System Analysis and Synthesis of the Concept “Economic Interests’ Protection”

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Abstract: The concept “economic interest” plays key role in economic science as a whole. System analysis instruments are used in the article to develop the author's definition. Complex category of “economic interest” is based on the composition of selected indicators and selective characteristics.

Key words: Economic interest • Business entity • Requirement • System analysis

INTRODUCTION

Concept and idea as reflection of views on a certain stage of social development fix some characteristics of analyzed subject emphasizing some of them and at the same time diminishing the others. According to K. Marx “the most universal abstractions appear in general only under the conditions of rich specific development where the same is universal for most or for all elements. Only then it stops being thought of only in specific form” [1, p. 730]. To obtain selective concept it is necessary to consider known definitions as aspects of the system of protection of economic relations subjects and apply the principle of classification to synthesize positive provisions accounting for “the most general and valuable features” [2, p. 479] of analyzed subject.

As economic interest is derivative of an interest as a whole it is reasonable to begin analysis from considering the concept interest accounting for the main characteristics of its context and form. Etymologically interest means “something that is valuable, important” [3, p. 608]. According to V. Dal interest is “benefit, profit, concern and advantage” [4, p. 47]. According to S. Ozhegov interest is “attention, captivation, significance, need” [5, p. 249]. From philosophical point of view interest is “the real reason of social activity, events, fulfillments being the base for direct impulses – motives, thoughts, ideas, etc. - individuals, social strata, classes participating in these activity” [6, p. 219]. Differences in these definitions are caused by the fact that each of them reflects different aspects of interests. G. Buchanan and G. Tullock note that “egoistic interest is in wide sense considered as the most important force that motivates a person to actions in each area of his activity if they are not tied by ethic or moral limitations and they are quite naturally aimed on promotion of individual or private interest” [7, p. 63].

Economic interest has no single meaning in economic science. Many economists who analyzed economic interest considered it basing on separate features of this concept. Despite ambiguous interpretation of the concept “economic interest” in modern literature it is worth emphasizing specific features of known definitions to obtain complex concept of “economic interest” basing on their composition.

MATERIALS AND METHODS

Let us synthesize desired concept basing on system approach. System is a “set of elements related and linked to each other that form a certain value, unity” [8, p. 197]. In definition of economic interest concept as system composition of aspects of its manifestations it is correct to represent it as abstract system. The concept of abstract system defined as a function of an aggregation of characteristics may be represented formally with tools introduced by V. Sadovski [9] and further developed by A. Diachenko [10].

Main Body: According to selected analysis method the system concept is defined by the following formula

\[ I = f(A', B', C', D', E', F'), \]

where:

- \(A'\) is characteristic of original components of the system;
- \(B'\) is characteristic defining combinations of original components (set, aggregation, group, complex);
- \(C'\) is characteristic pointing out constituent links and relationships between original components (interaction, conjunctivity, etc.).

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• $D'$ is characteristic defining integrative characteristic of the system that provides it existence and functioning;
• $E'$ is characteristic of functional orientation of system development;
• $F'$ is characteristic of conditions under which existence and functioning of analyzed system is possible.

Formula (1) contains the full set of characteristics necessary to describe analyzed system. But usually the concept that is used as the base of analysis has no full complex of mentioned characteristics. System analysis of aggregation of known definitions allows overcoming it and synthesize selective concept that confirm with known ideas of the nature of economic interest.

Decomposing known concepts into subsets of indicators of characteristics we denote subsets of distinguisher of characteristics by capital letters with indexes $A', B', C', D', E', F'$. Index $i$ value relates to running number of analyzed concept. Apostrophe means that the reviewed characteristic and their indicators are related to the concept of economic interest that has supporting character and is developed to define the concept “economic interest protection”.

According to T. Lubimova economic interest is “a certain motive of reasonable conscious economic activity of social person in the process of its self reproduction” [11, p. 14]. “Target function of economic interest of social person is forming his motives as consumer (consumer motivation)” [11, p. 16]. Original components of economic interest are “motive” and “social person” that are indicators $A'$. Characteristic “motive” has constitutive role that forms indicator $C'$. Reasonable conscious economic activity may be considered as integrative quality — indicator $D'$. Functional orientation is defined by the indicator $E'$, forming of his motives as consumer (consumer motivation). Indicator $F'$ points the limitation of analyzed system with the area of self reproduction. Joining these indicators we obtain the system as the function of five variables

$$I = f(A', C', D', E', F').$$

In analyzed definition attention is given in the first place to motivation of business entity to actions and thus economic interest is considered to be the source of activity of a member of economic relations. This approach has been used by many authors who analyzed the content of economic interest [12-14].

Economic interests may also be defined as “manifestation of relations of productions as objective orientation of economic activity of people that reflects their place in the system of social production” [15, p. 42]. In this context indicators $A'$ are people. Indicator $C'$ is manifestation of relations of productions. Indicator $D'$ is comprised of economic activity. Indicator $E'$ points functional orientation that is represented as objective orientation of business entities in a certain area on economic relations. Indicator $F'$ pointing limitations of the systems by a certain boundaries is interpreted as a place in a system of social production. Definition of economic interest as formalized system object in this case is represented by formula

$$I = f(A', B', C', D', E', F').$$

I. Ivanov has the same opinion on the content of analyzed concept. He notes that economic interest “is nothing but manifestations of social links and relationships between people” [16, p. 9.].

Economic interests are also “objective motives of the peoples activity that reflect their place in the system of social production” [17, p. 388]. In this case original components of the full form of system object definition are “motives” and “people” - indicators $A'$. Objective motives are indicators $C'$. Integrative quality of the system or indicator $D'$ in this case is “people's activity”. Economic interests’ domain is limited by indicator $F'$, that is reduced to “the place in the system of social production”. Formalized structure of this definition may be defined as a function of mentioned aggregation of indicators

$$I = f(A', C', D', E', F').$$

Defining economic interest as “the form of manifestation of economic needs” [15, p. 41] of business entity it is necessary to consider that that the latter acts “in production, distribution, exchange and consumption of material wealth to satisfy a demand under limited resources” [15, p. 35]. In this case original components are “economic needs” that is indicator $A'$. Indicator $B'$ is “the form of manifestation”. Indicator $E'$ is “the aim of satisfying needs” points functional orientation of economic interest. Additional conditions of economic interest functioning that are defined by indicator $F'$ is “production, distribution, exchange and consumption of material wealth” and “limited resources” [18]. Aggregation of these indicators allows deriving the formula

$$I = f(A', B', E', F').$$

The same results will be obtained in system analysis of concept according to which economic interest is the form of necessity of realization of material objective needs [14, p. 2].

Desired definition $I$ may be obtained via composition of selected indicators and definition on the base of characteristics. Further aggregation of these characteristics allows developing the concept of “economic interest of business entity.

$$I = f(A', B', C', D', E', F'),$$
Economic interest is the form of manifestation of economic need that acts as a motive stimulating and objectively aiming reasonable conscious economic activity of business entities that includes distribution, exchange and consumption of material wealth to satisfy a demand under limited resources.

CONCLUSIONS