

Formation of Theoretical Aspects of Financial Science at Internationalization of Economic Relations

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Abstract: During the transformations taking place in socio-economic life of any state, the Russian science faces an important issue of development and proposal of relevant theoretical concepts and recommendations that may be demanded by society in the process of reforms. Major trends of financial science internationalization and the concordance of its theory with the process of globalization shall include the symbiosis of main domestic achievements of the theory of finance and usage of foreign theoretical concepts adapted to the specificity of the Russian national economy. However, new terminology requires correctness and accuracy of its use as determinative definitions of the theory of finance, replacing the previously widely used terms and definitions given in the Soviet and Russian textbooks and teaching aids, since it strongly affects their content and meaning. One of the features of financial science is the complexity of theory and practice interdependence, which is manifested in the existence of applied economic disciplines that are relatively independent compared with theoretical aspects. Globalization goes along with crisis processes that occur in the economy of one country, leading to a chain of interrelated economic collapses in other countries and prejudicing the existing theoretical concepts describing the functioning of financial system of each individual state and their conformity with reality. In this regard, in the recurring economic crises there is a need for further study of the theoretical aspects of financial science necessary to develop effective public financial policies. Consequently, the role of modern financial science is the development and supply of concepts and theories relevant to real economic processes, which ignorance leads to unpredictable consequences for the national economy, especially in the management of financial flows.

Key words: Theory of financial science • Government • Finance • Globalization

INTRODUCTION

During the transformations taking place in socio-economic life of any state, the Russian science faces an important issue of development and proposal of relevant theoretical concepts and recommendations that may be demanded by society in the process of reforms.

The topical is the development of such theoretical aspects and scientific approaches that will allow choosing the concepts capable to bring the national economy to a new level of development and integration into the world economy among the many inefficient theories and techniques that are unneeded for practice.

Despite the long history of development, the economic nature and essence of scientific category of "finance" have not been fully defined yet, which serves as a basis for the ongoing debate in the academic community.

Development of the Russian financial science has been particularly dynamic in recent decades due to the transition of the country to market economy conditions, which determine the need to rethink the established canons of financial theory and dictate the need for their further study.

However, one should pay attention of the academic community to the characteristic feature of recent years that is gradual "washing out" of scientific notions of the

established economic terminology from the conventional "use" at the internationalization of the Russian science, which leads to a change of categorical apparatus.

According to V. Kovalev, transformation processes in the Russian economy, which began in the late twentieth century, could not leave out the domestic economic science. The new terminology appeared and many of the usual terms have received different names and are interpreted in a different way.

Russian-language economic thesaurus is growing quite rapidly and therefore, the adequacy of interpretation of the essential content of concepts, used by different representatives of economic knowledge, scholars and practitioners has become rather topical [1, p.40].

The Main Part: The need for research in this area results from the fact that the impact of economic relations globalization is changing the vector of development of Russian financial system; its structural elements obtain new features and characteristics similarly to the substance of the relationship arising between them.

Major trends of financial science internationalization and concordance of its theory with the process of globalization must include the symbiosis of main domestic achievements in the theory of finance and usage of foreign theoretical concepts adapted to the specificity of the Russian national economy.

The team of authors led by M.V. Romanovsky, O.V. Vrublevskaia and B.M. Sabanty note that there is a fundamental difference in determining finance by domestic and international economists. This is due not only to pragmatic and practice-oriented approach of foreign scientists and financiers but to different methodological basis underpinning the theory of finance in the domestic and foreign science [2, p. 23].

Correlation and comparison of foreign and domestic terminology used in the theory of finance and in various information sources is not always correct, because of the different semantic meaning of many concepts and definitions and can not fully consider the actual processes taking place in the national economy.

However, new terminology requires correctness and accuracy of its use as determinative definitions of the theory of finance, replacing the previously widely used terms and definitions given in the Soviet and Russian textbooks and teaching aids, since it strongly affects their content and meaning.

As an example, provide interpretation of finance given in foreign educational and scientific literature, offered by:

- The authors-compilers of Oxford explanatory dictionary:
- Finance is practice of money management.
- Money intended for a specific purpose [3].
- Authors of a popular textbook "Finance" Z. Bodie and H. Merton:

Finance is the science of how people control spending and receipt of scarce financial resources for a certain period of time [4].

Yu. Brigham and L. Galenski: Finance, as a term, consist of accounting and financial functions. The accounting function is accounting and certification of operations and resources and funding of organizations.

The role of the financial function is to create and provide a variety of interested organizations with information about their financial status and activities [5].

Gitman L.: Finance is the art and science of managing money, which cover the process, institutions, markets and instruments related to the circulation of money between individuals, businesses and governments [6].

In turn, the Russian financial science, from the standpoint of existing scientific schools:

- Identifies finance with relations (reproduction, cash, distribution, cost, economic, etc.);
- Considers finance as a category (basic, scientific, economic, cost, etc.);
- Focuses mainly on the "elaboration" of their theoretical significance.

In foreign interpretation the finance means, above all, practical use; and despite the variety of interpretations, the ultimate goal of any business entity, that is to obtain profits, is stressed.

Therefore, in this case, the same term refers to the completely different categories that differ from each other both in content and in the performed functions.

Sabanty B. indicates that the language differences and national traditions sometimes lead to terminological confusion in economics. In English literature the stockbrokers are called financiers. In Russia, the bankers are called financiers. This is probably not of a fundamental nature, but in science this confusion can

cause various conflicts. Two scientists, talking about finance, may actually mean very different economic concepts [7, p. 38].

Strictly speaking, this is not the fault of the Russian financial science, which depended on the prevailing ideology for a long time. Not so long ago finance were divided into finance of socialist and capitalist states; some were aimed at improving the living standards of workers and others served as an instrument of exploitation.

Development of scientific and practical application of the theory of finance and harmonization of domestic and foreign terminology in regard to the use of key terms of financial science are associated with the urgency of directing its further development.

Unfortunately, we have to admit the fact that the existing research schools and concepts of the modern Russian financial science rather ignore its objective foundations, than develop a changed business environment

And even among academic economists, who are professionally engaged in research of the economy basis, there is no consensus on what is meant by the term "finance", as there are different scientific schools of thought, which representatives use a variety of approaches, not only to definition and content, but to interpretation of the term. In this case, differences in opinions and formulation relate not only to the general concept, but to individual categories [8, p. 114].

The current state of the Russian financial science is characterized by the fact that though the lens of globalization relations and considering the market changes and specificity of the national economy, it could not offer a scientifically valid concept of development, aimed at integration into the world economic space.

Along with intensification and spread of globalization processes, the architecture of the world financial system changes. It gradually unites the national financial systems, deformed under the influence of new forms and types of economic relations, resulting in the increase of the share of financial sector, the prevalence of income from operations in the financial markets over the income in the productive sectors, etc.

The public mentality of post-socialist countries gradually adopts a market economy model oriented to domination of a variety of financial services and instruments coordinating the financial flows in the total scope of economic relations.

Indeed some aspects of the theory of financial science become obsolete, not conforming to the new forms of development and internationalization of economic relations, which are being increasingly integrated into the national economies of different states, gradually turning into a single interdependent system.

According to R. Merton the theory plays a dual role: as a positive model to predict the future directions of financial innovation, changes in financial markets, the activities of existing intermediaries, etc. and as a normative model for identifying opportunities for new products and services [9].

Finance, as a scientific term, from the standpoint of one or another scientific school, which has its own "national registration", are also integrated into the international scientific community considering new mechanisms, methods, tools and the use of their interaction.

This is caused by the fact that only in the late twentieth century, finance have gradually moved from the subject of theory into ??practical research.

The financial section of science associated with the applied financial research aimed at adapting economic entities of the private sector to market conditions has been rapidly developing.

One of the features of financial science is the complexity of interdependence between theory and practice, which is manifested in the existence of applied economic disciplines with relative independence compared with theoretical aspects.

This thesis is confirmed by Yu. Brigham and L. Galenski, who believe that, in some cases the theory somewhat simplifies the situation, since it is based on the assumptions that do not agree with the reality, so the rules prescribed by it are simply unacceptable. In other cases, the application and use the recommendations of the theory is impossible due to the lack of necessary data.

The theory may be correct, but its application for correct decision making is possible only in an indirect way. If between theory and practice unavoidable and unexplained discrepancies remain, then, as a rule, this is theory that you should call in question.

In the cases when the theory is not consistent with practice, you need to modify the theory, ensuring its compliance with practice, or to reject it in favor of another, better theory [10].

In turn, M. May indicates that currently finances should take a new position in the organization and change the tools they use.

Traditional finance focused on organization management using the former methods of budget control, which were developed in the first half of the XX century to control the producer-dominating business [11].

In this regard, there is a topical question, how far apart the theory of financial science and implementation of its recommendations into practice are and whether the effective implementation of many theoretical models and concepts is possible.

The internal duality of theory and practice of financial science has predestined its several major theoretical trends that differ in the degrees of complexity, commonality and formalization, bringing together different groups of economists, who may disagree in the conceptual issues of methodology of the finance theory.

Since we are talking about the correct use of conventional concepts in financial science, it makes sense to find a common meaning of the terms of different academic schools opposing each other, with their own methodological grounds, tools and recommendations for their use in practice.

With all the variety of recent scientific, educational and instructional materials, dedicated to finance, it is to be noted that some of the scientists involved in the study of the essence of finance, still remain in the positions specific for Russian science of the twentieth century.

Numerous textbooks are published and republished, but the essence and the content of the most of them remain virtually unchanged; and bachelors, masters and postgraduate students in the schools of different profiles use them during their studies. And what is to be expected from the economy, if its basis remains in the theory of "yesterday."

One has to agree with the opinion of V. Cherkasov, who argues that the theory of finance for the last twenty years, already in the new economic conditions, almost has not progressed. Soviet concepts of finance are reviewed to add the market hue. In fact, if there was no practical use, the debate about what the finance is (there are plenty of "hanging" theories in science) might have been left aside [12, p. 57].

The continued active discussion of the fundamentals of financial science, is mainly due to the debate about the nature of the considered categories, their functions, sub-functions and use of synonyms, substituting scientific

terms that have been studied long ago and are still studied, etc. but not with the development of scientifically valid conceptual apparatus capable to show in practice the effectiveness of the proposed theoretical studies and models adapted to the specificity of the Russian economy.

The increased interest of economists in the study of theoretical aspects of financial science does not relate to new research areas; and the discussion is mainly about the content, nature, structure, functions of finance, determination of the boundaries of financial relations and their consideration through the prism of economic categories. Unfortunately, addressing to the past of financial science is not seen as a factor of its development, but as a critique of main directions of the historical and economic science [13, p. 27].

The multiplicity of the proposed methods and terms leads to the fact that at pluralistic scientific opinions, the economic entities are forced to solve the problem of choosing a model of their economic behavior in the current economic conditions, search for advice and directions of theoretical research, which they must follow in their practice.

The studies conducted in recent decades suggest that the existing classical financial theories and models can not reliably predict the behavior of economic entities, including the state and affect changes in the economic situation. However, there is often lack of readiness of the real sector of economy in terms of practical application of scientific developments, caused by the depreciation of fixed assets, poor management, poor training and motivation of staff, etc. [14, p. 15].

This is largely due to the fact that the actions of economic subjects do not always match the assumptions about their rationality, being the base of theoretical developments and their effective use in practice.

Finally, the application of theoretical models alienated from the real economy, often leads to ineffective and often negative results of management, not only within a single economic entity, but the state as a whole.

In recent years, a need to identify the factors influencing the economic activities of the state and generating problems in the functioning of modern global financial system related to the openness of the economies of different countries appears ever more frequently.

Globalization goes along with crisis processes that occur in the economy of one country, leading to a chain of interrelated economic collapses in other countries and

prejudicing the existing theoretical concepts describing the functioning of financial system of each individual state and their conformity with reality.

In this regard, in the recurring economic crises, there is a need to further study the theoretical aspects of financial science necessary to develop effective public financial policies.

In a sense, these processes are quite understandable and justified, since economic reforms carried out in Russia, constantly demand the implementation of specific practical measures aimed at stabilizing the domestic economy and its adaptation to the integration processes of globalization, financial market development, etc.

However, some theorists of financial science, commenting on the events taking place in the Russian economy, either emphasize the extraordinary complexity of modern financial relations influenced by globalization of the economy, or offer to return to the state regulation of the economy.

However, the importance and role of the state in the mechanism of formation of the structure of economic relations and the division of functions between the main elements of the financial system remain the same.

Today, the theory of financial science has an ambiguous solution to the question of what finance must the state administer: whether it should be only the ones that are in the centralized sector of economy, or in addition the decentralized finance - the finance of business entities and the public.

In today's economic conditions, some function still belong the state, some are passed to the private (decentralized) sector of economy and in some areas, the public authorities set up joint collaboration with the business community, etc.

However, the fact that public authorities on behalf of the state accumulate and allocate financial resources in the budgets of various levels and off-budget funds, both in the scale of national economies and between them, proves that the degree of state intervention in the various types of economic relations, should be considered from a much wider point of view.

With all the wide range of interaction in all developed countries, the basis of the declared and realized public policy is the state itself, with rather active forms of influence on the socio-economic processes and regulation of population income.

Thus, the processes occurring in the political, economic and social life of Russia, deserve much more attention from scientists and theorists and suggest the need to rethink some of the basic theoretical principles of financial science.

On the other hand, the theory of financial science in its essence does not become obsolete, but should be perceived only with a different degree of its relevance and concordance with the realities of contemporary reality and the relationship with other sciences.

And the very nature of financial science is its relationship with currency and credit, finances of centralized and decentralized sectors of the economy and the financial policy of the state, which, in general, coordinate cash flows at macro and micro level.

Today, the financial science is the science, which should deal not only with interpretation of the finance and their respective functions, but with the study of monetary and financial relations, their content, links and patterns, principles of functioning and development of possible practical implementation.

This should go along not only with the changes in the economy but also in updated theoretical framework, deideologization of science and synthesis of new scientific approaches to its implementation.

Internationalization of economic relations occurring under the conditions of finance virtualization, is conditioned by interconnection of national financial systems and global economic entities that have produced various alliances and global industrial structures that have an intense impact on the development of individual countries and regions.

CONCLUSION

Consequently, the role of modern financial science is the development and supply of concepts and theories relevant to real economic processes, which ignorance leads to unpredictable consequences for the national economy, especially in the management of financial flows.

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