

ICEST 2020
**International Conference on Economic and Social Trends for Sustainability of
Modern Society**

**ASSESSMENT OF THE LEVEL OF VULNERABILITY TO
PROTECT PROPERTY INTERESTS**

A. Kovalenko (a)*, A. Svetlakov (b)

*Corresponding author

(a) Perm state agro-technological university, ul. Petropavlovskaya, 23, Perm, Russia, Kovalenkoloko@yandex.ru

(b) Perm state agro-technological university, ul. Petropavlovskaya, 23, Perm, Russia, sag08perm@mail.ru

Abstract

The article defines the main assessment criteria of the vulnerability level of alcoholic beverages producers property interests. The essence of criteria as an important element in the protection of property interests is analyzed. The authors define the concept of property interests' protection in accordance with the analysis of elements comprising the protection mechanism and the interrelation between the concepts of protection and vulnerability. The importance of the evaluation criteria of the vulnerability level through the example of the alcoholic beverages production and implementation is determined. Assessing the level of the production process vulnerability, quantitative sufficiency of qualitatively prepared agricultural raw materials is the most important criterion. An important criterion for evaluating the production vulnerability level is the provision of well-prepared manufacturing facilities. The availability of reliable distribution channels was identified as the most important evaluation criterion when assessing the sale process vulnerability of goods produced by the reprocessing alcoholic beverages industry. The designated content and impact of each criterion on the organization development and functioning is defined. Interconnection of the production process and sales of finished products in the vulnerability assessment level for producers of alcoholic beverages products protection is revealed. The special status of alcoholic beverages market production regulation with respect to all the participants of the compulsory licensing requirements market and state establishing a minimum cost of end products is considered.

2357-1330 © 2020 Published by European Publisher.

Keywords: Vulnerability level, property interest, alcoholic beverage market, assessment criteria.



This is an Open Access article distributed under the terms of the Creative Commons Attribution-Noncommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

1. Introduction

Economic independence, stability and sustainability of the alcoholic beverages market participants are the most important elements of the functioning and development of the market for alcoholic beverages producers in a changing environment. The presence of a high level of property interest protection contributes to self-development, the introduction of scientific and technological progress and the manufacturer updating. Thus, ensuring the above indicators is a prerequisite for the preservation and sustainable development of organizations of the processing alcoholic beverages industry (Pavlov, 2014).

2. Problem Statement

The research problem is to ensure the preservation of the producers of alcoholic beverages property interests, in connection with the need to equip and use production capacities, land, continuity of production, finished products sales, provision of qualified personnel and meeting the producers' needs (Sokolova & Chudinov, 2012), in conditions of ongoing rivalry with illegal manufacturers of counterfeit goods (Bakulina & Raudsepp, 2016). In addition, the interaction of the state, manufacturers and the distribution network of alcoholic beverages is accompanied by changes in both the external and internal political, economic and legal situation in the alcoholic beverages market (Akifiev & Krymov, 2017).

The problems of state regulation of the production and turnover of alcoholic and alcohol-containing products were considered by such authors as Beketova (2016), Erokhin (2015, 2016), Kalinina (2019), Reutskiy and Khokhlova (2015). The study of the alcohol market was conducted by such researchers as Zhuk and Kizilova (2013), Latyntseva (2017) and Oganesyants (2015).

3. Research Questions

Assessment of the property interests of organizations involved in the production of alcoholic beverages protecting vulnerability level involves solving the following issues:

- What is the property interests' protection?
- What are the main criteria for assessing the vulnerability level of the alcoholic beverages production process?
- What are the main criteria for assessing the vulnerability level of the alcoholic beverages' sale?
- What is the special status of alcoholic beverages market regulation?

4. Purpose of the Study

The answers to these questions will allow to achieve the main goal of this work, which is to define the main criteria for assessing the property interests of alcoholic beverages producers' vulnerability protection level.

4.1. The definition of the term “property interests protection”

It is necessary to give the author's definition of the concept of property interests protection based on the analysis of elements comprising the protection mechanism and the relationship of protection and vulnerability.

4.2. Assessment of the vulnerability level of alcoholic beverages production process

To identify the vulnerability level of alcoholic beverages production process it is necessary:

- To define the basic criteria of assessing of the production process vulnerability level.
- To determine the content of each criterion.
- To set the criteria significance for the assessment of the production process vulnerability level.

4.3. Assessment of sales vulnerability level

To identify the manufactured alcoholic beverages products sales vulnerability level, it is necessary:

- To define the basic criteria of assessing the sales vulnerability level.
- To determine the content of each criterion.
- To determine the criteria significance for the assessment of the manufactured alcoholic beverages sales vulnerability.

4.4. The special status of the alcoholic beverages market regulation

To determine the status of the alcoholic beverages market regulation it is necessary:

- To identify the basic elements of alcoholic beverages producers' activities.
- To determine the features of state regulation influence on the alcoholic beverages producers' activities.

5. Research Methods

5.1. The concept of property interests' protection

Protection of property interests is a combination of tools for identifying and evaluating weaknesses and vulnerabilities of an enterprise's property complex, as well as evaluating measures taken to protect it.

Vulnerability assessment allows to identify problems in various areas of an enterprise, as well as assess the sufficiency and necessity of using existing protection tools. Thus, we have identified the inextricable relationship of vulnerability and protection.

From the perspective of expanding the conceptual framework and introducing scientific knowledge, in our opinion, the concept of property interests protection may look like a set of measures to preserve property from internal and external threats and risks, its effective use, as well as the use of tools to assess the vulnerability level and protect property interests of enterprises.

5.2. Assessment of the alcoholic beverages production process vulnerability level

The production process is fundamental to making a demand for finished product sale, so the vulnerability of production has a direct impact on implementation. Identification and assessment of weaknesses contributes to the formation of a competitive product.

We propose to assess the production process vulnerability using the following list of criteria:

- the quantitative sufficiency agricultural raw materials and materials of high-quality (hereinafter referred to as R&M);
- provision with qualitatively prepared production facilities;
- provision with qualified personnel;
- current regulation of the production process.

The first criterion for assessing the level of vulnerability includes three elements: the quantity, quality and preparation of R&M included in the finished product. Such R&Ms include bottle, etiquette, cap, federal special brand (hereinafter FSB), water, alcohol, water-alcohol liquid (hereinafter referred to as WAL).

To produce the finished product, one must make sure that each element is in sufficient quantity. Otherwise, this criterion will indicate a high vulnerability of the production process and, as a result, it will be impossible to produce the required amount of the finished product.

Quality assessment allows us to determine the availability of R&M to the production process, namely, the ability to use them to produce the finished product. The quality of R&M affects the quality of the finished product, production speed, productivity and, thus, the cost.

Preparation includes R&M processing, storage and transportation. Violation of the procedures for the preparation of R&M will indicate the presence of a vulnerability in the production process, namely the inability to produce high-quality goods in the required quantity.

Thus, the quantitative sufficiency of well-prepared R&M is a necessary criterion for assessing the property interest vulnerability level. The effective use of R&M, including the preservation and improvement of their properties, allows for stable functioning, unhindered production and products marketing (Shiyarov, 2016) as well as to offer the consumer quality goods in the required quantity.

The second evaluation criterion involves determining the availability of quality-prepared production facilities. Security means the availability of high-tech equipment to produce finished products. High technology involves the production of greater quantity of finished products with minimal economic costs, which affect the productivity and cost of the finished product.

An important element in the efficient use of the equipment is its pre-production. At this stage, the technical staff sets up the equipment to produce a product of a particular type. Therefore, the inability of equipment to produce different types of finished products in the required quantity with high productivity is an indicator of the property interest vulnerability.

The third criterion for assessing the vulnerability level is the provision of well-trained personnel. By well-trained personnel, we mean employees whose knowledge, skills and abilities are sufficient and

suitable to perform a labor function. It should be noted that it is necessary to have well-trained personnel at all stages of production, from management of the production process to service personnel.

The fourth criterion for assessing the vulnerability level is the actual regulation of the production process. It implies, firstly, the existence of regulations and rules for each stage of production, and secondly, their timely updating. Regulations should be accessible, easy to understand and apply, as well as required for each stage of production.

Thus, the assessment of the production process vulnerability level is a paramount task for preserving the property potential that contributes to the implementation of highly profitable activities for the alcoholic beverages producer.

5.3. Assessment of the sales vulnerability level of manufactured products

We propose to assess the vulnerability of the finished product sales process using the following list of criteria:

- the quantitative sufficiency of the sought-after quality product;
- the availability of reliable distribution channels;
- provision with high-quality system-organized personnel;
- current regulation of the product sales process.

The quantitative sufficiency of the sought-after quality product is a strategic criterion for assessing the vulnerability level. The products necessary to meet the needs of consumers should be in the quantity for which there is a demand and should also be ready for sale in compliance with quality requirements. This will not only maintain the level of sales achieved, but also attract a new consumer. In this case, the vulnerability assessment should be based on the performance of planned sales indicators of the manufacturer, distributors and end sellers. In addition, it should be noted that in order to maintain stability, it is necessary to coordinate not only manufacturers, sellers, but consumers as well (Kiyashchenko & Mishchenko, 2016).

The second criterion for assessing the implementation process vulnerability level is the availability of reliable distribution channels. This is the most unstable criterion, the value of which is always probabilistic in nature and must be evaluated constantly. A reliable sales channel ensures the return of receivables, maintains the level of sales and profitability. Lack of reliable partners can put the alcohol beverages producer in a position in which he cannot exist. Thus, this criterion is both life-supporting and the most difficult to analyze the level of vulnerability.

The third evaluation criterion implies the availability of high-quality system-organized personnel. The sales system assumes the presence of a strictly built hierarchy of personnel with the distribution of functions to make offers to distributors, retail chains, retail stores and to ensure accessibility for the final consumer. It should also be noted that each employee should have special knowledge, skills and abilities in order not only to maintain the level of sales, but also to develop them.

Relevant regulation of the finished products sales process is the fourth criterion for assessing the vulnerability level. This criterion is the need for sales procedures, as well as their timely updating. The

lack of regulations for the implementation of sales at all levels of sales and their actual application shows the vulnerability of sales, including the creation of irrevocable receivables.

Thus, an assessment of the finished product sales process vulnerability is an indicator of the ability of an alcohol beverages producer to exist in modern economic conditions.

5.4. Special status of the alcoholic beverages market regulation

To determine the role of licensing requirements and the possible consequences of their non-fulfillment, we propose to consider the following elements of the enterprise activities producing the alcoholic and alcohol-containing products:

- the purchase of alcohol;
- alcohol preparation;
- production of alcohol-containing products;
- storage of alcohol-containing products;
- sale of alcohol-containing products.

Each stage of alcohol turnover associated with the activities of the producer of alcoholic and alcohol-containing products is regulated. The requirements of normative acts are binding on all market participants, such as producers of alcohol, alcohol products, federal networks and distributors, retailers (Latyntseva, 2017). Failure to comply with licensing requirements will entail punishment by state authorities, including cancellation or suspension of a license. All this will stop the production and sale of products, which means it will stop the life of the enterprise.

But one should not forget that the current legislation, in addition to the punitive function, protects the entrepreneur's property rights and interests, for example, sets the minimum price for the sale of manufactured products. Thus, the state guarantees the enterprise's business activities on the basis of its property (Pavlov, 2014). In this case, the guarantee is expressed in establishing a competitive minimum price, the increase of which allows the enterprise to receive additional income.

6. Findings

6.1. The concept of property interests protection

Based on the analysis of the elements that make up the protection mechanism and interrelation between protection and vulnerability, the authors determined that the protection of property interests may look like a set of measures to preserve property from internal and external threats and risks, its effective use, as well as the use of tools to assess the level of vulnerability and protection of property interests of organizations.

6.2. Assessment of the level of vulnerability of the process of alcohol production

Based on the results of the selected criteria analysis, in Table 01 we determined the significance of each criterion for assessing the alcoholic beverages production process vulnerability level, its content and its impact.

Table 01. Alcohol beverages production vulnerability assessment criteria

Importance	Item	Content	Impact
1	quantitative sufficiency of quality prepared raw materials	sufficient amount of R&M	the ability to produce the required quantity of products
		R&M proper quality	suitability for production; high quality of the finished product; high efficiency; low cost
		proper preparation (processing, storage and transportation) of R&M	ability to produce quality goods in the required quantity
2	quality prepared production facilities supply	full security	high efficiency; low cost
		equipment proper preprocessing (adjustment)	ability to produce different types of products; ability to produce the required quantity of products; high efficiency
3	availability of quality trained staff	high quality training	effective use of labor; maintaining and increasing productivity; cost reduction
4	actual regulation of the production process	regulations developed and implemented at each stage of production	employee understanding of the role and responsibility in the production process

The table is based on the authors' research.

Thus, we determined that the most important criteria are the quantitative sufficiency of well-prepared agricultural raw materials and supplies with well-prepared production facilities. These criteria determine the ability of the enterprise to produce products and, as a result, show the current level of the enterprise vulnerability.

6.3. Assessment of the manufactured products sales vulnerability level

Based on the results of the selected criteria analysis, in Table 02 we determined the significance of each criterion for assessing the alcoholic beverages products selling process vulnerability, its content and its impact.

Table 02. Alcohol beverages vulnerability assessment criteria

Importance	Item	Content	Impact
1	Reliable sales channels availability	Distribution channels availability	Ability to sell goods
		Receivables repayment	The opportunity to receive cash for goods sold
2	Quantitative sufficiency of the sought-after quality product	Sufficient amount	Ability to satisfy demand and attract new customers
		Demand	
		Proper quality	
3	High-quality system-organized personnel sufficiency	Sufficient number of sales staff	Uniform responsibility at all levels of sales
		High level of staff competence	The ability of staff to act to maintain and develop sales
		Built sales hierarchy	Smooth interaction between sales levels, both from management to performers, and vice versa
4	Relevant regulation of the product sales process	Regulations at each sales level Developed and implemented	Employee role comprehension and responsibility
		Timely updating of regulations and their proper application	Maintaining and increasing sales; reduction in the creating irrevocable receivables probability

The table is based on the authors' research.

Thus, we determined that the most important criterion is the availability of reliable distribution channels. This criterion determines the ability of the enterprise to sell its products and, as a result, shows the level of competitiveness, as well as the prospects for its activities in the alcoholic beverages market. In addition, the reliability of sales channels is expressed in the repayment of receivables, which is an important element in maintaining the viability of an enterprise, in the form of obtaining financial benefits as well (Dyakonova & Konovalova, 2019).

6.4. Special status of the alcoholic beverages market regulation

A special place in the alcoholic beverages market is held by issues of compliance with licensing requirements. Compliance with the requirements of current legislation in the field of production and turnover of alcoholic and alcohol-containing products plays a significant role in the activities of the enterprise involved in the production of such products. Each stage of the functioning of the alcoholic beverages producer is based on compliance with mandatory licensing requirements. The increased attention on the part of the state is due to special control over the turnover of agricultural raw materials such as alcohol obtained by grain processing. This fact is a separate criterion for assessing the vulnerability level

of protection of an enterprise of an alcoholic beverages producer, which confirms its special status as a state regulation of the alcohol market.

7. Conclusion

Based on the material presented, we conclude that an assessment of the above criteria for the vulnerability level will help to identify weaknesses and bottlenecks in each element of the alcoholic beverages producer activity. A cumulative assessment of these criteria will determine the level of vulnerability of the alcoholic beverages producer, both to external and internal changes.

An assessment of the production process vulnerability level will determine the most important and problematic issues in the alcoholic beverages production, in particular, which directly affect the formation of the finished products cost. In turn, the vulnerability level of manufactured products sales is able to indicate bottlenecks and risk spots that affect sales profitability in particular and business profitability in general.

Thus, a combination of measures to assess the vulnerability level of the alcoholic beverages producers property interests protection has a complex effect on the functioning and development of the market for alcoholic beverages.

References

- Akifiev, M. N., & Krymov, S. M. (2017). Vzaimodeystvie gosudarstva, trgovli I proizvoditeley alkogol'no' produktsii Innovatsionnaya ekonomika: perspektivy razvitiya I sovershenstvovaniya [The interaction between the state, trade and producers of alcoholic beverages]. *Innovation economy: prospects for development and improvement*, 4(22), 6-10. [in Rus.]
- Bakulina, A. A., & Raudsepp, Ya. V. (2016). Kontrafakt – svyazuyushchee zveno v ekonomicheskoy tsepoche bankrotstv [Counterfeit – a link in the economic chain of bankruptcies]. *Financial University Bulletin*, 1, 78-85. [in Rus.]
- Beketova, O. N. (2016). O gosudarstvennom kontrole proizvodstva I oborota alkogol'noy produktsii EKO [On the state control of production and turnover of alcoholic products ECO], 4(502), 90–102. [in Rus.]
- Dyakonova, O. S., & Konovalova, E. A. (2019). Ekonomicheskoe ponyatie debitorskoy zadolzhennosti [Economic concept of accounts receivable]. *Achievement of science and education*, 2(43), 46. [in Rus.]
- Erokhin, V. M. (2015). Kriterii I pokazateli effektivnosti administrativno-pravovogo regulirovaniya alkogol'nogo rynka [Criteria and indicators of efficiency of administrative legal regulation of the alcoholbeverages market]. *Law. Journal of Higher school of Economics*, 1, 115-125. [in Rus.]
- Erokhin, V. M. (2016). Administrativno-pravovoe regulirovanie oborota alkogol'noy produktsii [Administrative legal regulation of turnover of alcoholic products] (Doctoral Dissertation). Moscow. [in Rus.]
- Kalinina, L. L. (2019). Regulirovanie rynka alkogol'noy i spirtosoderzhashchey produktcii kak element kompleksnoy sistemy realizatsii natsional'nykh proektov [Regulation of the alcoholic beverages market as part of an integrated system of national projects implementation]. *Series "Economics. Management. Law"*, 2, 8-17. [in Rus.]
- Kiyashchenko, E. A., & Mishchenko, E. A. (2016). Sovremennoe sostoyanie ekonomiki i priorityety razvitiya Rossii [Current state of the economy and development priorities of Russia]. In *Economics and management: current issues of theory and practice: materials of IV international scientific-practical conference* (pp. 172-176). CSTI. [in Rus.]

- Latyntseva, M. B. (2017). Sovremennoe sostoyanie rynka alkohol'noy produktsii v Rossii [Current state of the market of alcoholic beverages products in Russia]. *Omsk University Bulletin. Series "Economics"*, 4(60), 54-61. [in Rus.]
- Oganesyants, A. L. (2015). Sovremennoe sostoyanie rynka alkohol'noy produktsii Rossii [The current state of the alcoholic beverages market in Russia.]. *Beer and drinks*, 2, 8-10. [in Rus.]
- Pavlov, E. A. (2014). K voprosu o konstitutsionnykh osnovakh zashchity imushchestvennykh prav i interesov predprinimatelya v sovremennoy Rossii [On the constitutional basis for protecting the property rights and interests of an entrepreneur in modern Russia]. *Moscow University of the Ministry of Internal Affairs of Russia Bulletin*, 5, 57-66. [in Rus.]
- Reutskiy, I. V., & Khokhlova, N.S. (2015). Otsenka reguliruyushchego vozdeystviya na razvitie otrasli (na primere rynka alkohol'noy produktsii) [Assessment of the regulatory impact on industry development (case study of the alcohol market)]. *Baikal Research Journal*, 4, 11. [in Rus.]
- Shiyarov, B. A. (2016). Metodika vybora konkurentoustoychivoy strategii povedeniya ekonomicheskogo sub"ekta [Methodology for choosing a competitively stable strategy for the behavior of an economic entity]. *Scientific journal of KubSAU*, 123, 521-535. [in Rus.]
- Sokolova, I. A., & Chudinov, O. O. (2012). Realizatsiya i zaschita imuschestvennykh interesov rossiyskikh selhozproizvoditeley [Realization and protection of property interests of Russian agricultural producers]. *Problems of modern economics*, 1, 347-349. [in Rus.]
- Zhuk, A. A., & Kizilova, E. A. (2013). Rossiyskiy rynek alkohol'noy produktsii: institutsional'ny analiz, vyvody, predlozheniya [The Russian alcohol beverages market: institutional analysis, conclusions, suggestions]. *Journal of economic regulation*, 3, 47-57. [in Rus.]