visas, insurance, etc. At the same time, the company worked on 11 major projects in different parts of Europe and with new partners. By 2022, some international cooperation had declined and some partners had left the market, (the pandemic had a significant impact), but it is likely that some did not want to continue cooperation due to personal circumstances.

Referring to the website similarweb.com the old website channel of Cubic Verein had about 700-1500 views per month, does not collect any data and information about audience and actual viewers. Which means that they do not have any valid initial data to target the marketing campaign or build the proper analytics [54]. And in this case it is a good beginning for the new developer to orient and provide probably the collection of cookies. If compare the data from the same website of Ukrainian partner organisation “NGO Stella”, their attendance is about 18 000 - 20 000 views, but as well they do not take any personal data from internet users, most probably because of personal data protection to the side of NGO [53]. But in comparison even with the amount of projects implemented, ease of recruiting participants, communication channels for NGO Stella it is much faster, easier from the inside and brings profit. In terms of the number of implemented projects, Stella's figures are about three

times higher, although in monetary terms it may be slightly larger than the Verein Cubic, because of currency conversion. Thus, according to rough estimates, the efficiency and success of the Cubic Verein organization's activities can increase about three times.

In such a case with a first minimum contribution of 2000 euros, involving Ukrainian programmers and monitoring of the activity of the website, Cubic Verein can double or triple their profit based on the results of “NGO Stella”. What is more, this will make the participant selection process easier and faster as the information will be uploaded in a clear and accessible way, and systemise the approach of Cubic Verein management.

Table 3.4.

Approximate estimation of the results implementation website for Cubic Verein, EUR

	Year & Amount of projects implemented		
	2024	2025	2026
Local government investment	27 000	35 600	39 000
Grants	68 000	75 000	125 000
Fundraisig	41 000	57 000	72 700
Individual/business donations	36 000	51 000	68 300
Total for year	172 000	218 600	305 000

Source: built by author based on the results of partner company NGO Stella .

By spending 3200 - 4000 euro per this idea of launching a website Cubic Verein can significantly affect the success rate of its projects, but of course this also depends on many factors such as the economy, the allocation of funding, so to gain in these three years in 60% more to the previous results.

With approximate predictive results the revenue of Cubic Verein may double, which will mean 305,000 euros per year. As it was observed with the development of the “NGO Stella” company, this leap will be significant. Also, in the NGO’s field, at least in Europe, few companies have a well-designed website that is accessible for visitors because most organisations do not consider this step as important, so this will be a certain innovation and visual representation in the web of the company.

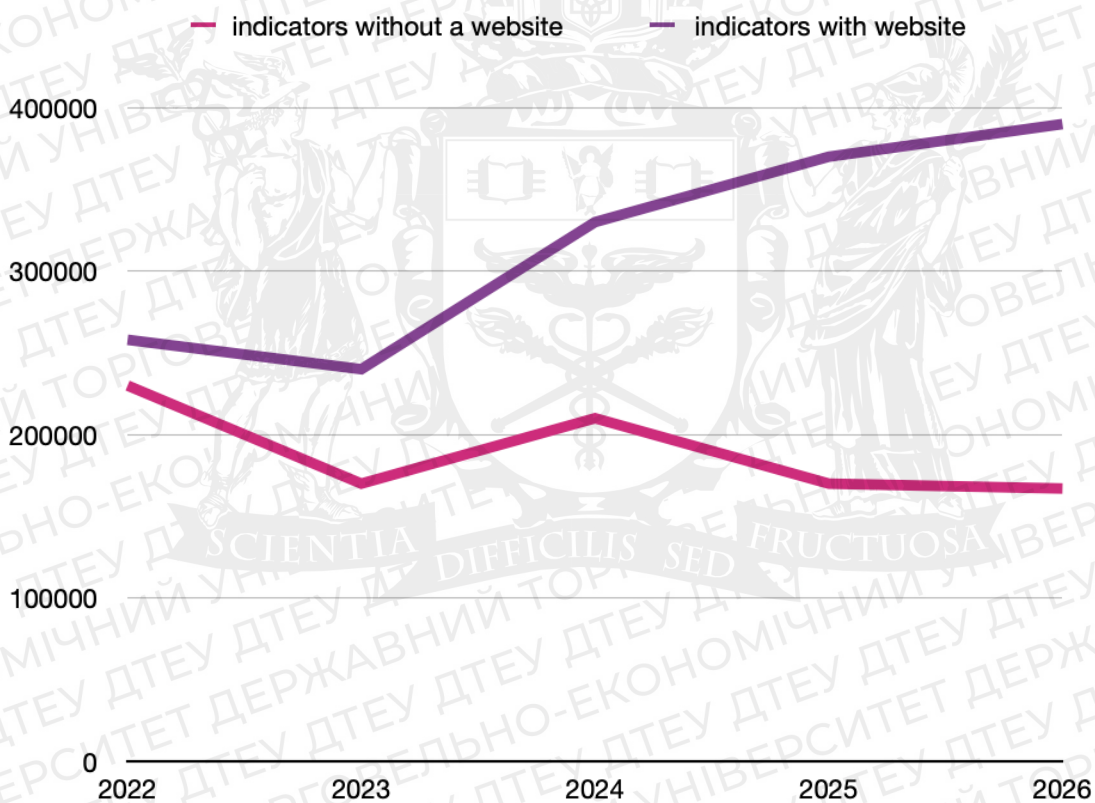


Chart 3.2. *Approximate predictive results of revenue with the launching of the website of Cubic Verein [build by the author]*

The significant indicator of growth is the company's very favourable location, which is in Innsbruck. Austria itself is a country with a developed economy and active social sector funding. The largest economic centre of Germany - Munich - is two hours away and has quite a lot of connections,

Switzerland is three hours away by car, half an hour by train to the border with Italy and 4 hours to Croatia. This means that for cheaper products, services or activities, it is possible to buy in Italy and Croatia. The active website opens these opportunities as there is greater access to funding opportunities, especially grants, which opens up the Swiss and German markets, as in these countries especially Swiss social sector is law developed and potential and experience of Austrian organisation, additionally that will go in lower price, will be valuable.

At the same time, the company may face external and internal risks while implementing the website. External risks are found in the project environment - suppliers, contractors and customers, the government, the environment. They include contractors failing to meet deadlines, a natural disaster or a new law. Internal risks are all potential problems within the organisation and the project team. For example, someone unexpectedly quits or the team starts using a new technology and doesn't have enough time to learn and experiment with it.

For example, a typical risk at the design stage is that customers do not approve the layout. After development, it may be that they had a different idea. Then you have to waste time making changes, which requires additional resources. Then DODing (Defence of Done) is an important part of the process, it is a meeting between the client, the project, and the team leader. The purpose of the meeting is to agree on what will be done in the feature, for whom it is intended, and what problem it solves [58].

Table 3.5.

Risk register for the Cubic Verein in the process of launching a website

Risk	Cause	Degree of impact	Likelihood	What to do if there is a problem
Dismissal of a programmer	Company and employee communication	Law	Find out how many people in the company can do this	Set aside additional time
A new technology that failed	The team has a poor understanding of the new technology and is not ready to implement it	Law	Talk to the contractor in advance about not wanting to use new technologies and experiments	Discount and additional service
Customers have not approved the layout	Timlid does not insist on a discussion and violates the deadline	High	Discuss and make several meetings with preliminary agreement on the layouts	Set aside extra time

Source: built by author based on [58].

The powerful tool can be a “5 Whys method”. It is about gradually answering the question “Why did this happen?” There don't have to be five questions - there can be more or less. The main task is to get to the root cause or to find out in a pre-assessment phase.

Cubic Verein opens up a lot of opportunities for itself by creating a website and at the same time has not so many risks and resources to lose, the only thing is that it still takes some time and creative process to develop a website and prepare, but it is worth it. The prospective results of implementing a business model for the development of an NGO depend on the specific circumstances and context of the organisation. While there are potential benefits,

there are also potential risks that must be carefully considered before implementing a business model.

CONCLUSION AND PROPOSALS.

Implementation of proper accounting procedure and internal control on the financial data of Cubic Verein is accurate and reliable, this includes maintaining proper documentation of all financial transactions, implementing segregation of duties to prevent fraud, and regularly reconciling bank statements and other financial records. The company's profits are gradually increasing, and although it is inferior in terms of income to other organisations, it is still quite confident in the market and gains high positions in comparison with other organisations.

Cubic Verein NGO's financial activity is basically guided by principles of transparency, accountability, and sustainability. By implementing proper financial management practices, they succeeded to ensure that they are able to achieve their mission, make a positive impact in their communities and such a position can help to get a good reputation in front of the National Agency, and get more financing. The organisation's activity is actively developing and every year they take on more and more projects, and the national agency has an opinion about this company that they are always busy and doing something. It is a huge burden on the work of managers and it costs the executive manager his health. In general, the organisation is still developing well. I would recommend them to grow the staff of permanent project managers and use new management methods and conduct a complete audit of their finances and the type and style of management.

The increased flow of information and communication across borders has raised awareness of social and environmental issues around the world. NGOs have been able to tap into this global awareness and build support for their causes through social media and other digital platforms. At the same time easier access to international projects and fundings has led to tension between non-

governmental organisations and government in some cases as NGOs can increasingly operate across borders and challenge the authority of governments, additionally works of NGOs are often free of main taxes. And increased competition drives innovation and at the same time makes it harder to survive on the market or to differentiate from competitors.

It is becoming clear that a high level of digitalization makes a company more competitive today and more secure in the face of future challenges. The digitalization ratio, which is used to benchmark companies, includes four parameters: strategy, digital culture, competencies, and organisational model. This indicates the importance of these components in digital transformation.

The development of partnership between the “NGO Stella” (Kharkiv, Ukraine) and Cubic Verein (Innsbruck, Austria) strengthened their cooperation in 2022 and launched 1 Erasmus exchange and 2 long-term volunteering projects together. Digitalization is playing an important role in the development of modern businesses in the context of implementation of foreign economic activity for an NGO as it helps to:

Digitalization can help businesses to be more effective, efficient, and accountable, allowing them to better serve their communities and achieve their mission. Though at the same time if it is to work with a main target of youth it makes it harder to involve young people into offline activities, especially catching the attention that directly affects works of Cubic Verein after the pandemic.

It is recommended for NGOs to establish clear communication channels and processes for managing the partnership to ensure that both parties benefit from the collaboration.

Social media development in Austria is not that rapid as in Ukraine and, for example, in Austria there are no instagram shops in social media, lack of usage of graphic editors and well-prepared strategy as it is something not valid for businesses. And even visually social media pages in Ukraine are better

developed and people are used to working more with less payment. I would recommend Cubic Verein to use some planning platforms for posting, (as Plann, Plannoly, etc.), include graphic design and give more freedom in creation to the social media manager, as from what I faced that assistant of CEO gives a lot of advice in the field he does not really know and in that way put a lot of unnecessary restrictions. Also, the fact that they joined the European platform is very important but there is a lack of relevant uploads on the website and modernisation of the platform as far as its popularisation via the public.

What is needed for a company is a more structured approach and the work inside of the team on motivation and realisation of potential of employees. It is a topic to consider investing in employee development by introducing various digital courses, software development, computer skills, also improving communication, introducing training and common holidays, business or leisure, perhaps even a joint lunch on Mondays. As companies' employees work with people all the time, it can be pretty tiring and devastating so people need to get resources and energy from somewhere. Maybe with optimal organisation and scheduling, it can become possible to make the four day working schedule and get people the opportunity of a longer weekend in that way.

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APPENDIX*Appendix A*

Cubic Verein, Austria, Innsbruck

Financial statement by the of 31 January of 2022

(balance sheet statement of financial position)

Assets	the beginning of the year 2021, EUR	the end of the year 2022, EUR
1. Non-current assets		
Nonmaterial assets	580	450
Capital investments in progress	4700	2300
Investment property	2500	2500
Long-term financial investments	0	0
Long-term accounts receivable	5300	2100
Deferred tax assets	0	0
Other non-current assets	23000	22000
Total by section	36 080	29 350
2. Current assets		
Receivables for goods, services and works accounts receivable for settlements:		
for advances issued	430	270

by budgets	0	0
current financial investments	2100	1500
Assets	the beginning of the year 2021, EUR	the end of the year 2022, EUR
2. Current assets		
cash and equivalents	6300	7400
current period income	43 000	37 000
total by section	51 830	45 170
liabilities related to non-current assets, held for sale and disposal groups	0	0
balance sheet	83 910	71 250

Appendix B

Cubic Verein, Austria, Innsbruck

Financial statement by the of 31 January of 2021

(balance sheet statement of financial position)

Assets	the beginning of the year 2019, EUR	The end of the year 2020, EUR
1. Non-current assets		
Nonmaterial assets	580	580
Capital investments in progress	3500	4700
Investment property	2500	2500
Long-term financial investments	0	0

Long-term accounts receivable	6700	5300
Assets	the beginning of the year 2019, EUR	The end of the year 2020, EUR
1. Non-current assets		
Deferred tax assets	0	0
Other non-current assets	18 000	23 000
Total by section	31 280	36 080
2. Current assets		
Receivables for goods, services and works accounts receivable for settlements:		
for advances issued	400	430
by budgets	0	0
current financial investments	3750	2100
cash and equivalents	2500	4300
current period income	37 000	43 000
total by section	39 900	49 830
liabilities related to non-current assets, held for sale and disposal groups	0	0
balance sheet	70 180	83 910

Appendix C

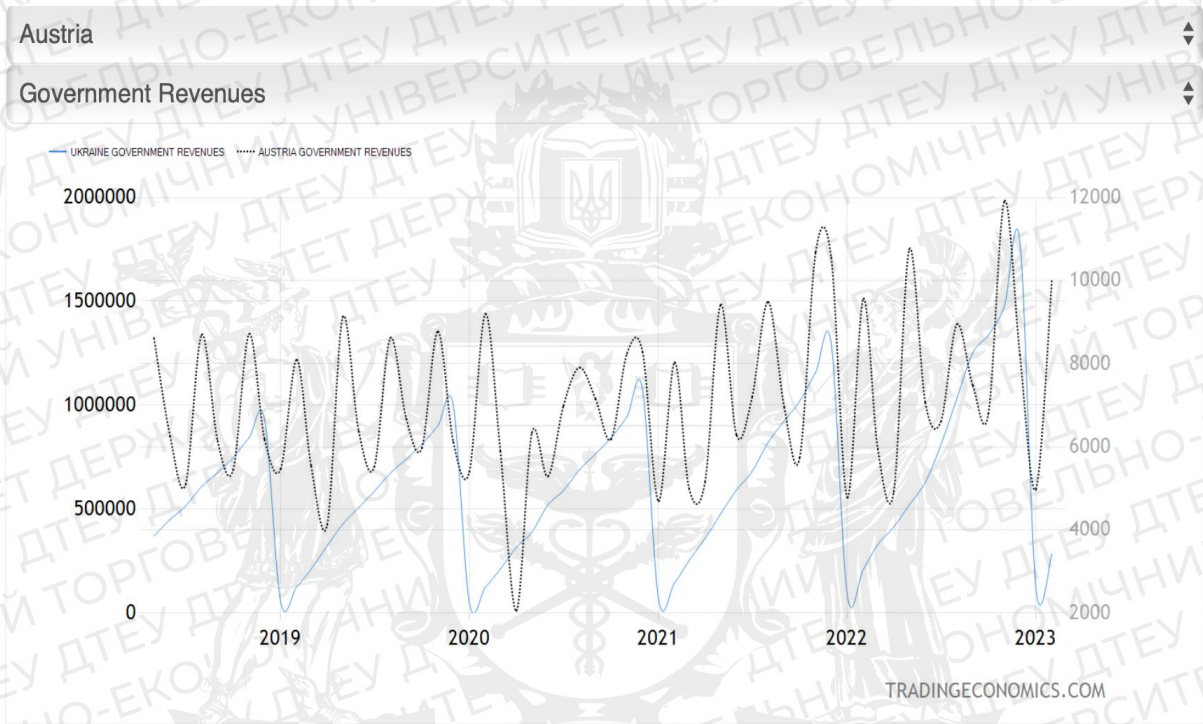
Affection of political uncertainty on development of economy in Ukraine

	Description	2014 year	2019 year	2022 year
Decreased investment	The ongoing war has created a climate of risk aversion among investors, leading to decreased investment in the country.	350 USD million	500 USD million	210 USD million
Currency devaluation	Political uncertainty has led to a devaluation of the Ukrainian currency, the hryvnia, which has made imports more expensive and reduced the purchasing power of Ukrainian consumers..	1 USD = 11,8 UAH	1 USD = 26,3 UAH	1 USD = 35,6 UAH
Trade disruptions	The ongoing war has disrupted trade flows and reduced exports	\$- 2100.0M	\$-500.0M	\$- 1300.0M
Reduced government revenues	Difficult to implement effective economic policies, leading to reduced government revenues and increased public debt	360000 UAH	790000 UAH	1350000 UAH
Brain drain	Brain drain of talented professionals from Ukraine, as many have sought opportunities in other countries with more stable politics and economy. This has resulted in a loss of human	42,76 million	41,73 million	~38 million (official data varies)

capital and reduced innovation and economic competitiveness.

Source: created by the author based on [29]

Appendix D



Picture. Comparison of government revenues in Austria and Ukraine

[based on tradingeconomics.com [29]]